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ALTUS HOLDINGS LIMITED
浩德控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8149)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of Altus Holdings Limited (the "**Company**"), collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 March 2020 ("**FY2020**"), together with the audited comparative figures for the year ended 31 March 2019 ("**FY2019**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 March 2019 and 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*4*	**59,666**	77,655
Other income	*6*	**4,464**	132
Net (decrease) increase in fair value of investment properties		**(5,272)**	19,439
Changes in fair value of derivative financial liabilities		**27**	(596)
Property expenses		**(15,411)**	(11,711)
Administrative and operating expenses		**(34,693)**	(42,298)
Share of results of associates		**39**	19
Finance costs	*7*	**(4,900)**	(5,886)
Profit before tax		**3,920**	36,754
Income tax expense	*8*	**(2,470)**	(6,065)
Profit for the year	*9*	**1,450**	30,689
Other comprehensive income (expense) for the year			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating of foreign operations		**4,451**	(15,695)
Share of translation reserve of an associate		**(2)**	–
Release of translation reserve upon liquidation of associates		**–**	(1)
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income ("**FVTOCI**")		**(468)**	332
Other comprehensive income (expense) for the year		**3,981**	(15,364)
Total comprehensive income for the year		**5,431**	15,325

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the years ended 31 March 2019 and 2020

	Notes	2020 HK$'000	2019 HK$'000
Profit for the year attributable to:			
Owners of the Company		**494**	29,746
Non-controlling interests		**956**	943
		1,450	30,689
Total comprehensive income for the year attributable to:			
Owners of the Company		**3,839**	14,443
Non-controlling interests		**1,592**	882
		5,431	15,325
		HK cent	*HK cents*
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)			
– Basic	11	**0.06**	3.72
– Diluted	11	**0.06**	3.70
Earnings per share excluding the net effect of fair value changes in investment properties, net of deferred taxation charged (underlying earnings per share)			
– Basic	11	**0.94**	1.65
– Diluted	11	**0.93**	1.64

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019 and 2020

	Notes	**2020**	2019
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**41,440**	42,600
Investment properties and investment property under construction		**638,521**	600,442
Interest in an associate		**393**	–
Financial assets at FVTOCI	*13*	**1,491**	4,049
Club memberships		**1,718**	1,718
Deferred tax asset		**1,505**	–
Right-of-use asset		**61**	–
Prepayment	*14*	**256**	50
		685,385	648,859
Current assets			
Trade and other receivables	*14*	**4,841**	7,430
Deposits placed in financial institutions		**642**	929
Bank balances and cash		**39,441**	38,281
		44,924	46,640
Current liabilities			
Trade and other payables	*15*	**12,165**	10,758
Lease liability		**63**	–
Tax payable		**4,404**	3,226
Secured bank borrowings		**66,916**	56,023
		83,548	70,007
Net current liabilities		**(38,624)**	(23,367)
Total assets less current liabilities		**646,761**	625,492

	Notes	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Secured bank borrowings		**150,923**	133,824
Derivative financial instruments		**667**	1,089
Other payables – tenant deposits – over 1 year	*15*	**1,511**	2,110
Deferred tax liabilities		**27,466**	25,430
		180,567	162,453
		466,194	463,039
Capital and reserves			
Share capital	*16*	**8,000**	8,000
Reserves		**443,774**	442,683
Equity attributable to owners of the Company		**451,774**	450,683
Non-controlling interests		**14,420**	12,356
		466,194	463,039

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company										
	Share capital	Share premium *(note i)*	Other reserve *(note ii)*	Investment revaluation reserve	Shareholder contribution *(note iii)*	Share awards reserve *(note iv)*	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2019	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039
Profit for the year	–	–	–	–	–	–	–	494	494	956	1,450
Other comprehensive (expense) income for the year:											
– Change in fair value of financial assets at FVTOCI *(note 13)*	–	–	–	(468)	–	–	–	–	(468)	–	(468)
– Share of translation reserve of an associate	–	–	–	–	–	–	(2)	–	(2)	–	(2)
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	3,815	–	3,815	636	4,451
	–	–	–	(468)	–	–	3,813	–	3,345	636	3,981
Total comprehensive (expense) income for the year	–	–	–	(468)	–	–	3,813	494	3,839	1,592	5,431
Contribution from shareholder	–	–	–	–	529	–	–	–	529	–	529
Shares repurchased and cancelled	(24)	(655)	–	–	–	–	–	–	(679)	–	(679)
Vested shares for share awards *(note 12)*	24	803	–	–	–	(827)	–	–	–	–	–
Acquisition of additional interest in a subsidiary	–	–	(25)	–	–	–	–	–	(25)	(2,595)	(2,620)
Disposal of partial interest in a subsidiary without losing control	–	–	32	–	–	–	–	–	32	3,312	3,344
Share based payment *(note 12)*	–	–	–	–	–	755	–	–	755	–	755
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	(245)	(245)
Dividends paid *(note 10)*	–	–	–	–	–	–	–	(3,360)	(3,360)	–	(3,360)
At 31 March 2020	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	14,420	466,194

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 31 March 2019

	Attributable to owners of the Company										
	Share capital	Share premium *(note i)*	Other reserve *(note ii)*	Investment revaluation reserve	Shareholder contribution *(note iii)*	Share awards reserve *(note iv)*	Exchange reserve	Retained profits	Total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2018 (as originally stated)	8,000	71,288	98,812	241	9,008	–	(1,092)	251,428	437,685	14,323	452,008
Effect of changes in accounting policies	–	–	–	54	–	–	–	–	54	–	54
At 1 April 2018 (as restated)	8,000	71,288	98,812	295	9,008	–	(1,092)	251,428	437,739	14,323	452,062
Profit for the year	–	–	–	–	–	–	–	29,746	29,746	943	30,689
Other comprehensive income (expense) for the year:											
– Change in fair value of financial assets at FVTOCI *(note 13)*	–	–	–	332	–	–	–	–	332	–	332
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	(15,634)	–	(15,634)	(61)	(15,695)
– Release of translation reserve upon liquidation of associates	–	–	–	–	–	–	(1)	–	(1)	–	(1)
	–	–	–	332	–	–	(15,635)	–	(15,303)	(61)	(15,364)
Total comprehensive income (expense) for the year	–	–	–	332	–	–	(15,635)	29,746	14,443	882	15,325
Contribution from shareholder	–	–	–	–	1,782	–	–	–	1,782	–	1,782
Share based payment *(note 12)*	–	–	–	–	–	319	–	–	319	–	319
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	(1,220)	(1,220)
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	(500)	(500)
Return of capital to non-controlling shareholders	–	–	–	–	–	–	–	–	–	(1,129)	(1,129)
Dividends paid *(note 10)*	–	–	–	–	–	–	–	(3,600)	(3,600)	–	(3,600)
At 31 March 2019	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356	463,039

Notes:

(i) Share premium represents i) the difference between the shareholders' contribution and the issued capital, ii) the difference between the consideration paid for repurchase of shares of the Company and the reduction of share capital and iii) the difference between the increase in share capital and the deduction of share awards reserve at the date of shares being vested. The share premium is distributable.

(ii) Other reserve mainly includes (i) the difference between the nominal value of the issued share capital of the Company and its subsidiaries and the net asset value of the subsidiaries of the Group, upon completion of the group reorganisation on 26 September 2016; and (ii) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the ownership interests of the Group in existing subsidiaries that do not result in the loss of or obtaining control and they are accounted for as equity transactions.

(iii) Amounts represent the employee benefits borne by the ultimate holding company, Kinley-Hecico Holdings Limited ("**KHHL**").

(iv) Amounts represent the employee benefits for the purposes of recognising and rewarding their contribution, which borne by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

The Company was incorporated as an exempted company with limited liability on 11 November 2015 in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company were listed on GEM of the Stock Exchange on 17 October 2016. The addresses of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is located at 21 Wing Wo Street, Central, Hong Kong.

The Company is engaged in investment holding and its subsidiaries are mainly engaged in the provision of corporate finance services and property investments. Its subsidiaries invest in Japan properties by entering into Japanese tokumei kumiai arrangements ("**TK Agreements**") as a tokumei kumiai investor with Japanese limited liability companies known as tokumei kumiai operators which are the property holding companies.

The ultimate holding company is KHHL, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability. KHHL is deemed to be interested in the Company through its wholly-owned subsidiary, Flying Castle Limited. KHHL is ultimately controlled by two parties, Ms. Chan Kit Lai, Cecilia and Landmark Trust Switzerland SA, which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee and Ms. Lam Ip Tin Wai Chyvette.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") which is same as the functional currency of the Company. Other than those subsidiaries incorporating in Japan, whose functional currency is Japanese Yen ("**JPY**"), the functional currency of the Company and other subsidiaries is HK$.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Going Concern

Notwithstanding that the Group has incurred net current liabilities of approximately HK$38.6 million as at 31 March 2020, the consolidated financial statements as at 31 March 2020 have been prepared on a going concern basis as the Directors are satisfied that the liquidity of the Group can be maintained in the coming year after taking into consideration that the Group has unutilised available banking facilities of approximately HK$51.5 million as at 31 March 2020.

Accordingly, the Directors consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 March 2020. The Directors are satisfied that it is appropriate to prepare these financial statements on a going concern basis. The consolidated financial statements as at 31 March 2020 do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and interpretations ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of HKFRS 16 resulted in the changes in the accounting policies of the Group and adjustment to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new or amendments to HKFRSs in the current year had no material impact on financial performance and positions of the Group for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The Group as lessee

On the adoption of HKFRS 16, the Group recognised lease liability in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases (except for lease of low value assets and lease with remaining lease term of twelve months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liability on 1 April 2019 is 4.0%

The Group recognises right-of-use asset and measures it at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments for all leases. The Group recognised lease liability of approximately HK$0.3 million and right-of-use asset of approximately HK$0.3 million at 1 April 2019. There is no impact on the opening balance of equity.

Differences between operating lease commitments as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liability recognised as at 1 April 2019 are as follow:

	HK$' 000
Operating lease commitment disclosed as at 31 March 2019	315
Discounted using the incremental borrowing rate and lease liability recognised as at 1 April 2019	307
Analysed as:	
Current portion	244
Non-current portion	63
	307

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has also used the following practical expedient permitted by the standard:

– the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

In the consolidated statement of cash flow, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected. The adoption of HKFRS 16 has resulted in an insignificant change in presentation of cash flows within the cash flow statement.

The Group as lessor

The Group leases all investment properties. In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. The accounting policies applicable to the Group as lessor remain substantially unchanged from those under HKAS 17.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
Amendments to HKFRS 16	COVID-19 Related Rent Concessions[2]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for annual periods beginning on or after 1 June 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The Directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

4. REVENUE

Revenue represents revenue arising from provision of services and leasing of investment properties during the year. An analysis of revenue of the Group for the year is as follows:

	2020	2019*
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by the major services line:		
Corporate finance services income	**21,967**	40,885
Revenue from other source:		
Rental income for investment properties under operating leases – fixed lease payments *(Note)*	**37,699**	36,770
	59,666	77,655

Revenue generated from corporate finance services during the year ended 31 March 2020 and 31 March 2019 are recognised over time.

* The amount for the year ended 31 March 2019 were recognised under HKAS 17 Leases.

Note: An analysis of the net rental income of the Group is as follows:

	2020	2019
	HK$'000	*HK$'000*
Gross rental income from investment properties	**37,699**	36,770
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses) *(Note)*	**(15,411)**	(11,711)
Net rental income	**22,288**	25,059

Note: Repair expenses after the fire accident at City Court Suginami in November 2018 were included, which were offset by claims payment from insurance company in FY2020 as other income as set out in note 6 to the announcement.

Transaction price allocated to the remaining performance obligations

As at 31 March 2020 and 31 March 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK$13.4 million (31 March 2019: approximately HK$12.9 million). The amount represents revenue expected to be recognised in the future from various mandates. The Group will recognise this revenue as the service is completed. As evaluated by the management, revenue of approximately HK$11.2 million and HK$2.2 million (31 March 2019: HK$11.8 million and HK$1.1 million) are expected to be recognised within 1 year and after 1 year respectively.

5. SEGMENT INFORMATION

Information reported to the chief operating decision maker (the "**CODM**"), being the Directors, for the purpose of resource allocation and assessment of segment performance focuses on type of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the reportable and operating segments of the Group are as follows:

(i) Corporate finance services – provision of corporate finance services including sponsorship, financial advisory and compliance advisory services; and

(ii) Property investment – leasing of investment properties for residential and commercial use.

The following is an analysis of revenue and results of the Group by reportable and operating segment.

Year ended 31 March 2020

	Corporate finance services *HK$'000*	**Property investment** *HK$'000*	**Total** *HK$'000*
REVENUE			
External revenue and segment revenue	**21,967**	**37,699**	**59,666**
RESULT			
Segment profit	**9,400**	**14,976**	**24,376**
Other income and expenses, net			**(18,573)**
Share of results of an associate			**39**
Finance costs			**(1,922)**
Profit before tax			**3,920**

Year ended 31 March 2019

	Corporate finance services *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
REVENUE			
External revenue and segment revenue	40,885	36,770	77,655
RESULT			
Segment profit	21,800	39,209	61,009
Other income and expenses, net			(21,996)
Share of results of associates			19
Finance costs			(2,278)
Profit before tax			36,754

The accounting policies of the operating segments are the same as the accounting policies of the Group. Segment profit represents the profit earned by each segment without allocation of central administration costs, Directors' emoluments, certain other income, share of results of associates and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the assets and liabilities of the Group by reportable and operating segment:

Segment assets

	2020 ***HK$'000***	2019 *HK$'000*
Corporate finance services	**1,767**	5,669
Property investment	**641,582**	601,973
Total segment assets	**643,349**	607,642
Unallocated	**86,960**	87,857
Total assets	**730,309**	695,499

Segment liabilities

	2020 ***HK$'000***	2019 *HK$'000*
Corporate finance services	**427**	230
Property investment	**174,371**	155,689
Total segment liabilities	**174,798**	155,919
Unallocated	**89,317**	76,541
Total liabilities	**264,115**	232,460

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, right-of-use asset, deferred tax asset, financial assets at FVTOCI, club memberships, certain other receivables, interests in an associate, deposits placed in financial institutions, bank balances and cash and other corporate assets; and

- all liabilities are allocated to operating segments other than certain other payables, lease liability, tax payable, certain secured bank borrowings, derivative financial liabilities, deferred tax liabilities and other corporate liabilities.

Revenue from major services

An analysis of the revenue of the Group by each category:

	2020	2019
	HK$'000	*HK$'000*
Sponsorship services	**10,829**	30,138
Financial advisory services	**5,255**	6,727
Compliance advisory services	**5,259**	3,516
Other corporate finance services	**624**	504
	21,967	40,885
Rental income	**37,699**	36,770
	59,666	77,655

Geographic information

The operations of the Group are mainly located in Hong Kong and Japan.

Information about revenue from external customers of the Group is presented based on the location of the operations. Information about non-current assets of the Group, excluding financial assets at FVTOCI, club memberships, deferred tax assets, prepayment and interest in an associate is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**23,906**	42,820	**123,501**	129,300
Japan	**35,760**	34,835	**556,521**	513,742
	59,666	77,655	**680,022**	643,042

During the years ended 31 March 2020 and 2019, there was no single customer contributing over 10% of the total revenue of the Group.

6. OTHER INCOME

	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**6**	14
Claims payment from insurance company *(Note)*	**2,732**	–
Dividend income from financial assets at FVTOCI	**110**	118
Net exchange gain	**72**	–
Reversal of impairment losses of trade receivables	**1,544**	–
	4,464	132

Note: The amount mainly represents a one-off compensation received from an insurance company in relation to a fire accident occurred for an investment property located in Japan in prior year.

7. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interests on:		
Secured bank borrowings	**4,892**	5,886
Lease liability	**8**	–
	4,900	5,886

8. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**263**	910
Japanese corporate income tax	**47**	89
Japanese withholding tax	**1,939**	1,939
	2,249	2,938
Deferred taxation	**221**	3,127
	2,470	6,065

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended 31 March 2020 and 31 March 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other entities of the Group in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Japan corporate income tax law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for the year ended 31 March 2020 (2019: 33.59%). However, regarding to the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for the years ended 31 March 2020 and 2019.

Japanese withholding tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for the years ended 31 March 2020 and 2019.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

9. PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Staff cost, excluding Directors' emoluments		
– Salaries, bonus and other benefits	**13,597**	14,229
– Contributions to retirement benefits scheme	**438**	462
Total staff costs excluding Directors' emoluments	**14,035**	14,691
Directors' remuneration	**7,986**	7,458
Auditors' remuneration	**750**	980
Depreciation of property, plant and equipment	**1,216**	1,323
Deprecation of right-of-use asset	**246**	–
Share based payments		
– Share options	**529**	1,782
– 2018 and 2019 Share Awards (as defined below)	**755**	319
Impairment loss of trade receivables	**22**	2,511
Expenses related to the proposed transfer of listing of the shares of the Company to the Main Board of the Stock Exchange (the "**Proposed Transfer**")	**323**	2,030
Net exchange loss	**–**	375
Operating lease paid for rented office premises *(Note)*	**N/A**	241
Write off of property, plant and equipment	**–**	1

Note: During the year ended 31 March 2019, the rental of office premises was disclosed under HKAS 17 Leases.

10. DIVIDENDS

During the year ended 31 March 2020, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$160,000 (HK0.02 cent per share) in respect of the year ended 31 March 2019 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2020 were declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, final dividends of HK$800,000 (HK0.1 cent per share) in respect of the year ended 31 March 2020 has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

During the year ended 31 March 2019, final dividends of HK$1,600,000 (HK0.2 cent per share) and special dividends of HK$400,000 (HK0.05 cent per share) in respect of the year ended 31 March 2018 and interim dividends of HK$1,600,000 (HK0.2 cent per share) in respect of the year ended 31 March 2019 were declared and paid to the shareholders of the Company.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

(a) Number of shares:

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**799,853**	800,000
Effect of dilutive potential ordinary shares: 2018 and 2019 Share Awards (as defined below)	**5,605**	3,090
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**805,458**	803,090

Note: During FY2020, the Company repurchased 2,390,000 ordinary shares on the Stock Exchange. The total amount paid to repurchase these ordinary shares was approximately HK$0.7 million. All the repurchased shares had been cancelled as at 31 March 2020.

During FY2020, the Company issued 2,390,000 ordinary shares to the relevant employees of 2018 and 2019 Share Awards (as defined below) upon vesting. Details are set out in note 12 of notes to the announcement.

(b) Reported earnings

	2020	2019
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**494**	29,746

(c) Underlying earnings

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings per share are calculated based on the underlying profits attributable to the owners of the Company which excluded the net effect of changes in the valuation of investment properties. A reconciliation of profits is as follow:

	2020	2019
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to the owners of the Company)	**494**	29,746
Decrease/(increase) in fair value of investment properties, net of deferred taxation charged	**7,008**	(16,539)
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the year attributable to the owners of the Company)	**7,502**	13,207

12. SHARE AWARDS

On 25 June 2018, the Company entered into the deeds of grant (the "**Deeds**") with two employees of the Group, pursuant to which the Company granted award of a total of 4,800,000 new shares (the "**2018 Granted Shares**") of the Company, credited as fully paid, as an incentive bonus to such employees of the Group (the "**2018 Share Awards**"). One of the employees is an executive director of a wholly-owned subsidiary of the Group, and is a connected person at the subsidiary level. The other employee is an independent third party. Details of the 2018 Share Awards were set out in the circular of the Company dated 20 July 2018. At an extraordinary general meeting of the Company held on 8 August 2018, the Deeds were approved and a specific mandate to authorise the Directors to allot and issue up to an aggregate of 4,800,000 new shares of the Company in relation to the 2018 Share Awards was granted. During FY2020, 2,240,000 of the 2018 Granted Shares had been vested and as at 31 March 2020, such 2,240,000 ordinary shares of the Company had been issued to respective employees.

On 3 July 2019, the Board had resolved to award conditionally an aggregate of 1,940,000 new shares (the "**2019 Granted Shares**") of the Company (the "**2019 Share Awards**") to nine grantees. One of the grantees, who was awarded with 750,000 new shares of the Company, is an executive director of a wholly-owned subsidiary of the Group (the "**Connected Grant**"). Other grantees, who were awarded with 1,190,000 new shares of the Company, are employees of the Group (the "**Selected Employees Grant**") and are independent third parties. Details of the 2019 Share Awards were set out in the circular of the Company dated 22 July 2019. At an extraordinary general meeting of the Company held on 8 August 2019, the deed of grant of share awards in relation to the Connected Grant was approved and a specific mandate was granted to the Directors to allot and issue up to 750,000 new shares of the Company in relation to the Connected Grant. Another specific mandate was granted to the Directors to allot and issue up to 1,190,000 new shares of the Company in relation to the Selected Employees Grant. During FY2020, 150,000 of the 2019 Granted Shares had been vested and as at 31 March 2020, such 150,000 ordinary shares of the Company had been issued to respective employees.

During the year ended 31 March 2020, share based payments of approximately HK$0.8 million has been recognised in the consolidated statement of profit or loss and other comprehensive income. A total of 4,350,000 new shares of the Company under the 2018 and 2019 Share Awards remain outstanding and unvested as at 31 March 2020 (2019: 4,800,000). Details are set out in the circulars of the Company dated 20 July 2018 and 22 July 2019 and announcements of the Company dated 25 June 2018, 26 June 2018 and 3 July 2019.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	HK$'000	*HK$'000*
Equity instruments designated at FVTOCI		
– Listed	**1,254**	3,800
– Unlisted	**237**	249
Total	**1,491**	4,049

The above unlisted equity instruments represent investment in unlisted equity investments issued by private entities incorporated in Japan. Investments in listed equity instruments represent the investment in securities of companies listed in Hong Kong. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

14. TRADE AND OTHER RECEIVABLES AND PREPAYMENT

a) The trade receivables are due upon the issuance of the invoices. The Group does not hold any collateral over these balances. The following is an aged analysis of trade receivables net of allowances for impairment of trade receivables presented based on the invoice date which approximates the respective revenue recognition dates at the end of the reporting period. It also represented the ageing analysis of trade receivables which are past due but not impaired, at the end of the reporting periods.

	2020	2019
	HK$'000	*HK$'000*
– Within 30 days	**1,334**	2,124
– More than 30 but within 60 days	**4**	1,567
– More than 60 but within 90 days	**180**	1,227
– More than 90 but within 180 days	**–**	526
	1,518	5,444

b) The movement in the allowance for impairment of trade receivables is set out below.

	2020	2019
	HK$'000	*HK$'000*
Balance at the beginning of the year	**2,511**	–
Impairment loss recognised	**22**	2,511
Amounts written off as uncollectible	**(948)**	–
Reversal of impairment loss	**(1,544)**	–
Balance at the end of the year	**41**	2,511

The Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime expected credit loss ("**ECL**"). The ECL on trade receivables and lease receivables are estimated individually by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As certain receivables were considered unrecoverable and in default, approximately HK$2.5 million of life-time ECL-credit was impaired and recognised during the year ended 31 March 2019. Of the aforesaid impaired amount, approximately HK$1.5 million had been recovered during the year ended 31 March 2020 with the debtor having settled such amount in cash.

The Group has written off trade receivables of approximately HK$1.0 million as there is information indicating that there is no realistic prospect of recovery.

c) The following is an analysis of other receivables and prepayments at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
Deposits	**145**	193
Prepayments	**2,043**	1,157
Other receivables	**1,391**	686
	3,579	2,036

The ECL on other receivables are estimated individually by reference to past experience of default and their financial position and general economic condition of the industry at the reporting date. The internal credit ratings of the other receivables are considered to be performing as at 31 March 2020 and 31 March 2019 as there has not been a significant change in the credit risk since initial recognition.

15. TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**116**	101
Other payables	**13,560**	12,767
	13,676	12,868
Analysed for reporting purposes:		
Current portion	**12,165**	10,758
Non-current portion	**1,511**	2,110
	13,676	12,868

The trade payables are due upon the receipt of the invoices. All trade payables are aged within 30 days which are based on the invoice date at the end of the reporting period. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. SHARE CAPITAL

	Number of ordinary shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised at 1 April 2018, 31 March 2019 and 31 March 2020	5,000,000,000	50,000
Issued and fully paid at 1 April 2018 and 31 March 2019	800,000,000	8,000
Share repurchased and cancelled	(2,390,000)	(24)
Share allotted *(note 12)*	2,390,000	24
Issued and fully paid at 31 March 2020	800,000,000	8,000

17. RELATED PARTY TRANSACTIONS

(a) Transactions

Except disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	2020 *HK$'000*	2019 *HK$'000*
KK Ascent Plus	Associate	Asset management fee paid	**418**	–
		Guarantee fee paid	**128**	–

The above transactions were carried out at terms determined and agreed between the Group and the relevant parties.

(b) Compensation of key management personnel

The remuneration of the Directors and other members of key management during the year was as follows:

	2020 *HK$'000*	2019 *HK$'000*
Short-term benefits	**11,629**	11,195
Share based payments	**1,190**	2,102
Post-employment benefits	**114**	114
	12,933	13,411

The remuneration of the Directors and key management is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

18. CAPITAL COMMITMENTS

	2020 *HK$'000*	2019 *HK$'000*
Capital expenditure in respect of construction of an investment property contracted for but not provided in the consolidated financial statements	**–**	1,376

OPERATION REVIEW AND FINANCIAL REVIEW

Review of operations

The Group focuses on corporate finance and property investment. In respect of corporate finance, the Group primarily offers sponsorship, financial advisory and compliance advisory services to its clients. For property investment, the Group invests in real estate in Japan and Hong Kong and derives rental income therefrom.

Corporate finance

The Group recorded corporate finance services revenue of approximately HK$22.0 million in FY2020, a decrease of 46.3% over FY2019. A breakdown of the corporate finance services revenue of the Group is as follows:

	For the year ended 31 March					
	2020			2019		
	Revenue	**% of corporate finance services revenue**	**Number of active engagements**	Revenue	% of corporate finance services revenue	Number of active engagements
			(Note)			*(Note)*
	HK$'000			*HK$'000*		
Sponsorship	**10,829**	**49%**	**7**	30,138	74%	13
Financial advisory	**5,255**	**24%**	**38**	6,727	16%	39
Compliance advisory	**5,259**	**24%**	**12**	3,516	9%	8
Others	**624**	**3%**	**6**	504	1%	5
Total	**21,967**	**100%**		40,885	100%	

Note: Active engagements represent corporate finance engagements from which the Group had derived income during the relevant financial year. It excludes intra-group revenue received by Altus Capital Limited, a wholly-owned subsidiary of the Company, for acting as joint sponsors of the Proposed Transfer of the Company, as well as for acting as financial adviser to the Company.

Revenue derived from sponsorship engagements decreased in FY2020 in line with the lower number of active engagements. Of the active sponsorship engagements in FY2020, AM Group Holdings Limited (stock code: 1849) was listed in June 2019, Platt Nera International Ltd. (stock code: 1949) was listed in July 2019, and Lever Style Corporation (stock code: 1346) was listed in November 2019. The other active engagements were, amongst others, being vetted by regulators or were in preparation for submission of listing application during FY2020. One of the active engagements had lapsed and was discontinued during FY2020, while there were also fewer number of new sponsorship engagements secured during FY2020.

The decrease in revenue of approximately 21.9% from financial advisory engagements during FY2020 was due to the lower average price of the engagements despite the number of active engagements were similar as compared with FY2019.

The drop in revenue from sponsorship and financial advisory engagements was partially offset by higher revenue from compliance advisory engagements in FY2020, which corresponded to the increase in number of active engagements. Revenue from other services increased slightly in FY2020 due to higher number of active engagements, in particular, for acting as listing agent(s) for the offering of exchange traded funds.

Property investment

As at 31 March 2020, the Group had a portfolio of 25 investment properties in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$37.7 million in FY2020. In addition to the above, the Group also owned its principal place of business at 21 Wing Wo Street, Central, Hong Kong which is classified as property, plant and equipment.

Japan

A summary of the investment properties in Japan as at 31 March 2020 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2020 JPY million	Appraised value as at 31 March 2019 JPY million	Average occupancy in FY2020 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	402	396	92%
2.	Kitano Machikado GH	Sapporo	1,572	8	45	47	100%
3.	LC One	Sapporo	6,582	26	139	139	97%
4.	Libress Hiragishi	Sapporo	11,554	36	184	184	98%
5.	Nouvelle 98	Sapporo	13,790	38	231	232	93%
6.	Rakuyukan 36	Sapporo	18,046	38	316	316	100%
7.	Relife GH *(Note 1)*	Sapporo	750	6	33	11	100%
8.	Shinoro House GH	Sapporo	918	6	36	35	100%
9.	South 1 West 18 Building	Sapporo	15,529	37	275	272	94%
10.	T House	Sapporo	6,751	24	146	142	97%
11.	Tommy House Hiragishi	Sapporo	8,782	28	161	159	87%
12.	Uruoi Kawanone	Sapporo	15,930	65	664	656	97%
13.	White Building A & B	Sapporo	13,523	55	239	236	100%
14.	City Court Suginami	Hakodate	13,640	44	207	206	66%
15.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,430	1,410	93%

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2020 JPY million	Appraised value as at 31 March 2019 JPY million	Average occupancy in FY2020 (by revenue)
16.	Azabu Juban Crown Building	Tokyo	2,248	5	248	248	94%
17.	Residence Motoki	Fukuoka	11,992	12	294	288	100%
18.	Wealth Fujisaki	Fukuoka	7,390	10	173	173	88%
19.	Rise Shimodori EXE	Kumamoto	14,159	35	485	481	98%
20.	Rise Fujisakidai	Kumamoto	13,891	36	415	411	92%
21.	Rise Kumamoto Station South	Kumamoto	10,116	20	212	209	96%
22.	Rise Shimodori	Kumamoto	13,619	36	458	458	95%
23.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	548	548	100%
24.	KD Shinshigai Building	Kumamoto	4,463	3	275	N/A	100%
25.	Wisteria-S *(Note 2)*	Sapporo	5,997	19	146	N/A	N/A

Notes:

1. The piece of land on which Relife GH was erected was acquired in March 2019 and construction was completed in August 2019. Its value as at 31 March 2019 was on the value of the piece of land only while its value as at 31 March 2020 was on the property (including the land). This property was previously known as Kiyota 7-3.

2. This property was acquired on 31 March 2020; hence occupancy information for FY2020 was not available.

Save for Kagoshima Tenmonkan Building and KD Shinshigai Building which are solely retail properties, the investment properties of the Group in Japan are generally for residential purposes.

The Group had 90% shareholding interests in EXE Rise Shimodori Investor Ltd at all material times during FY2020. In October 2019, the Group acquired 10.0% shareholding interests in EXE Rise Shimodori Investor Ltd for approximately JPY36.2 million from its then minority shareholder. Following overall capital injection into EXE Rise Shimodori Investor Ltd, of approximately JPY100.0 million, 10.0% shareholding interests were subsequently disposed of to another investor for approximately JPY46.2 million on 4 November 2019. As a results of the aforesaid acquisition and disposal, the shareholding interests of the Group in EXE Rise Shimodori Investor Ltd remained at 90.0% as at 31 March 2020. Details of the above disposal are set out in the announcement of the Company dated 4 November 2019.

Hong Kong

The investment property in Hong Kong is an office unit at Duddell Street, Central with saleable area of approximately 2,267 sq.ft.. It had been leased out throughout FY2020. This property's appraised value as at 31 March 2020 was HK$82.0 million.

Financial Review

Review of operating results

A review of certain items of the operating results of the Group are set out below.

Revenue

The Group recorded revenue of approximately HK$59.7 million in FY2020 compared with approximately HK$77.7 million in FY2019, representing a decrease of 23.2%. Such decrease was due mainly to lower revenue for corporate finance segments where there was a 46.3% decrease in corporate finance services revenue from approximately HK$40.9 million in FY2019 to approximately HK$22.0 million in FY2020.

Corporate finance

The decrease in revenue of corporate finance services by 46.3% was mainly attributable to the decrease in sponsorship revenue from approximately HK$30.1 million in FY2019 to approximately HK$10.8 million in FY2020. Such decrease was due to fewer number of active engagements during FY2020 as some engagements were completed or discontinued. There were also fewer number of new sponsorship engagements secured. We also recorded lower revenue from financial advisory engagements in FY2020 due to lower average price of the engagements despite the number of active engagements were similar as compared with FY2019.

The effects of the above were partially offset by higher revenue for compliance advisory services, which was primarily attributable to the higher number of active compliance advisory engagements during FY2020.

Property investment

The higher revenue from property investment in FY2020 was mainly attributable to higher rental revenue from Japan due to the additions of Relife GH in August 2019 and KD Shinshigai Building in November 2019 to the portfolio. Overall, the occupancy rate for properties in Japan decreased slightly from 96.7% during FY2019 to 94.3% during FY2020 due mainly to the adverse impact of a fire accident at City Court Suginami in November 2018 as most of the tenants at City Court Suginami moved out after the fire. Renovation work on the affected areas was completed in April 2019 and new tenants had moved in during the course of FY2020.

The Group recorded higher property expenses of HK$15.4 million in FY2020 comparing to HK$11.7 million in FY2019. Such increase in property expenses was primarily due to the renovation expenses for City Court Suginami after the fire accident, which was covered by insurance compensation as detailed in the paragraph headed “Other income”.

Meanwhile, the property in Hong Kong was fully occupied during FY2019 and FY2020.

Other income

Other income in FY2020 increased to approximately HK$4.5 million from approximately HK$0.1 million in FY2019 due to (i) the insurance compensation amounted to approximately HK$2.5 million relating to the fire accident at City Court Suginami as mentioned above; and (ii) a write-back of impairment on trade receivables relating to corporate finance services rendered of approximately HK$1.5 million.

Net decrease in fair value of investment properties

The Group recorded a net decrease in fair value of investment properties of HK$5.3 million in FY2020 (a net increase in fair value of investment properties of HK$19.4 million was recorded in FY2019). In particular, HK$4.7 million fair value decrease was recorded for our Hong Kong investment property at Duddell Street, Central. In Japan, the decrease in fair value of properties was contributed mainly by KD Shinshigai Building of approximately HK$2.4 million.

Administrative and operating expenses

Administrative and operating expenses decreased from approximately HK$42.3 million in FY2019 to approximately HK$34.7 million in FY2020. Such decrease was due to (i) significant decrease in non-recurring expenses relating to the Proposed Transfer which amounted to approximately HK$0.3 million for FY2020 (FY2019: approximately HK$2.0 million); (ii) substantially lower impairment loss of account receivables of HK$0.02 million compared with HK$2.5 million in FY2019; (iii) significant decrease in share based payments in relation to share options from HK$1.8 million in FY2019 to HK$0.5 million in FY2020; and (iv) lower travelling and advertising expenses of HK$0.8 million in FY2020 compared with HK$2.3 million in FY2019.

Net profit for the year

The profit after tax of the Group decreased to approximately HK$1.5 million in FY2020 from approximately HK$30.7 million in FY2019. The decrease was mainly attributable to the lower level of revenue recorded and net decrease in fair value of investment properties in FY2020, which was partially offset by (i) decrease in the non-recurring expenses relating to the Proposed Transfer, (ii) lower interest expenses, and (iii) approximately HK$0.02 million impairment loss of account receivables (FY2019: approximately HK$2.5 million).

By excluding the net effect of changes in the valuation of investment properties, the Group recorded an underlying net profit of approximately HK$7.5 million in FY2020 compared with an underlying net profit of approximately HK$13.2 million in FY2019.

The decrease in the underlying net profit was principally attributable to the decrease in revenue from corporate finance services. The aforementioned was partially offset by (i) the increase in other income from approximately HK$0.1 million to approximately HK$4.5 million due to insurance compensation and reversal of impairment loss in account receivables; and (ii) decrease in other administrative expenses from approximately HK$42.3 million in FY2019 to approximately HK$34.7 million in FY2020.

Liquidity, financial resources and capital structure

The operations of the Group are mainly financed by shareholders' equity, bank loans and cash generated from operations.

	As at 31 March 2020	As at 31 March 2019
	HK$'000	*HK$'000*
Current assets	**44,924**	46,640
Current liabilities	**83,548**	70,007
Current ratio (time)*(Note 1)*	**0.5**	0.7
Gearing ratio (%)*(Note 2)*	**46.7**	41.0

Notes:

1. Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective financial year.

2. Gearing ratio is calculated by dividing total debt by total equity as at the end of the respective financial year.

The Group had net current liabilities of approximately HK$38.6 million as at 31 March 2020 and HK$23.4 million as at 31 March 2019. This was mainly due to more borrowings were made by the Group in Hong Kong for working capital purpose.

The Directors are satisfied that the liquidity of the Group can be maintained. Details are set out in note 2 to the consolidated financial statements of this announcement.

Gearing ratio as at 31 March 2020 was approximately 46.7% compared to 41.0% as at 31 March 2019. The higher gearing ratio was due to an increase in total interest bearing loans of the Group from approximately HK$189.8 million as at 31 March 2019 to approximately HK$217.8 million as at 31 March 2020. Such additional bank borrowings were used to acquire properties in Japan, being KD Shinshigai Building and Wisteria-S.

Cash balance

As at 31 March 2020, the Group had cash and bank balances amounted to approximately HK$39.4 million (31 March 2019: approximately HK$38.3 million) of which approximately HK$30.9 million was held in JPY deposited in licenced banks in Hong Kong and Japan.

Foreign exchange and interest rate exposures

The Group manages its foreign exchange exposure by monitoring the matching of the currencies of its debts with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. In FY2020, loans to be serviced by rental income generated from or secured by properties in Japan were denominated in JPY and serviced by income from Japan denominated in JPY; meanwhile, loans secured by properties (for investment and self-occupation) in Hong Kong were serviced by income derived from Hong Kong denominated in HK$.

To mitigate risks associated with fluctuations of interest rates for some of the loans in Japan with variable interest rates, the Group had entered into derivative financial instruments as a means to effectively fix the interest rate. As at 31 March 2020, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$31.1 million (31 March 2019: approximately HK$46.4 million).

Bank borrowings

Total interest bearing loans of the Group increased from approximately HK$189.8 million as at 31 March 2019 to approximately HK$217.8 million as at 31 March 2020. These loans carry fixed and variable interest rates ranging from 1.09% to 5.21% per annum.

As at 31 March 2020, approximately HK$76.7 million (31 March 2019: approximately HK$46.0 million) of interest bearing loans of the Group had variable interest rates. By excluding the impact of net change in fair value of investment properties, the underlying interest coverage ratio as at 31 March 2020 was 2.9 times (31 March 2019: 3.9 times).

Charges on the assets of the Group

As at 31 March 2020, (i) both the properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Rakuyukan 36, Relife GH and Shinoro House GH), had been charged in favour of banks and financial institutions in Hong Kong and Japan for loans obtained from them.

Capital commitments/Contingent liabilities

As at 31 March 2020, the Group had no significant capital commitments (2019: approximately HK$1.4 million) that had been contracted for but not provided for in the consolidated financial statements and contingent liabilities.

OUTLOOK

Corporate finance

The Hong Kong financial markets are expected to be volatile in the second half of 2020 against the backdrop of the unprecedented outbreak of the COVID-19 pandemic, which continues to spread globally at the time of writing. While global financial markets have rebounded strongly from their lows seen in March 2020, negative impact on the real economy is only starting to manifest. The uncertain outcome on business operations and worse, the risk of a second wave of infection, will dampen potential clients' interest and ability to seek listings in Hong Kong or to conduct corporate actions. Meanwhile, risks of ongoing Sino-U.S. trade dispute and recent social unrest in Hong Kong continue to loom.

That said, a bright spot during this uncertain times has been financial advisory services involving debt restructuring and M&A transactions such as general offers and privatisation as market players take advantage of depressed valuations.

In light of the governmental measures in response to the spread of COVID-19 such as work-from-home arrangements and global travel restrictions, our Group, in the likes of other professionals, is adapting to these new business practices. In particular, while restrictions on business travels have temporarily weighed on our ability to carry out due diligence work outside of Hong Kong; going forward, our Group will readily utilise technology and digitalisation as an alternative source of leads generator in order to expand our business coverage.

In view of the precarious effects from the above coupled with intensified market competition, the Directors expect that deal flow of our corporate finance services will be greatly affected and the performance of our Group in the coming quarters will continue to be challenging. Going forward, the management will continue to leverage on their business network and relationships to source and retain clients and implement prudent risk management system to manage the risk exposure of the Group so as to maximise the returns of its shareholders and investors.

Property investment

The commercial property market in Hong Kong has experienced gradual down trend in the past year in the face of the COVID-19 pandemic and social unrest which has dampened overall business sentiments. The lease maturity of our investment property of the Group in Central, Hong Kong is in June 2020 and the existing tenant has indicated its intention not to renew the tenancy. The Group has secured a new tenant through its agents at a rental level lower than the previous contracted rent, due to a weak leasing market for commercial properties in Central.

In Japan, while occupancy and rental rates of residential units have not been affected by the pandemic, several tenants of our commercial units have requested for rental reduction or deferment. Negotiations are ongoing but the outcome will likely have an adverse impact on the Group in the short term.

The strategy of the Group for its property investment business is to retain and enhance recurring income stream via expansion and diversification of its property portfolio. The Directors will also continue to look out for appropriate investment opportunities, in line with the development strategy of the Group of providing group home and nursing home in Japan. The Directors expect revenue from the investment property portfolio of the Group to remain largely stable in the coming financial year, underpinned by the stability of residential rental income, which form the substantial part of the income of the Group from its Japan investment property portfolio.

DIVIDENDS

The Board recommends a final dividend of Hong Kong 0.1 cent (2019: final dividend of Hong Kong 0.2 cent and special dividend of Hong Kong 0.02 cent) per share of the Company for the year ended 31 March 2020. The proposed final dividend, if approved at the forthcoming annual general meeting of the Company ("**AGM**"), will be payable on Friday, 25 September 2020 to the shareholders of the Company ("**Shareholders**") whose names appear on the register of members of the Company on Friday, 4 September 2020. Shares of the Company will be traded ex-dividend as from Friday, 28 August 2020.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Friday, 7 August 2020. The register of members of the Company will be closed from Tuesday, 4 August 2020 to Friday, 7 August 2020 (the "**Closure Period**"), both days inclusive, for the purposes of determining the entitlements of the Shareholders to attend and vote at the forthcoming AGM. During this Closure Period, no transfer of the shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all duly completed transfer forms, accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 3 August 2020.

The register of members of the Company will also be closed from Tuesday, 1 September 2020 to Friday, 4 September 2020, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders of the proposed final dividend at the AGM, the final dividend will be paid on Friday, 25 September 2020 to the Shareholders whose names appear on the register of members of the Company on Friday, 4 September 2020. For the entitlement to the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 31 August 2020.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 26 staff (31 March 2019: 31). The remuneration policy of the Group takes into consideration the relevant Director's or member of senior management's duties, responsibilities, experiences, skills, time commitment, performance of the Group and are made with reference to those paid by comparable companies. Its employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, our profit of the Group as a whole and comparable market levels. Apart from salary payments, other staff benefits include share awards, provident fund contributions, medical insurance coverage, other allowances and benefits.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of corporate governance as one of the key elements in creating shareholders' value. The Company is also committed to achieving a high standard of corporate governance that can protect and promote the interests of all Shareholders and to enhance corporate value and accountability of the Company. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules.

To the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the Code during the year ended 31 March 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2020, the Company repurchased 2,390,000 ordinary shares on GEM of the Stock Exchange at an aggregate consideration of approximately HK$0.7 million. The Directors are of the view that the share repurchase would be beneficial to the Company and its shareholders. Details of the share repurchase are as follows:

Month	Number of ordinary shares	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	*HK$*	*HK$'000*
December 2019	1,340,000	0.295	0.270	380
January 2020	690,000	0.300	0.295	204
March 2020	360,000	0.275	0.260	95
	2,390,000			679

All 2,390,000 ordinary shares repurchased were cancelled as at 31 March 2020. The aggregate consideration of approximately HK$0.7 million was paid out from the reserves of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company during FY2020.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "**Required Standard of Dealing**").

Following specific enquiries to all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the year ended 31 March 2020.

AUDIT COMMITTEE

The Company has established the audit committee (the "**Audit Committee**") pursuant to a resolution of the Board passed on 26 September 2016 with written terms of reference in compliance with the Code and Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are (i) to make recommendations to the Board on the appointment and removal of external auditors; (ii) to review the financial statements and render advice in respect of financial reporting; (iii) to oversee internal control procedures and corporate governance of the Group; (iv) to supervise internal control and risk management systems of the Group; and (v) to monitor continuing connected transactions (if any).

The Audit Committee consists of all of our three independent non-executive Directors, namely Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin and the chairman is Mr. Chan Sun Kwong who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2020.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity, and the related notes thereto of the Group for the year ended 31 March 2020 as set out in this preliminary announcement have been agreed by the auditor of the Group, SHINEWING (HK) CPA LIMITED, to the amounts set out in the draft consolidated financial statements of the Group for the year. The work performed by SHINEWING (HK) CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING (HK) CPA LIMITED on this preliminary announcement.

By order of the Board of
Altus Holdings Limited
Arnold Ip Tin Chee
Chairman

Hong Kong, 18 June 2020

As at the date of this announcement, the executive Directors are Mr. Arnold Ip Tin Chee, Mr. Chang Sean Pey and Ms. Leung Churk Yin Jeanny; and the independent non-executive Directors are Mr. Chao Tien Yo, Mr. Chan Sun Kwong and Mr. Lee Shu Yin.

This announcement will remain on the website of the GEM of the Stock Exchange at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.altus.com.hk.