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ALTUS
ALTUS HOLDINGS LIMITED
浩德控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8149)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 30 JUNE 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.*

FINANCIAL HIGHLIGHTS

- The Company and its subsidiaries (collectively referred to as the “**Group**”) recorded an unaudited revenue of approximately HK\$13.4 million for the three months ended 30 June 2020 (“**1Q FY2021**”), representing a decrease of approximately 18.8% when compared with approximately HK\$16.5 million for the three months ended 30 June 2019 (“**1Q FY2020**”).
- The Group recorded both reported and underlying net profit of approximately HK\$1.9 million in 1Q FY2021 compared with both reported and underlying net profit of approximately HK\$0.2 million in 1Q FY2020 *(Note)*.

Based on the unaudited financial information of the Group for 1Q FY2021 and 1Q FY2020, the increase in the profitability in 1Q FY2021 was principally attributable to the decrease in directors’ remuneration and staff costs to approximately HK\$4.3 million in 1Q FY2021 compared to approximately HK\$8.7 million in 1Q FY2020 as the payment, if any, of discretionary bonus to the directors of the Company has yet to be determined; and the overall number of staff was lower.

- For 1Q FY2021, the underlying and reported basic and diluted earnings per share were all HK0.20 cent *(Note)*. For 1Q FY2020, the underlying and reported basic and diluted loss per share were all HK0.01 cent.
- The Directors do not recommend the payment of any interim dividend for 1Q FY2021.

Note: Underlying net profit excludes the net effect of fair value changes in the valuation of investment properties.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for 1Q FY2021, together with the comparative unaudited figures for 1Q FY2020, as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ACCOUNT FOR 1Q FY2020 AND 1Q FY2021

	<i>Notes</i>	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Revenue	3	13,397	16,494
Other income	5	529	2,493
Changes in fair value of derivative financial liabilities		(17)	(71)
Property expenses		(3,027)	(5,129)
Administrative and operating expenses		(6,639)	(11,466)
Share of results of associate		16	–
Finance costs	6	<u>(1,231)</u>	<u>(1,101)</u>
Profit before tax		3,028	1,220
Income tax expense	7	<u>(1,153)</u>	<u>(1,058)</u>
Profit for the period	8	<u>1,875</u>	<u>162</u>
Profit/(Loss) for the period attributable to:			
Owners of the Company		1,636	(101)
Non-controlling interests		<u>239</u>	<u>263</u>
		<u>1,875</u>	<u>162</u>
		HK cent	HK cent
Earnings/(Loss) per share based on profit attributable to owners of the Company (reported earnings per share)			
– Basic	10	<u>0.20</u>	<u>(0.01)</u>
– Diluted	10	<u>0.20</u>	<u>(0.01)</u>
Earnings/(Loss) per share excluding the net effect of fair value changes in investment properties net of deferred tax (underlying earnings per share)			
– Basic	10	<u>0.20</u>	<u>(0.01)</u>
– Diluted	10	<u>0.20</u>	<u>(0.01)</u>

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR 1Q FY2020 AND 1Q FY2021**

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
<i>Notes</i>		
Profit/(Loss) for the period	1,875	162
Other comprehensive income (expense) for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	1,100	8,142
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI")	<u>(82)</u>	<u>135</u>
Other comprehensive income for the period	<u>1,018</u>	<u>8,277</u>
Total comprehensive income for the period	<u>2,893</u>	<u>8,439</u>
Total comprehensive income for the period attributable to:		
Owners of the Company	2,621	7,904
Non-controlling interests	<u>272</u>	<u>535</u>
	<u>2,893</u>	<u>8,439</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2021

	Attributable to owners of the Company								Non-controlling interests	
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	14,420
(Loss)/Profit for the period	-	-	-	-	-	-	-	1,636	1,636	239
Other comprehensive income (expense) for the period:										
- Change in fair value of financial assets at FVTOCI	-	-	-	(82)	-	-	-	-	(82)	-
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	1,067	-	1,067	33
	-	-	-	(82)	-	-	1,067	-	985	33
Total comprehensive income (expense) for the period	-	-	-	(82)	-	-	1,067	1,636	2,621	272
Transfer of cumulative fair value changes of financial assets at FVTOCI upon derecognition	-	-	-	(781)	-	-	-	781	-	-
Share based payments	-	-	-	-	-	223	-	-	223	-
At 30 June 2020 (unaudited)	8,000	71,436	98,819	(704)	11,319	470	(11,847)	277,125	454,618	14,692

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2020

	Attributable to owners of the Company									
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total	Non-controlling interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	8,000	71,288	98,812	627	10,790	319	(16,727)	277,574	450,683	12,356
(Loss)/Profit for the period	-	-	-	-	-	-	-	(101)	(101)	263
Other comprehensive income (expense) for the period:										
- Change in fair value of available-for-sale investments	-	-	-	135	-	-	-	-	135	-
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	7,870	-	7,870	272
	-	-	-	135	-	-	7,870	-	8,005	272
Total comprehensive income (expense) for the period	-	-	-	135	-	-	7,870	(101)	7,904	535
Contribution from shareholder	-	-	-	-	132	-	-	-	132	-
Share based payments	-	-	-	-	-	123	-	-	123	-
At 30 June 2019 (unaudited)	8,000	71,288	98,812	762	10,922	442	(8,857)	277,473	458,842	12,891

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 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 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 are borne by the Company.

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 address 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 major operating subsidiaries are mainly engaged in the provision of corporate finance services and property investment. 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 (“**Ms. Chan**”) and Landmark Trust Switzerland SA (the “**Trustee**”), which the beneficiaries of the trust are Mr. Arnold Ip Tin Chee (“**Mr. Ip**”) and Ms. Lam Ip Tin Wai Chyvette (“**Ms. Ip**”).

The condensed consolidated financial statements of the Group for 1Q FY2021 (the “**Unaudited Condensed Consolidated Financial Statements**”) are unaudited, but have been reviewed by the audit committee of the Company (the “**Audit Committee**”). The Unaudited Condensed Consolidated Financial Statements were approved and authorised for issue by the Directors on 7 August 2020.

The Unaudited Condensed Consolidated Financial Statements are presented in Hong Kong dollars (“**HK\$**”) which is same as the functional currency of the Company. Other than those subsidiaries incorporated in Japan, whose functional currency is Japanese Yen (“**JPY**”), the functional currency of the Company and other subsidiaries is HK\$.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 Interim Financial Reporting and Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the Unaudited Condensed Consolidated Financial Statements include applicable disclosure required by the GEM Listing Rules. The Unaudited Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements and thereby should be read in conjunction with the annual financial information for the year ended 31 March 2020 (the “**2020 Financial Information**”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2020 Financial Information except for the adoption of new or revised HKFRSs issued by the HKICPA, which are effective for the financial year of the Group beginning on 1 April 2020.

The Group has not adopted ahead of the effective date any new and revised HKFRSs that have been issued by the HKICPA.

The Unaudited Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments and investment properties that are measured at fair values.

(i) **Adoption of new and amendments to HKFRSs**

Adoption of new and amendments to HKFRSs effective on 1 April 2020

In 1Q FY2021, the Group has applied, for the first time, the following new and amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The application of the above new or amendments to HKFRS in 1Q FY2021 has had no material effect on the amounts reported in these Unaudited Condensed Consolidated Financial Statements and/or on the disclosures set out in these Unaudited Condensed Consolidated Financial Statements.

3. REVENUE

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

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020* (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15: Disaggregated by the major services line		
Corporate finance services income	3,494	7,145
Revenue from other source:		
Rental income for investment properties under operating leases – fixed lease payments (<i>Note</i>)	9,903	9,349
	13,397	16,494

Revenue generated from corporate finance services during 1Q FY2021 and 1Q FY2020 are recognised over time.

* The amount for 1Q FY2020 were recognised under HKAS 17 Leases.

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

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Gross rental income from investment properties	9,903	9,349
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(3,027)	(5,129)
Net rental income	6,876	4,220

Transaction price allocated to the remaining performance obligations

As at 30 June 2020, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK\$16.1 million (30 June 2019: approximately HK\$7.8 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\$13.9 million and HK\$2.2 million (30 June 2019: approximately HK\$11.2 million and HK\$2.2 million) are expected to be recognised within 1 year and after 1 year respectively.

4. 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.

	1Q FY2021			1Q FY2020		
	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Corporate finance services (Unaudited) HK\$'000	Property investment (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	<u>3,494</u>	<u>9,903</u>	<u>13,397</u>	<u>7,145</u>	<u>9,349</u>	<u>16,494</u>
RESULT						
Segment profit	<u>584</u>	<u>5,788</u>	<u>6,372</u>	<u>3,119</u>	<u>5,574</u>	8,693
Other income and expenses, net			(2,945)			(7,056)
Share of results of associate			16			–
Finance costs			(415)			(417)
Profit before tax			<u>3,028</u>			<u>1,220</u>

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 associate and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue from major services

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

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Sponsorship services	698	4,407
Financial advisory services	1,423	1,524
Compliance advisory services	1,224	1,135
Others corporate finance services	149	79
	<u>3,494</u>	<u>7,145</u>
Rental income	9,903	9,349
	<u>13,397</u>	<u>16,494</u>

5. OTHER INCOME

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Bank interest income	20	3
Recovered from insurance company <i>(Note 1)</i>	–	2,419
Dividend income from financial assets at FVTOCI	50	71
Gain on disposal of financial assets at fair value through profit or loss	7	–
Others <i>(Note 2)</i>	452	–
	<u>529</u>	<u>2,493</u>

Notes:

- The amount mainly represents a one-off compensation received from an insurance company in April 2019 in relation to a fire accident that occurred in November 2018 at an investment property in Japan.
- The amount represents (i) government subsidies; and (ii) forfeited tenant deposit. The Hong Kong Government introduced the Employment Support Scheme in April 2020 to help enterprises to retain their employees during COVID-19 pandemic. The government subsidies represent the subsidies received under the aforesaid scheme.

6. FINANCE COSTS

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Interests on:		
Secured bank borrowings	1,230	1,098
Lease liability	1	3
	<u>1,231</u>	<u>1,101</u>

7. INCOME TAX EXPENSE

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Current tax:		
Hong Kong profits tax	30	146
Japanese corporate income tax	91	(6)
Japanese withholding tax	553	614
	674	754
Deferred taxation	479	304
	1,153	1,058

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 1Q FY2021 and 1Q FY2020, 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 which are not qualified 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 1Q FY2021 (1Q FY2020: 33.59%). However, for the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1Q FY2021 and 1Q FY2020.

Japanese withholding tax was calculated at 20.42% of the distributed income from Japanese subsidiaries for 1Q FY2021 and 1Q FY2020.

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.

8. PROFIT FOR THE PERIOD

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:		
Staff cost, excluding Directors' emoluments		
– Salaries, bonus and other benefits	3,509	3,936
– Contributions to retirement benefits scheme	91	117
Total staff cost excluding Directors' emoluments	<u>3,600</u>	<u>4,053</u>
Directors' remuneration	703	4,683
Auditors' remuneration	188	245
Depreciation of property, plant and equipment	292	321
Depreciation of right-of-use assets	61	61
Share based payments		
– Share options	–	132
– 2018 and 2019 Share Awards (as defined below)	223	123
Impairment loss on trade receivables	–	29
Expenses related to proposed transfer of listing of the share of the Company to the Main Board of the Stock Exchange	–	156
Net exchange gain	<u>1</u>	<u>122</u>

9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2021 (1Q FY2020: nil).

The Directors do not recommend the payment of any interim dividend for 1Q FY2021 (1Q FY2020: nil).

10. EARNINGS/(LOSS) PER SHARE

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

(a) Number of shares

	30 June 2020 '000	30 June 2019 '000
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	800,000	800,000
Effect of dilutive potential ordinary shares: Share Awards (as defined below)	<u>4,350</u>	<u>4,287</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>804,350</u>	<u>804,287</u>

(b) **Reported earnings**

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic and diluted earnings/(loss) per share (Profit/(Loss) for the period attributable to owners of the Company)	<u>1,636</u>	<u>(101)</u>

(c) **Underlying earnings**

For the purpose of assessing the underlying performance of the Group, basic and diluted earnings/(loss) per share are calculated based on the underlying profits/(loss) 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:

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Earnings/(Loss) for the purpose of basic and diluted earnings/(loss) per share (Profit/(Loss) for the period attributable to owners of the Company)	1,636	(101)
Change in fair value of investment properties, net of deferred taxation charged	<u>—</u>	<u>—</u>
Earnings/(Loss) for the purpose of basic and diluted earnings per share (Underlying profit/(loss) attributable to the owners of the Company)	<u>1,636</u>	<u>(101)</u>

11. 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 of the Company (the “**2018 Granted Shares**”), credited as fully paid, as an incentive bonus to such employees of the Group (“**2018 Share Awards**”). One of the employee 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. As at 30 June 2020, 2,240,000 of the 2018 Granted Shares were vested and had been issued to respective employees.

On 3 July 2019, the Board has resolved to award conditionally an aggregate of 1,940,000 new shares of the Company (the “**2019 Granted Shares**”) to nine grantees (the “**2019 Share Awards**”). One of the grantee, who was awarded with 750,000 new shares of the Company is an executive director of a wholly-owned subsidiary of the Group (the “**2019 Connected Grant**”). Other grantees, who are awarded with 1,190,000 new shares of the Company, are employees of the Group (the “**2019 Selected Employees Grant**”) and are independent third parties. The 2019 Connected Grant constitutes a non-exempt connected transaction under the GEM Listing Rules and is subject to reporting, announcement, independent financial advice and independent shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules. Details of the 2019 Share Awards are 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 2019 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 2019 Connected Grant. Another specific mandate was granted to Directors to allot and issue up to 1,190,000 new shares of the Company in relation to 2019 Selected Employees Grant. As at 30 June 2020, 150,000 of the 2019 Granted Shares were vested and had been issued to respective employees.

On 26 June 2020, the Board has resolved to award conditionally an aggregate of 3,830,000 new shares of the Company (the “**Awarded Shares**”) to 12 grantees. One of the grantee, who was awarded with 1,600,000 new shares of the Company is an executive director of a wholly-owned subsidiary of the Group (the “**2020 Connected Grant**”). Other grantees, who are awarded with 2,230,000 new shares of the Company, are employees of the Group (the “**2020 Selected Employees Grant**”) and are independent third parties. The 2020 Connected Grant constitutes a non-exempt connected transaction under the GEM Listing Rules and is subject to reporting, announcement, independent financial advice and independent shareholders’ approval requirement under Chapter 20 of the GEM Listing Rules. Details are set out in the circular of the Company dated 23 July 2020.

At an extraordinary general meeting of the Company held on 7 August 2020, the deed of grant of share awards in relation to the 2020 Connected Grant was approved and a specific mandate was granted to the Directors to allot and issue up to 1,600,000 new shares of the Company in relation to the 2020 Connected Grant. Another specific mandate was granted to Directors to allot and issue up to 2,230,000 new shares of the Company in relation to 2020 Selected Employees Grant.

As at the date of this announcement, all the conditions precedent of the 2020 Connected Grant have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares; (ii) the shareholders of the Company who are not required to abstain from voting on resolutions proposed at the EGM have approved the 2020 Connected Grant and the specific mandate for 2020 Connected Grant; and (iii) the relevant grantee of the 2020 Connected Grant has obtained all necessary consents and approvals that may be required to enable her to accept the Share Awards.

As at the date of this announcement, all the conditions precedent of the 2020 Selected Employees Grant have been satisfied, namely (i) the Company has obtained the approval of the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares; (ii) the shareholders of the Company have approved the specific mandate for 2020 Selected Employees Grant; and (iii) the relevant grantees of the 2020 Selected Employees Grant have obtained all necessary consents and approvals that may be required to enable him/her to accept the Share Awards.

12. CAPITAL COMMITMENT

	1Q FY2021 (Unaudited) HK\$'000	1Q FY2020 (Unaudited) HK\$'000
Capital expenditure in respect of construction of an investment property contracted for but not provided in the Unaudited Condensed Consolidated Financial Statements	<u>–</u>	<u>539</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group focuses on corporate finance services 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.

Business Review

For 1Q FY2021, the Group recorded an unaudited revenue of approximately HK\$13.4 million, representing a decrease of approximately 18.8% as compared to 1Q FY2020. Property investment activities contributed approximately 73.9% of the revenue of the Group in 1Q FY2021, while the remaining portion of revenue was derived from corporate finance services.

Corporate finance

Revenue from corporate finance services of the Group for 1Q FY2021 decreased by approximately 51.1% as compared to 1Q FY2020. This was mainly due to the drop in revenue from sponsorship services from approximately HK\$4.4 million to approximately HK\$0.7 million over the same period. During 1Q FY2021, we have four ongoing sponsorship projects (1Q FY2020: seven), but there were limited billing milestone achievements. The revenue generated from financial advisory services and compliance advisory services remained relatively stable when compared to that of 1Q FY2020.

The Directors wish to note that corporate finance services income is recognised when the underlying services have been provided and/or relevant significant acts have been completed in accordance with the terms of the service agreement; hence there may be fluctuations in the revenue from period to period depending on billing milestones achieved during that period.

Property investment

Revenue from property investment increased by approximately 5.9% in 1Q FY2021, amounting to approximately HK\$9.9 million (1Q FY2020: approximately HK\$9.3 million) mainly due to the contribution from properties added to the portfolio after 1Q FY2020. During 1Q FY2021, the property investment portfolio of the Group consisted of 26 investment properties and one commercial unit in Hong Kong (1Q FY2020: 22 investment properties in Japan and one investment property under construction in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1Q FY2021, while the occupancy rate for the portfolio in Japan remained stable at approximately 94.1% (1Q FY2020: approximately 95.7%).

The Group recorded a lower property expenses of approximately HK\$3.0 million in 1Q FY2021 as compared to approximately HK\$5.1 million in 1Q FY2020. During 1Q FY2020, the Group had incurred a one-off repair and maintenance expenses in relation to a fire accident that occurred in November 2018 at City Court Sugunami, an investment property located in Hokkaido prefecture, Japan. There was no such significant expenses during 1Q FY2021. The aforesaid fire accident-related expenses had been to a large extent covered by insurance which was recorded as other income in 1Q FY2020.

Net profit for the period

The Group recorded a net profit of approximately HK\$1.9 million in 1Q FY2021 as compared with approximately HK\$0.2 million in 1Q FY2020 despite lower revenue. This was principally attributable to decrease in directors' remuneration and staff costs to approximately HK\$4.3 million in 1Q FY2021 compared to approximately HK\$8.7 million in 1Q FY2020 as the payment, if any, of discretionary bonus to the directors of the Company has yet to be determined. The overall number of staff in 1Q FY2021 was also lower compared to 1Q FY2020.

The aforesaid discretionary bonus to the directors of the Company, if and when determined in the coming quarters, will be reflected as administrative and operating expenses. If so, the results of the corresponding period may be impacted.

OUTLOOK

Corporate finance

In view of the precarious effects from the COVID-19 pandemic, the escalating Sino-US tension and the intensified market competition, the Directors expect that deal flow of our corporate finance services will continue to be affected and the operating environment in the coming quarters remains challenging.

While global financial markets have been resilient as a result of the economic support measures implemented by various governments worldwide, the intended impact on the real economy may or may not be achieved with the resurgence of various waves of COVID-19 infection. In the face of these challenges, the Directors will endeavour to proactively market our services and to leverage on established relationships.

Property investment

Despite the COVID-19 pandemic which has affected many parts of Japan, residential rental and occupancy rates have, and are expected to, remain largely steady. Several tenants of our commercial units which operate restaurants and entertainment outlets have requested for, and we have granted, rental reduction or deferment for a few months. As commercial units form a relatively small proportion of our portfolio, the above is not expected to have material adverse impact to the Group. With regard to our Hong Kong property which tenancy lease expired in June 2020, we have secured a new tenant. This new lease ensures continuously rental contribution in the near future notwithstanding that the new rental rate is lower than the previous contracted rent.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Interest or short positions in the shares of the Company:

Name of Director	Capacity and nature of interests	Number of the shares interested ^(Note 2)	Approximate percentage of the total issued share capital of the Company (%)
Mr. Ip ^(Note 1)	Beneficiary of a trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
	Interest of a spouse	1,250,000 (L)	0.2
Mr. Chang Sean Pey (“Mr. Chang”)	Beneficial owner	22,400,000 (L)	2.8
Ms. Leung Churk Yin Jeanny (“Ms. Leung”)	Beneficial owner	9,400,000 (L)	1.2

Notes:

- (1) KHHL is deemed to be interested in 557,200,000 shares of the Company in long position through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL. Mr. Ip has beneficial interest in 1,250,000 shares of the Company and has interest of spouse in 1,250,000 shares of the Company by virtue of SFO.
- (2) The letters “L” denote a long position in the shares of the Company.

Interests in associated corporations of the Company:

Name	Name of associated corporation	Capacity and nature of interest	Interests in shares ^(Note 1)	Approximate percentage of shareholding (%)
Mr. Ip	KHHL ^(Note 2)	Beneficiary of a trust	204 (L)	80.0
	I Corporation ^(Note 3)	Interest of spouse	14 (L)	20.0
Ms. Leung	Residence Motoki Investment Limited (“Residence”)	Beneficial owner	20 (L)	0.33
Mr. Chang	Residence	Beneficial owner	10 (L)	0.17

Notes:

- (1) The letter “L” denotes a long position in the shares of these associated corporations of the Company.
- (2) KHHL is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Mr. Ip is one of the beneficiaries. By virtue of the SFO, Mr. Ip is deemed to be interested in the shares of KHHL held by the Trustee.
- (3) Pursuant to the SFO, Mr. Ip, the spouse of Ms. Ho Shuk Yee, Samantha (“**Ms. Ho**”), is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 30 June 2020, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections headed “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” above and “Share Option Scheme” below, at no time during 1Q FY2021 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND OTHER PERSON'S INTERESTS IN OTHER MEMBERS OF THE GROUP

As at 30 June 2020, substantial shareholders (not being the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO; and other persons had interests in other members of the Group as follows:

(a) Interests or short positions in the shares of the Company

Name of shareholder	Capacity and nature of interest	Number of shares interested ^(Note 1)	Approximate percentage of the total issued share capital of the Company (%)
Flying Castle Limited	Beneficial owner	557,200,000 (L)	69.6
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	69.6
The Trustee ^(Note 2)	Trustee	557,200,000 (L)	69.6
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
	Interest of spouse	1,250,000 (L)	0.2
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.6
	Beneficial owner	1,250,000 (L)	0.2
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	69.8
	Beneficial owner	1,250,000 (L)	0.2
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.5

Notes:

- (1) The letters “L” denote a long position in the shares of the Company.
- (2) KHHL is deemed to be interested in the Company through its wholly-owned subsidiary Flying Castle Limited. KHHL is owned as to 20.0% by Ms. Chan and as to 80.0% by the Trustee on behalf of The Hecico 1985 Trust, of which Ms. Chan is the founder and Mr. Ip and Ms. Ip are beneficiaries. By virtue of the SFO, the Trustee, Ms. Chan, Mr. Ip and Ms. Ip are deemed to be interested in all the shares of the Company held by KHHL. By virtue of SFO, Mr. Ip, the spouse of Ms. Ho, is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho.
- (3) Pursuant to the SFO, Ms. Ho, the spouse of Mr. Ip, is deemed to be interested in all the shares of the Company in which Mr. Ip is interested or deemed to be interested.

(b) Interests or short positions in other members of the Group

Name of shareholder	Name of member of our Group	Nature of interest	Number of shares ^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tract Property Investment Limited	Beneficial owner	922 (L)	10.0
	Residence	Beneficial owner	600 (L)	10.0
	Lynton Gate Limited	Beneficial owner	1 (L)	10.0
	EXE Rise Shinadori Investor Limited	Beneficial owner	12 (L)	10.0
Mr. Richard Lo	Residence	Interest in controlled corporations	600 (L)	10.0

Note: The letter “L” denotes a long position in the shares.

Save as disclosed above, the Directors and chief executives of the Company are not aware that there is any party who, as at 30 June 2020, had or deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the best knowledge of the Directors, as at the date of this announcement, the Company has maintained the public float as required under GEM Listing Rules during 1Q FY2021.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during 1Q FY2021 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Group had 25 staff (30 June 2019: 31) in total. The remuneration policy of the Group takes into consideration the 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, the profit of the Group as a whole and comparable market levels. Apart from salary payment, other staff benefits include share awards, provident fund contribution, medical insurance coverage, other allowances and benefits.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) by shareholder resolution passed on 26 September 2016. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During 1Q FY2021 and up to the date of this announcement, no share option was granted by the Company and there was no share option outstanding under the Share Option Scheme as at 30 June 2020.

SHARE AWARDS

Details of the share awards of the Group are set out in note 11 to the condensed consolidated financial statements of the Group for Q1 FY2021.

CORPORATE GOVERNANCE

Pursuant to Rules 17.22, and 17.24 of the GEM Listing Rules, the Company has complied with and does not have advances to any entity nor advances to affiliated companies. In addition, pursuant to Rule 17.23 of the GEM Listing Rules, the Company stated that (i) the major shareholders of the Company have not pledged any of their shares held; and (ii) an indirect wholly-owned subsidiary of the Company has entered into certain loan agreements with covenants relating to specific performance of controlling shareholders as described below.

The Board has reviewed the corporate governance practices of the Company and is satisfied that the Company has complied with the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules during 1Q FY2021.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the 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 Dealings**”).

Having made specific enquiries with all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings during the period in 1Q FY2021 to the date of this announcement. The Company has not been notified by Directors of any incident of non-compliance during such period.

COMPETING INTERESTS

As at 30 June 2020, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On 4 April 2019, an existing lender of the Group, Hang Seng Bank Limited, has pursuant to its periodic review, agreed to continue to make available a revolving loan facility in the same amount of HK\$47,650,000 to the Company's indirectly wholly-owned subsidiary, Starich Resources Limited ("**Starich**"). The bank facilities letter (the "**Hang Seng Facility Letter**") was signed on 4 April 2019.

On 2 July 2019, the Group entered into a bank facility letter (the "**Dah Sing Facility Letter**") under which Dah Sing Bank Limited agreed to make available to Starich a revolving loan facility in the amount of HK\$60,000,000 for investment and working capital purposes (the "**Dah Sing Facility**"). The availability of the Dah Sing Facility is subject to the periodic review of the bank.

Under the Hang Seng Facility Letter and the Dah Sing Facility Letter, the Company has undertaken that (i) Mr. Ip shall remain as chairman of the Board and maintain control over the management and business of the Company; and (ii) his beneficial interest in the Company, as required to be disclosed pursuant to the disclosure requirements under the GEM Listing Rules and the SFO, should be maintained at not less than 60.0%.

AUDIT COMMITTEE

The Audit Committee has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Sun Kwong. The other members are Mr. Chao Tien Yo and Mr. Lee Shu Yin respectively. The primary duty of the Audit Committee is to review and supervise the Company's financial reporting process, the risk management and internal control systems of the Group and the monitoring of continuing connected transactions. Pursuant to code provision C.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1Q FY2021 and confirmed that the preparation of such complied with applicable accounting principles and practices adopted by the Company and the requirements of the Stock Exchange, and adequate disclosure had been made.

BOARD OF DIRECTORS

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Arnold Ip Tin Chee

Mr. Chang Sean Pey

Ms. Leung Churk Yin Jeanny

Independent non-executive Directors:

Mr. Chao Tien Yo

Mr. Chan Sun Kwong

Mr. Lee Shu Yin

By order of the Board of
ALTUS HOLDINGS LIMITED
Arnold Ip Tin Chee
Chairman and Executive Director

Hong Kong, 7 August 2020

This announcement will remain on the website of GEM of the Stock Exchange at <http://www.hkgem.com> for at least 7 days from the date of its publication. This announcement will also be published and remains on website of the Company at <http://www.altus.com.hk>.