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 2021

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

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Revenue	**59,266**	59,666
Profit before tax	**11,790**	3,920
Profit for the year attributable to owners of the Company		
– Reported	**6,294**	494
– Underlying *(Note 1)*	**12,686**	7,502 *(Note 2)*

Notes:

1. Underlying profit for the year attributable to owners of the Company excludes the net effect of fair value changes of investment properties, net of deferred taxation charged.
2. For the year ended 31 March 2020, underlying profit for the year attributable to owners of the Company had been arrived at after charging 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**") of approximately HK$0.3 million.

	As at 31 March	
	2021	2020
	HK$'000	*HK$'000*
Total assets	**713,478**	730,309
Total liabilities	**249,315**	264,115
Net assets	**464,163**	466,194

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 2021 ("**FY2021**"), together with the audited comparative figures for the year ended 31 March 2020 ("**FY2020**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended 31 March 2020 and 2021

	Notes	**2021** ***HK$'000***	2020 *HK$'000*
Revenue	*4*	**59,266**	59,666
Other income	*6*	**2,025**	4,464
Net decrease in fair value of investment properties		**(4,065)**	(5,272)
Changes in fair value of derivative financial liabilities		**(79)**	27
Property expenses		**(13,636)**	(15,411)
Administrative and operating expenses		**(27,111)**	(34,693)
Share of results of an associate		**27**	39
Finance costs	*7*	**(4,637)**	(4,900)
Profit before tax		**11,790**	3,920
Income tax expense	*8*	**(4,664)**	(2,470)
Profit for the year	*9*	**7,126**	1,450
Other comprehensive (expense) income for the year			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translating of foreign operations		**(8,309)**	4,451
Share of translation reserve of an associate		**(1)**	(2)
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**")		**133**	(468)
Other comprehensive (expense) income for the year		**(8,177)**	3,981
Total comprehensive (expense) income for the year		**(1,051)**	5,431

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the years ended 31 March 2020 and 2021

	Note	**2021** **HK$'000**	2020 *HK$'000*
Profit for the year attributable to:			
Owners of the Company		**6,294**	494
Non-controlling interests		**832**	956
		7,126	1,450
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(1,532)**	3,839
Non-controlling interests		**481**	1,592
		(1,051)	5,431
		HK cent	*HK cent*
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)			
– Basic	*11*	**0.79**	0.06
– Diluted	*11*	**0.78**	0.06
		HK cents	*HK cent*
Earnings per share excluding the net effect of fair value changes of investment properties, net of deferred taxation charged (underlying earnings per share)			
– Basic	*11*	**1.58**	0.94
– Diluted	*11*	**1.57**	0.93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020 and 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment		**40,377**	41,440
Investment properties		**626,178**	638,521
Interest in an associate		**419**	393
Financial assets at FVTOCI	*13*	**1,624**	1,491
Club memberships		**1,718**	1,718
Deferred tax asset		**1,505**	1,505
Right-of-use asset		**–**	61
Prepayment	*14*	**167**	256
		671,988	685,385
Current assets			
Trade and other receivables	*14*	**5,337**	4,841
Deposits placed in financial institutions		**1,367**	642
Bank balances and cash		**34,786**	39,441
		41,490	44,924
Current liabilities			
Trade and other payables	*15*	**12,293**	12,165
Lease liability		**–**	63
Tax payable		**4,277**	4,404
Secured bank borrowings		**64,726**	66,916
		81,296	83,548
Net current liabilities		**(39,806)**	(38,624)
Total assets less current liabilities		**632,182**	646,761

	Notes	**2021** **HK$'000**	2020 *HK$'000*
Non-current liabilities			
Secured bank borrowings		**137,122**	150,923
Derivative financial instruments		**416**	667
Other payables – tenant deposits – over 1 year	*15*	**1,345**	1,511
Deferred tax liabilities		**29,136**	27,466
		168,019	180,567
		464,163	466,194
Capital and reserves			
Share capital	*16*	**8,034**	8,000
Reserves		**441,600**	443,774
Equity attributable to owners of the Company		**449,634**	451,774
Non-controlling interests		**14,529**	14,420
		464,163	466,194

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	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 2020	8,000	71,436	98,819	159	11,319	247	(12,914)	274,708	451,774	14,420	466,194
Profit for the year	–	–	–	–	–	–	–	6,294	6,294	832	7,126
Other comprehensive income (expense) for the year:											
– Change in fair value of financial assets at FVTOCI *(note 13)*	–	–	–	133	–	–	–	–	133	–	133
– Share of translation reserve of an associate	–	–	–	–	–	–	(1)	–	(1)	–	(1)
– Exchange differences arising on translating of foreign operations	–	–	–	–	–	–	(7,958)	–	(7,958)	(351)	(8,309)
	–	–	–	133	–	–	(7,959)	–	(7,826)	(351)	(8,177)
Total comprehensive income (expense) for the year	–	–	–	133	–	–	(7,959)	6,294	(1,532)	481	(1,051)
Vested shares for share awards *(note 12)*	34	995	–	–	–	(1,029)	–	–	–	–	–
Transfer of cumulative fair value changes of financial assets at FVTOCI upon derecognition	–	–	–	(784)	–	–	–	784	–	–	–
Share based payment *(note 12)*	–	–	–	–	–	992	–	–	992	–	992
Dividends paid to non-controlling shareholders by subsidiaries	–	–	–	–	–	–	–	–	–	(372)	(372)
Dividends paid *(note 10)*	–	–	–	–	–	–	–	(1,600)	(1,600)	–	(1,600)
At 31 March 2021	8,034	72,431	98,819	(492)	11,319	210	(20,873)	280,186	449,634	14,529	464,163

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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
Share 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

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 assets 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 years ended 31 March 2021 and 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 Act, 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 and other consultancy services and proprietary investments in properties and securities. 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$39.8 million as at 31 March 2021, the consolidated financial statements as at 31 March 2021 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$63.4 million as at 31 March 2021.

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 2021. 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 2021 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 the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") which are effective for the Group's financial year beginning 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to Hong Kong Accounting Standard ("**HKAS**") 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

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 and Related Amendments[4]
Amendments to HKFRS 3	Reference to Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the Related Amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions[5]
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]

1 Effective for annual periods beginning on or after 1 January 2021.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2023.
5 Effective for annual periods beginning on or after 1 June 2020.
6 Effective for annual periods beginning on or after 1 April 2021.

The Directors anticipate that the application of the 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 corporate finance and other consultancy services and leasing of investment properties during the year. An analysis of revenue of the Group for the year is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by the major services line:		
Corporate finance and other consultancy services income	**19,597**	21,967
Revenue from other source:		
Rental income for investment properties under operating leases-fixed lease payments *(Note)*	**39,669**	37,699
	59,266	59,666

Revenue generated from provision of corporate finance and other consultancy services during FY2021 and FY2020 are recognised over time.

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

	2021	2020
	HK$'000	*HK$'000*
Gross rental income from investment properties	**39,669**	37,699
Direct operating expenses incurred for investment properties that generated rental income during the year (included in property expenses) *(Note)*	**(13,636)**	(15,411)
Net rental income	**26,033**	22,288

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 of notes to the announcement.

Transaction price allocated to the remaining performance obligations

As at 31 March 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK$4.8 million (31 March 2020: HK$13.4 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$4.8 million and nil (31 March 2020: HK$11.2 million and HK$2.2 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.

For FY2020, the reportable and operating segments of the Group were 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.

For FY2021, in order to be consistent with the long-term business strategy of the Group, the management has enhanced the information reported to the CODM. The Group is currently organised into the following reportable and operating segments:

(i) Advisory and consulting-provision of corporate finance and other consultancy services including sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting and investment consulting services; and

(ii) Proprietary investments-leasing of investment properties for residential and commercial use and derives rental income therefrom and holding of a portfolio of securities for dividend income and aims for capital gain.

As a result of changing of information reported to the CODM, dividend income from financial assets at FVTOCI and gain on disposal of financial assets at fair value through profit or loss ("**FVTPL**") (previously included in other income and expenses, net) are included in proprietary investments segment. Listed equity securities at FVTOCI (previously included in unallocated assets) are included in the proprietary investments segment. Amounts reported for the prior year have been restated to conform with current year presentation.

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

Year ended 31 March 2021

	Advisory and consulting *HK$'000*	Proprietary investments *HK$'000*	Total *HK$'000*
REVENUE			
External revenue and segment revenue	**19,597**	**39,669**	**59,266**
RESULT			
Segment profit	**8,986**	**17,540**	**26,526**
Other income and expenses, net			**(13,279)**
Share of results of an associate			**27**
Finance costs			**(1,484)**
Profit before tax			**11,790**

Year ended 31 March 2020

	Advisory and consulting *HK$'000*	Proprietary investments *HK$'000* (Restated)	Total *HK$'000* (Restated)
REVENUE			
External revenue and segment revenue	21,967	37,699	59,666
RESULT			
Segment profit	9,400	15,086	24,486
Other income and expenses, net			(18,683)
Share of results of an associate			39
Finance costs			(1,922)
Profit before tax			3,920

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 an associate 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

	2021 ***HK$'000***	2020 *HK$'000* (Restated)
Advisory and consulting	**3,180**	1,767
Proprietary investments	**629,423**	642,836
Total segment assets	**632,603**	644,603
Unallocated	**80,875**	85,706
Total assets	**713,478**	730,309

Segment liabilities

	2021 ***HK$'000***	2020 *HK$'000* (Restated)
Advisory and consulting	**401**	427
Proprietary investments	**160,082**	174,371
Total segment liabilities	**160,483**	174,798
Unallocated	**88,832**	89,317
Total liabilities	**249,315**	264,115

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, unlisted equity investment at FVTOCI, club memberships, certain other receivables, interest 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 instruments, deferred tax liabilities and other corporate liabilities.

Breakdown of revenue by services

A breakdown of revenue of the Group by services under advisory and consulting and proprietary investments segment is as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Advisory and consulting		
Sponsorship services	**5,203**	10,829
Financial advisory services	**8,912**	5,255
Compliance advisory services	**4,457**	5,259
Other corporate finance services	**1,025**	624
	19,597	21,967
Proprietary investment		
Rental income	**39,669**	37,699
	59,266	59,666

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 asset, prepayment and interest in an associate, is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**21,164**	23,906	**116,377**	123,501
Japan	**38,102**	35,760	**550,178**	556,521
	59,266	59,666	**666,555**	680,022

During FY2021 and FY2020, there was no single customer contributing over 10% of the total revenue of the Group.

6. OTHER INCOME

	2021	2020
	HK$'000	*HK$'000*
Bank interest income	**45**	6
Recovered from insurance company *(Note 1)*	**–**	2,732
Dividend income from financial assets at FVTOCI	**76**	110
Net exchange gain	**–**	72
Reversal of impairment loss of trade receivables	**–**	1,544
Forfeited tenant deposit	**182**	–
Gain on disposal of financial assets at FVTPL	**342**	–
Government grants *(Note 2)*	**1,380**	–
	2,025	4,464

Notes:

1. The amount mainly represented a one-off compensation received from an insurance company in April 2019 in relation to a fire accident occurred in November 2018 for an investment property located in Japan.

2. During FY2021, the Group recognised government grants of approximately HK$1,380,000 (FY2020: nil) in respect of COVID-19 related subsidies, of which approximately HK$1,372,000 and approximately HK$8,000 is related to Employment Support Scheme and Anti-epidemic Support Scheme for Property Management Sector respectively provided by the Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. The Group fulfilled all conditions attached to the subsidies and recognised as other income.

7. FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Interests on:		
Secured bank borrowings	**4,636**	4,892
Lease liability	**1**	8
	4,637	4,900

8. INCOME TAX EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax	**186**	263
Japanese corporate income tax	**255**	47
Japanese withholding tax	**1,896**	1,939
	2,337	2,249
Deferred taxation	**2,327**	221
	4,664	2,470

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 FY2021 and 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 Group entities 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 FY2021 and FY2020. However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for FY2021 and 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.

9. PROFIT FOR THE YEAR

	2021	2020
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff cost, excluding directors' emoluments		
– Salaries, bonus and other benefits	**11,004**	13,597
– Contributions to retirement benefits scheme	**348**	438
Total staff costs excluding directors' emoluments	**11,352**	14,035
Auditors' remuneration	**700**	750
Depreciation of property, plant and equipment	**1,082**	1,216
Deprecation of right-of-use asset	**61**	246
Share based payments		
– Share options	**–**	529
– 2018, 2019 and 2020 Share Awards (as defined below)	**992**	755
Impairment loss (reversal of impairment loss) of trade receivables, net	**160**	(1,522)
Expenses related to the Proposed Transfer	**–**	323
Net exchange loss (gain)	**588**	(72)

10. DIVIDENDS

During FY2021, final dividends of HK$800,000 (HK0.1 cent per share) in respect of FY2020 and interim dividends of HK$800,000 (HK0.1 cent per share) in respect of FY2021 were declared and paid to the shareholders of the Company.

Subsequent to the end of the reporting period, the Directors do not recommend the payment of any final dividend in respect of FY2021 (FY2020: HK0.1 cent per share).

During FY2020, 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 FY2020 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:

	2021	2020
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**800,608**	799,853
Effect of dilutive potential ordinary shares: 2018, 2019 and 2020 Share Awards (as defined below)	**6,076**	5,605
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**806,684**	805,458

Note: During FY2021, the Company issued 3,360,000 (FY2020: 2,390,000) ordinary shares to the relevant employees of 2018, 2019 and 2020 Share Awards (as defined below) upon vesting. Details are set out in note 12 of notes to the announcement.

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.

(b) Reported earnings

	2021	2020
	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)	**6,294**	494

(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 profit for the year attributable to owners of the Company which excludes the net effect of fair value changes of investment properties, net of deferred taxation charged. A reconciliation of profit is as follow:

	2021	2020
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share (Reported profit for the year attributable to owners of the Company)	**6,294**	494
Fair value changes of investment properties, net of deferred taxation charged	**6,392**	7,008
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the year attributable to owners of the Company)	**12,686**	7,502

12. SHARE AWARDS

During FY2021, the movement of share awards granted are as follows:

				Number of respective shares awarded			
Date of grant	**Grantee(s)**	*Notes*	**Number of new shares of the Company awarded**	**Vested and issued as at 1 April 2020**	**Vested and issued during FY2021**	**Lapsed during FY2021**	**To be vested and issued as at 31 March 2021**
25 June 2018	An executive director of a wholly-owned subsidiary of the Group and an employee of the Group who is an independent third party	*1*	4,800,000 (the "**2018 Share Awards**")	2,240,000	1,280,000	–	1,280,000
3 July 2019	An executive director of a wholly-owned subsidiary of the Group;	*2*	750,000 (the "**2019 Connected Grant**")	–	750,000	–	–
	and eight employees of the Group who are independent third parties		1,190,000 (the "**2019 Selected Employees Grant**")	150,000	1,040,000	–	–
26 June 2020	An executive director of a wholly-owned subsidiary of the Group;	*3*	1,600,000 (the "**2020 Connected Grant**")	–	–	–	1,600,000
	and eleven employees of the Group who are independent third parties		2,230,000 (the "**2020 Selected Employees Grant**")	–	290,000	430,000	1,510,000
			10,570,000	2,390,000	3,360,000	430,000	4,390,000

Notes:

1. Details of the 2018 Share Awards were set out in the circular of the Company dated 20 July 2018. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2018.

2. Details of the 2019 Connected Grant and 2019 Selected Employees Grant (collectively referred to "**2019 Share Awards**") were set out in the circular of the Company dated 22 July 2019. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2019.

3. Details of the 2020 Connected Grant and 2020 Selected Employees Grant (collectively referred to "**2020 Share Awards**") were set out in the circular of the Company dated 23 July 2020. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 7 August 2020.

On 31 December 2020, the Board has resolved, subject to approval of shareholders at the extraordinary general meeting of the Company to be convened immediately after the conclusion or the adjournment of the annual general meeting of the Company to be held on 6 August 2021, to award conditionally an aggregate of 720,000 new shares of the Company to 16 grantees. All the grantees are employees of the Group and are independent third parties.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021	2020
	HK$'000	*HK$'000*
Equity instruments designated at FVTOCI		
– Listed	**1,189**	1,254
– Unlisted	**435**	237
Total	**1,624**	1,491

The above unlisted equity investments represent investment in unlisted equity investment issued by private entities incorporated in Japan. Investments in listed equity securities represent the investment of the Group in 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

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.

	2021	2020
	HK$'000	*HK$'000*
– Within 30 days	**2,528**	1,334
– More than 30 but within 60 days	**50**	4
– More than 60 but within 90 days	**305**	180
– More than 90 but within 180 days	**25**	–
	2,908	1,518

The movement in the allowances for impairment of trade receivables is set out below.

	2021	2020
	HK$'000	*HK$'000*
Balance at the beginning of the year	**41**	2,511
Impairment loss recognised	**160**	22
Amounts written off as uncollectible	**(11)**	(948)
Reversal of impairment loss	**–**	(1,544)
Exchange realignment	**(4)**	–
Balance at the end of the year	**186**	41

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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As certain receivables aged more than 90 days past due, which were considered unrecoverable and in default, approximately HK$160,000 (FY2020: HK$22,000) of lifetime ECL-credit impaired was recognised during FY2021. During FY2020, approximately HK$1,544,000 (FY2021: nil) had been recovered with the debtor having settled such amount in cash.

As at 31 March 2021, the allowances for impairment of trade receivables of approximately HK$186,000 (2020: HK$41,000) were credit impaired.

As there is no realistic prospect of recovery of the trade receivables of approximately HK$11,000 (FY2020: HK$948,000), the Group has written off such amount of trade receivables during FY2021.

The following is an analysis of other receivables and prepayment at the end of the reporting period:

	2021	2020
	HK$'000	*HK$'000*
Deposits	**145**	145
Prepayments	**2,145**	2,043
Other receivables	**306**	1,391
	2,596	3,579

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 rating of the other receivables are considered to be performing as at 31 March 2021 and 31 March 2020 as there has not been a significant change in the credit risk since initial recognition.

15. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**128**	116
Other payables	**13,510**	13,560
	13,638	13,676
Analysed for reporting purposes:		
Current portion	**12,293**	12,165
Non-current portion	**1,345**	1,511
	13,638	13,676

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 2019, 31 March 2020, 1 April 2020 and 31 March 2021	5,000,000,000	50,000
Issued and fully paid:		
At 1 April 2019	800,000,000	8,000
Share repurchased and cancelled	(2,390,000)	24
Share allotted *(note 12)*	2,390,000	(24)
At 31 March 2020 and 1 April 2020	800,000,000	8,000
Share allotted *(note 12)*	3,360,000	34
At 31 March 2021	803,360,000	8,034

17. RELATED PARTY TRANSACTIONS

(a) Transactions

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

Name of the related party	Relationship	Nature of transactions	2021 HK$'000	2020 HK$'000
KK Ascent Plus	Associate	Asset management fee paid	**757**	418
		Guarantee fee paid	**254**	128

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

(b) Compensation of key management personnel

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

	2021 HK$'000	2020 HK$'000
Short-term benefits	**7,300**	11,629
Share based payments	**837**	1,190
Post-employment benefits	**113**	114
	8,250	12,933

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

	2021 HK$'000	2020 HK$'000
Capital expenditure in respect of construction of an investment property contracted for but not provided in the consolidated financial statements	**–**	–

OPERATION REVIEW AND FINANCIAL REVIEW

Review of operations

The Group focuses on corporate finance and other consultancy services and proprietary investments. In respect of corporate finance and other consultancy services, the Group primarily offers sponsorship, financial advisory, compliance advisory, equity capital market consulting, special situations consulting and investment consulting services to its clients. For proprietary investments, the Group invests in real estate in Japan and Hong Kong and derives rental income therefrom, as well as in securities to derive dividend income therefrom and aims for capital gain.

Corporate finance and other consultancy services

The Group recorded corporate finance and other consultancy services revenue of approximately HK$19.6 million in FY2021, representing a decrease of approximately 10.8% from approximately HK$22.0 million in FY2020. A breakdown of the corporate finance and other consultancy services revenue of the Group is as follows:

	For the year ended 31 March					
	2021			2020		
	Revenue	**% of corporate finance and other consultancy services revenue**	**Number of active engagements *(Note)***	Revenue	% of corporate finance and other consultancy services revenue	Number of active engagements *(Note)*
	HK$'000			*HK$'000*		
Sponsorship	**5,203**	**27%**	**5**	10,829	49%	7
Financial advisory	**8,912**	**45%**	**55**	5,255	24%	38
Compliance advisory	**4,457**	**23%**	**10**	5,259	24%	12
Others	**1,025**	**5%**	**24**	624	3%	13
Total	**19,597**	**100%**		21,967	100%	

Note: Active engagements represent corporate finance and other consultancy services 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, as well as for acting as financial adviser to the Company.

Revenue derived from sponsorship engagements decreased in FY2021 in line with the lower number of active engagements. All of the active sponsorship engagements in FY2021, were, amongst others, being vetted by regulators or were in preparation for submission of listing application during FY2021. Three of the active engagements had lapsed and were discontinued during FY2021, while there were also fewer number of new sponsorship engagements secured during FY2021 as the initial public offering ("**IPO**") market for small and medium enterprises, which the Group primarily focuses on, was overall subdued.

The drop in revenue from sponsorship engagements was partially offset by higher revenue from a higher number of financial advisory engagements as more M&A transactions such as general offers and privatisations were observed, as market players take advantage of depressed valuations. Revenue derived from financial advisory engagements during FY2021 increased by 69.6% from approximately HK$5.3 million in FY2020 to approximately HK$8.9 million in FY2021, which was attributable to the higher number and average price of the engagements.

Revenue from other services increased in FY2021 due to higher number of active engagements, in particular, for acting as listing agent(s) for the offering of exchange traded funds.

Proprietary investments

As at 31 March 2021, the Group had a portfolio of 26 investment properties in Japan and one investment property in Hong Kong. This investment property portfolio contributed rental income of approximately HK$39.7 million in FY2021. In addition to the above, the Group also owns 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 2021 are as follows:

	Property name	Location	Net rentable area (sq.ft.)	Number of units	Appraised value as at 31 March 2021 JPY million	Appraised value as at 31 March 2020 JPY million	Average occupancy in FY2021 (by revenue)
1.	Ark Palace Hiragishi	Sapporo	14,485	54	401	402	96%
2.	Kitano Machikado GH	Sapporo	1,572	8	45	45	100%
3.	LC One	Sapporo	6,582	26	139	139	91%
4.	Liberty Hill GH *(Note)*	Sapporo	926	8	41	–	93%
5.	Libress Hiragishi	Sapporo	11,554	36	184	184	90%
6.	Nouvelle 98	Sapporo	13,790	38	232	231	92%
7.	Rakuyukan 36	Sapporo	18,046	38	316	316	100%
8.	Relife GH	Sapporo	750	6	33	33	100%
9.	Shinoro House GH	Sapporo	918	6	36	36	100%
10.	South 1 West 18 Building	Sapporo	15,529	37	275	275	90%
11.	T House	Sapporo	6,751	24	145	146	88%
12.	Tommy House Hiragishi	Sapporo	8,782	28	162	161	91%
13.	Uruoi Kawanone	Sapporo	15,930	65	667	664	96%
14.	White Building A & B	Sapporo	13,523	55	239	239	97%
15.	Wisteria-S	Sapporo	5,997	19	146	146	100%
16.	City Court Suginami	Hakodate	13,640	44	207	207	95%
17.	Azabu Sendaizaka Hills	Tokyo	12,046	7	1,460	1,430	93%
18.	Azabu Juban Crown Building	Tokyo	2,248	5	248	248	98%
19.	Residence Motoki	Fukuoka	11,992	12	299	294	100%
20.	Wealth Fujisaki	Fukuoka	7,390	10	173	173	96%
21.	KD Shinshigai Building	Kumamoto	4,463	3	275	275	87%
22.	Rise Shimodori EXE	Kumamoto	14,159	35	484	485	94%
23.	Rise Fujisakidai	Kumamoto	13,891	36	414	415	92%
24.	Rise Kumamoto Station South	Kumamoto	10,116	20	211	212	97%
25.	Rise Shimodori	Kumamoto	13,619	36	458	458	80%
26.	Kagoshima Tenmonkan Building	Kagoshima	6,541	1	547	548	100%

Note: This property was acquired in April 2020.

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

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 FY2021. This property's appraised value as at 31 March 2021 was HK$76.0 million.

As at 31 March 2021, the Group had a portfolio of securities investment in Hong Kong with the market value of approximately HK$1.2 million. Approximately HK$0.1 million and HK$0.3 million dividend income and gain on disposal of financial assets at FVTPL was recognised respectively in FY2021.

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$59.3 million in FY2021 compared with approximately HK$59.7 million in FY2020, representing a slight decrease of approximately 0.7%. While revenue from proprietary investments increased, a 10.8% decrease in revenue from corporate finance and other consultancy services resulted in this overall revenue decrease.

Corporate finance and other consultancy services

Revenue from corporate finance and other consultancy services decrease from approximately HK$22.0 million in FY2020 to approximately HK$19.6 million in FY2021 mainly attributable to the lower revenue from sponsorship services which had reduced from approximately HK$10.8 million in FY2020 to approximately HK$5.2 million in FY2021. There were fewer number of active engagements during FY2021 as IPO activities for our target market of small-medium enterprises had been generally subdued. Several of our engagements were discontinued for reasons such as uncertain market conditions and financial performance of applicants and regulatory hurdles. The Group also secured fewer new sponsorship engagements.

The effects of the above were partially offset by higher revenue generated from financial advisory services in a more active M&A market during FY2021. There were higher number of active financial advisory engagements during FY2021 despite there also been more competition among service providers.

Proprietary investments

The higher revenue from proprietary investments in FY2021 was mainly attributable to higher rental revenue from Japan due to the additions of Relife GH in August 2019, KD Shinshigai Building in November 2019, Wisteria-S in March 2020 and Liberty Hills GH in April 2020 to the portfolio. These properties provided full year contribution to rental revenue in FY2021. Overall, the occupancy rate for properties in Japan decreased slightly from 94.3% in FY2020 to 93.8% in FY2021 mainly affected by the departure of a restaurant tenant at KD Shinshigai Building and a lower occupancy rate at Rise Shimodori where a number of tenants were employees in hospitality industry. These sectors have been most affected by the COVID-19 pandemic situation.

The Group recorded lower property expenses of approximately HK$13.6 million in FY2021 as compared with approximately HK$15.4 million in FY2020. Such decrease in property expenses was primarily due to the absence of the repair and maintenance expenses incurred in FY2020 of approximately HK$2.5 million in relation to a fire accident that occurred in November 2018 at City Court Suginami.

Meanwhile, the property in Hong Kong was fully occupied during FY2020 and occupied at all material times during FY2021.

Other income

The Group had other income of approximately HK$2.0 million in FY2021 mainly from government subsidies received under the Hong Kong Government Employment Support Scheme, and forfeited tenant deposit. Other income was lower than in FY2020 as during FY2020, the Group received a one-off insurance compensation of approximately HK$2.5 million relating to the fire accident at City Court Suginami, and a reversal of impairment losses on accounts receivables relating to corporate finance and other consultancy 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 approximately HK$4.1 million in FY2021 as compared to a net decrease of approximately HK$5.3 million in FY2020. In particular, a fair value decrease of HK$6.0 million was recorded for our Hong Kong investment property at Duddell Street, Central in line with a weaker commercial property market during FY2021. In Japan, the net increase in fair value of investment properties of approximately HK$1.9 million was contributed mainly by fair value increases of Liberty Hill GH and Azabu Sendaizaka Hills.

Administrative and operating expenses

Administrative and operating expenses decreased from approximately HK$34.7 million in FY2020 to approximately HK$27.1 million in FY2021. Such decrease was due to a reduction in executive directors' remuneration from approximately HK$8.2 million in FY2020 to approximately HK$3.7 million in FY2021 following lower discretionary bonus paid to them, as well as lower staff costs to approximately HK$11.4 million in FY2021 from approximately HK$14.0 million in FY2020 as a result of a decrease in headcount. There were also (i) a decrease in share based payments in relation to share options from approximately HK$0.5 million in FY2020 to nil in FY2021; and (ii) lower travelling and advertising expenses of approximately HK$0.1 million in FY2021 compared with approximately HK$0.8 million in FY2020.

Profit for the year

The profit of the Group for the year increased to approximately HK$7.1 million in FY2021 from approximately HK$1.5 million in FY2020. By excluding the net effect of changes in the valuation of investment properties, the Group recorded an underlying net profit for the year attributable to the owners of the Company of approximately HK$12.7 million in FY2021 as compared with approximately HK$7.5 million in FY2020. The improvement in FY2021 was mainly underpinned by higher rental revenue and to a lesser extent, a one-off government subsidies, and with the Group incurring lower administrative and operating expenses relating to directors' remuneration and staff costs as explained above.

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 2021 ***HK$'000***	As at 31 March 2020 *HK$'000*
Current assets	**41,490**	44,924
Current liabilities	**81,296**	83,548
Current ratio (time)(Note 1)	**0.5**	0.5
Gearing ratio (%)(Note 2)	**43.5**	46.7

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 recorded net current liabilities of approximately HK$39.8 million as at 31 March 2021 as compared with approximately HK$38.6 million as at 31 March 2020.

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 2021 was approximately 43.5% compared to approximately 46.7% as at 31 March 2020. The lower gearing ratio was due to a decrease in total interest bearing loans of the Group from approximately HK$217.8 million as at 31 March 2020 to approximately HK$201.8 million as at 31 March 2021. Such decrease in total interest bearing loans of the Group as at 31 March 2021 were in line with the regular loan principal repayment conducted in FY2021.

Cash balance

As at 31 March 2021, the Group had cash and bank balances amounted to approximately HK$34.8 million (31 March 2020: approximately HK$39.4 million) of which approximately HK$25.9 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 FY2021, 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$. Due to the weakness of JPY over FY2021, a negative exchange difference arising on translation of foreign operations of approximately HK$8.3 million was recorded during FY2021 (FY2020: positive exchange difference of approximately HK$4.5 million).

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 2021, the aggregate outstanding amount in relation to such borrowings amounted to approximately HK$20.0 million (31 March 2020: approximately HK$31.1 million).

Bank borrowings

Total interest bearing loans of the Group decreased from approximately HK$217.8 million as at 31 March 2020 to approximately HK$201.8 million as at 31 March 2021. These loans carry fixed and variable interest rates ranging from 1.09% to 4.86% per annum.

As at 31 March 2021, approximately HK$73.2 million (31 March 2020: approximately HK$76.7 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 2021 was 4.4 times (31 March 2020: 2.9 times).

Charges on the assets of the Group

As at 31 March 2021, (i) both the properties in Hong Kong; and (ii) all the properties in Japan (save for Kitano Machikado GH, Liberty Hill 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 2021, the Group did not have any significant capital commitments and contingent liabilities.

OUTLOOK AND STRATEGY

The outbreak of the COVID-19 pandemic, which first started over 18 months ago, is still ravaging various parts of the world. Situation in Hong Kong appears comparatively stable, with people adapting to the new way of life such as face mask-wearing, working-from-home and shorter restaurant operating hours.

Advisory and consulting

More pertinent to our advisory and consulting business, the Hong Kong financial markets have been relatively stable since the beginning of 2021, where the Hang Seng Index has hovered between the 27,500 and 30,000 levels. Total funds raised from Hong Kong's equity market reached HK$416 billion in the five months to May 2021, including HK$184 billion from IPOs. These represent over 7 times and about 3 times of the amount raised compared to the corresponding period in 2020. On further scrutiny, the number of IPOs however decreased from 55 in the first five months of 2020 to 39 in the first five months of 2021, and with popularity skewed towards larger IPOs of technology, media and telecom and bio-technology related enterprises. This is to a certain extent at the expense of small and medium enterprises IPOs, which the sponsorship business of the Group primarily focuses on, and we expect such trend may persist in the short term, thus affecting our IPO pipeline.

In response, we have strengthened our competence on equity capital market consulting to provide a full suite of equity capital market fund raising and M&A advisory service from sourcing potential buyers/sellers/investors, coordinating deal negotiation process to the closing of deals. Our special situations consulting services provide strategic support and assistance for asset/debt recovery, corporate investigations, crisis and media management, as well as litigation support. The aim is also to diversify from customary financial advisory services where there has been intense competition on fees. The Group also embarked on an initiative to reinforce the awareness of our existing and new services to both our established and potential customers.

That said, these new areas of business may take time to develop before giving rise to noticeable results. For this reason and given the capricious COVID-19 pandemic situation, the management remains cautious as to the outlook of our advisory and consulting business segment in the coming financial year.

Proprietary investments

At the time of writing, our proprietary investments consist principally of a portfolio of residential and, to a lesser extent commercial properties in Japan. We also own an office unit in Central, Hong Kong. We also maintain a small portfolio of listed securities.

Hong Kong

Continuing a trend since early 2020, the office market in the Central business district remained subdued, where effective rent in April 2021 for overall Central area decreased by 14.1% year-on-year, and 1.1% month-on-month. If such weakness persists, there may be further downward pressure on the value of our investment property. The existing tenancy runs till June 2023 and will continue to contribute rental income in the coming financial year.

For investment in securities, we shall continue to adopt both long term strategies of value investments with dividend returns, as well as shorter term strategies of seeking trading profits, in particular in subscribing for Hong Kong IPOs.

Japan

Despite tumultuous economic conditions, the effects on values of multi-family residential real estate market in Japan has been nominal - likely underpinned by a “flight to safety” mentality. Our residential portfolio was able to maintain stable occupancy and rental rates in the past financial year, and the management expects this overall trend to continue.

More specifically, the COVID-19 pandemic affected a couple of our portfolio properties which cater to retail purposes or the tenants of whom are mainly employees in hospitality industry. In the past year, we have adopted a flexible approach towards rental adjustment requests from tenants whose businesses were affected. We expect to continue with such practical approach.

The inability to travel and conduct due diligence has put on hold the strategy of expanding the property portfolio. The Directors will nevertheless continuously look out for investment opportunities in the market.

Looking forward to the current financial year, barring unforeseen circumstances, the Directors expect stable rental income to contribute to the profitability of the Group and do not foresee significant changes in value of our property portfolio.

Overall conclusion

The Directors observe that global economies and financial markets have generally stabilised, despite the continuing COVID-19 pandemic. That said, there remains lingering uncertainties on the outlook of the Group's two business segments, in particular, the advisory and consulting segment. The Directors believe the Group shall therefore continue to be prudent in monitoring its operating revenue, expenses and cashflow.

DIVIDENDS

In light of the need to exercise financial discipline as mentioned above, the Board does not recommend the payment of any final dividend for FY2021 (FY2020: Hong Kong 0.1 cent).

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM will be held at 9:30 a.m. on Friday, 6 August 2021. The register of members of the Company will be closed from Tuesday, 3 August 2021 to Friday, 6 August 2021 (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, 2 August 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had 21 staff (31 March 2020: 26). 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 FY2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During FY2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company.

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 FY2021.

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 FY2021.

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 FY2021 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, 22 June 2021

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 http://www.altus.com.hk.