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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 2022**

**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 HK\$14.5 million for the three months ended 30 June 2022 (“**1Q FY2023**”), representing an increase of 13.5% when compared with HK\$12.7 million for the three months ended 30 June 2021 (“**1Q FY2022**”).
- The Group recorded both reported and underlying net profit of HK\$3.0 million in 1Q FY2023 compared with both reported and underlying net profit of HK\$2.0 million in 1Q FY2022 *(Note)*.

The increase in profitability in 1Q FY2023 was mainly due to the overall improvement of revenue, underpinned by increase in revenue from corporate finance and other consultancy services; as well as lower property expenses and finance costs. Such effects were partially offset by higher administrative and operating expenses.

- For 1Q FY2023, the underlying and reported basic and diluted earnings per share were HK0.37 cent *(Note)*. For 1Q FY2022, the underlying and reported basic and diluted earnings per share were HK0.22 cent *(Note)*.
- The Directors do not recommend the payment of any interim dividend for 1Q FY2023.

Note: Underlying net profit excludes the net effect of fair value changes of investment properties, net of deferred taxation charged.

UNAUDITED CONDENSED CONSOLIDATED RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for 1Q FY2023, together with the comparative unaudited figures for 1Q FY2022, as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ACCOUNT FOR 1Q FY2022 AND 1Q FY2023

	<i>Notes</i>	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Revenue	<i>3</i>	14,462	12,746
Other income	<i>5</i>	198	34
Changes in fair value of derivative financial liabilities		2	13
Property expenses		(2,447)	(2,894)
Administrative and operating expenses		(7,405)	(5,748)
Share of results of associate		3	12
Finance costs	<i>6</i>	(875)	(1,037)
Profit before tax		3,938	3,126
Income tax expense	<i>7</i>	(914)	(1,140)
Profit for the period	<i>8</i>	3,024	1,986
Profit for the period attributable to:			
Owners of the Company		2,981	1,756
Non-controlling interests		43	230
		3,024	1,986
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share based on profit attributable to owners of the Company (reported earnings per share)			
– Basic	<i>10</i>	0.37	0.22
– Diluted	<i>10</i>	0.37	0.22
Earnings per share excluding the net effect of fair value changes of investment properties, net of deferred taxation charged (underlying earnings per share)			
– Basic	<i>10</i>	0.37	0.22
– Diluted	<i>10</i>	0.37	0.22

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR
1Q FY2022 AND 1Q FY2023**

	1Q FY2023 (Unaudited) <i>HK\$'000</i>	1Q FY2022 (Unaudited) <i>HK\$'000</i>
Profit for the period	3,024	1,986
Other comprehensive (expense) income for the period		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(36,272)	(565)
<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”)	(12)	120
Other comprehensive (expense) for the period	(36,284)	(445)
Total comprehensive (expense) income for the period	(33,260)	1,541
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(33,050)	1,588
Non-controlling interests	(210)	(47)
	(33,260)	1,541

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2023

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>(note i)</i> <i>HK\$'000</i>	Treasury stock <i>HK\$'000</i>	Other reserve <i>(note ii)</i> <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Shareholder contribution <i>(note iii)</i> <i>HK\$'000</i>	Share awards reserve <i>(note iv)</i> <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022 (audited)	8,068	73,313	(22)	98,819	(634)	11,319	322	(52,195)	287,166	426,156	14,454	440,610
Profit for the period	-	-	-	-	-	-	-	-	2,981	2,981	43	3,024
Other comprehensive income (expense) for the period:												
– Change in fair value of financial assets at FVTOCI	-	-	-	-	(12)	-	-	-	-	(12)	-	(12)
– Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(36,019)	-	(36,019)	(253)	(36,272)
	-	-	-	-	(12)	-	-	(36,019)	-	(36,031)	(253)	(36,284)
Total comprehensive income (expense) for the period	-	-	-	-	(12)	-	-	(36,019)	2,981	(33,050)	(210)	(33,260)
Cancellation of treasury stock	(1)	(21)	22	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	141	-	-	141	-	141
At 30 June 2022 (unaudited)	<u>8,067</u>	<u>73,292</u>	<u>-</u>	<u>98,819</u>	<u>(646)</u>	<u>11,319</u>	<u>463</u>	<u>(88,214)</u>	<u>290,147</u>	<u>393,247</u>	<u>14,244</u>	<u>407,491</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2022

	Attributable to owners of the Company										
	Share capital	Share premium <i>(note i)</i>	Other reserve <i>(note ii)</i>	Investment revaluation reserve	Shareholder contribution <i>(note iii)</i>	Share awards reserve <i>(note iv)</i>	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 2021 (audited)	8,034	72,431	98,819	(492)	11,319	210	(20,873)	280,186	449,634	14,529	464,163
Profit for the period	-	-	-	-	-	-	-	1,756	1,756	230	1,986
Other comprehensive income (expense) for the period:											
- Change in fair value of financial assets at FVTOCI	-	-	-	120	-	-	-	-	120	-	120
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(288)	-	(288)	(277)	(565)
	-	-	-	120	-	-	(288)	-	(168)	(277)	(445)
Total comprehensive income (expense) for the period	-	-	-	120	-	-	(288)	1,756	1,588	(47)	1,541
Share based payments	-	-	-	-	-	198	-	-	198	-	198
At 30 June 2021 (unaudited)	8,034	72,431	98,819	(372)	11,319	408	(21,161)	281,942	451,420	14,482	465,902

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**"), who entered into the option deeds with two executive directors of the Company, as the grantees ("**Grantees**"), on 4 March 2016. Pursuant to the option deeds, in consideration of HK\$1.00 paid by each Grantee, the ultimate holding company granted share options to the Grantees, which would entitle the Grantees to purchase the Company's share in aggregate of 37,800,000 shares held by the ultimate holding company. The estimated fair value of the options granted on the grant date was HK\$11,319,000. As at 31 March 2020, all share options were exercised.
- (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 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 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 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 (“**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 FY2023 (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 8 August 2022.

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 2022 (the “**2022 Financial Information**”). The Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with the same accounting policies adopted by the Group in the 2022 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 2022.

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 amendments to HKFRSs**

Adoption of amendments to HKFRSs effective on 1 April 2022

In 1Q FY2023, the Group has applied, for the first time, the following amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

The application of the above amendments to HKAS and HKFRS in 1Q FY2023 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 corporate finance and other consultancy services and leasing of investment properties during the periods. An analysis of revenue of the Group for the period is as follows:

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) 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	6,358	3,265
Revenue from other source:		
Rental income for investment properties under operating leases – fixed lease payments (<i>Note</i>)	<u>8,104</u>	<u>9,481</u>
	<u>14,462</u>	<u>12,746</u>

Revenue generated from provision of corporate finance and other consultancy services during 1Q FY2023 and 1Q FY2022 are recognised over time.

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

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Gross rental income from investment properties	8,104	9,481
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	<u>(2,447)</u>	<u>(2,894)</u>
Net rental income	<u>5,657</u>	<u>6,587</u>

Transaction price allocated to the remaining performance obligations

As at 30 June 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is HK\$4.7 million (30 June 2021: HK\$1.1 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 HK\$4.7 million and nil (30 June 2021: HK\$1.1 million and nil) 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) Advisory and consulting – provision of corporate finance 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.

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

	Advisory and consultancy (Unaudited) HK\$'000	1Q FY2023 Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory and consultancy (Unaudited) HK\$'000	1Q FY2022 Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	<u>6,358</u>	<u>8,104</u>	<u>14,462</u>	<u>3,265</u>	<u>9,481</u>	<u>12,746</u>
RESULT						
Segment profit	<u>3,228</u>	<u>4,765</u>	<u>7,993</u>	<u>581</u>	<u>5,558</u>	6,139
Other income and expenses, net			(3,776)			(2,738)
Share of results of an associate			3			11
Finance costs			<u>(282)</u>			<u>(286)</u>
Profit before tax			<u>3,938</u>			<u>3,126</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 an associate and certain finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Breakdown of revenue by services

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

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Advisory and consulting		
Sponsorship services	2,022	441
Financial advisory services	3,454	2,093
Compliance advisory services	622	361
Others corporate finance services	260	370
	<u>6,358</u>	<u>3,265</u>
Proprietary investments		
Rental income	8,104	9,481
	<u>14,462</u>	<u>12,746</u>

5. OTHER INCOME

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Bank interest income	2	2
Dividend income from financial assets at FVTOCI	36	32
Others <i>(Note 1)</i>	160	–
	<u>198</u>	<u>34</u>

Note:

- The amount represents (i) government grants in respect of Employment Support Scheme 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.

6. FINANCE COSTS

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Interests on:		
Secured bank borrowings	875	1,037
	<u>875</u>	<u>1,037</u>

7. INCOME TAX EXPENSE

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Current tax:		
Japanese corporate income tax	56	96
Japanese withholding tax	<u>453</u>	<u>571</u>
	509	667
Deferred taxation	<u>405</u>	<u>473</u>
	<u>914</u>	<u>1,140</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, 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 FY2023 and 1Q FY2022, 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 FY2023 and 1Q FY2022. However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1Q FY2023 and 1Q FY2022.

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 FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:		
Staff cost, excluding Directors' emoluments		
– Salaries, bonus and other benefits	3,028	2,394
– Contributions to retirement benefits scheme	<u>66</u>	<u>72</u>
Total staff cost excluding Directors' emoluments	<u>3,094</u>	<u>2,466</u>
Directors' remuneration	704	703
Auditors' remuneration	175	175
Depreciation of property, plant and equipment	256	261
Share based payments – shares awards	141	198
Impairment loss of trade receivable, net	415	–
Net exchange loss/(gain)	<u>1,184</u>	<u>(30)</u>

9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2023 (1Q FY2022: nil).

The Directors do not recommend the payment of any interim dividend for 1Q FY2023 (1Q FY2022: nil).

10. 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

	30 June 2022 '000	30 June 2021 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	806,835	803,360
Effect of dilutive potential ordinary shares: Share Awards (as defined below)	<u>3,620</u>	<u>4,387</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>810,455</u>	<u>807,747</u>

(b) Reported earnings

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>2,981</u>	<u>1,756</u>

(c) Underlying earnings

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

	1Q FY2023 (Unaudited) HK\$'000	1Q FY2022 (Unaudited) HK\$'000
Earnings for the purpose of basic and diluted earnings per share (Reported profit for the period attributable to owners of the Company)	2,981	1,756
Fair value changes of investment properties, net of deferred taxation charged	<u>—</u>	<u>—</u>
Earnings for the purpose of basic and diluted earnings per share (Underlying profit for the period attributable to the owners of the Company)	<u>2,981</u>	<u>1,756</u>

11. SHARE AWARDS

During 1Q FY2023, the movement of share awards granted are as follows:

Date of grant	Grantee(s)	Notes	Number of respective shares awarded				To be vested and issued as at 30 June 2022
			Number of new shares of the Company awarded	Vested and issued, and lapsed as at 1 April 2022	Vested and issued during 1Q FY2023	Lapsed during 1Q FY2023	
25 June 2018	Two executive directors of a wholly-owned subsidiary of the Group	1, 2	4,800,000 (the "2018 Share Awards")	4,800,000	-	-	-
3 July 2019	Two executive directors of a wholly-owned subsidiary of the Group; and seven employees of the Group who are independent third parties	1, 3	1,200,000 (the "2019 Connected Grants") 740,000 (the "2019 Selected Employees Grant")	1,200,000 740,000	- -	- -	- -
26 June 2020	Two executive directors of a wholly-owned subsidiary of the Group; and ten employees of the Group who are independent third parties	1, 4	2,540,000 (the "2020 Connected Grants") 1,290,000 (the "2020 Selected Employees Grant")	780,000 1,290,000	- -	- -	1,760,000 -
4 January 2021 and 29 June 2021	Two executive directors of a wholly-owned subsidiary of the Group; and sixteen employees of the Group who are independent third parties	1, 5	1,440,000 (the "2021 Connected Grants") 2,490,000 (the "2021 Selected Employees Grant")	540,000 1,530,000	- -	- -	900,000 960,000
			<u>14,500,000</u>	<u>10,880,000</u>	<u>-</u>	<u>-</u>	<u>3,620,000</u>

Notes:

- One of the Grantees has since been appointed as an executive director of a wholly-owned subsidiary of the Group with effect from 23 June 2021.
- 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.
- Details of the 2019 Connected Grants and 2019 Selected Employees Grant 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.
- Details of the 2020 Connected Grants and 2020 Selected Employees Grant 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.
- Details of the 2021 Connected Grants and 2021 Selected Employees Grant were set out in the circular of the Company dated 22 July 2021. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 6 August 2021.

On 4 January and 30 June 2022, the Board had resolved to award conditionally an aggregate of 5,740,000 new shares of the Company (the “**Awarded Shares**”) to 13 grantees. Two of the grantees, who were awarded with an aggregate of 1,920,000 new shares of the Company are executive directors of a wholly-owned subsidiary of the Group (the “**2022 Connected Grants**”). Other grantees, who were awarded with 3,820,000 Awarded Shares, are employees of the Group (the “**2022 Selected Employees Grant**”) and are independent third parties of the Group. The 2022 Connected Grants constitute non-exempt connected transactions under the GEM Listing Rules and are 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 22 July 2022.

At an extraordinary general meeting of the Company held on 8 August 2022, the deeds of grant of share awards in relation to the 2022 Connected Grants were approved and a specific mandate was granted to the Directors to allot and issue up to 1,920,000 new shares of the Company in relation to the 2022 Connected Grants. Another specific mandate was granted to the Directors to allot and issue up to 3,820,000 new shares of the Company in relation to the 2022 Selected Employees Grant.

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Awarded Shares to be issued.

The respective share awards under the 2022 Connected Grants are conditional upon (i) the Company having obtained from the Stock Exchange a grant of the listing of, and permission to deal in, the Awarded Shares; (ii) approval of the 2022 Connected Grants and the specific mandate for the 2022 Connected Grants by the shareholders of the Company who are not required to abstain from voting on resolutions proposed at the extraordinary general meeting of the Company held on 8 August 2022; and (iii) the relevant grantees having obtained all necessary consents and approvals that may be required to enable him/her to accept the respective share awards. As at the date of this announcement, conditions (ii) and (iii) have been fulfilled.

The share awards under the 2022 Selected Employees Grants are conditional upon (i) the Company having obtained from the Stock Exchange a grant of the listing of, and permission to deal in, the Awarded Shares; (ii) approval of the specific mandate for the 2022 Selected Employees Grant by the shareholders of the Company at the extraordinary general meeting of the Company held on 8 August 2022; and (iii) the relevant grantees having obtained all necessary consents and approvals that may be required to enable him/her to accept the share awards. As at the date of this announcement, conditions (ii) and (iii) have been fulfilled.

12. CAPITAL COMMITMENT

	1Q FY2023 (Unaudited) HK\$’000	1Q FY2022 (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> – </u>

MANAGEMENT DISCUSSION AND ANALYSIS

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.

Business Review

For 1Q FY2023, the Group recorded an unaudited revenue of HK\$14.5 million, representing an increase of 13.5% as compared to HK\$12.7 million for 1Q FY2022. Such increase was driven by revenue from corporate finance and other consultancy services which almost doubled, while revenue from proprietary investments activities had decreased mainly caused by the weakening of JPY which the Group derived most of its rental income. Overall, proprietary investments activities contributed 56.0% of the revenue of the Group in 1Q FY2023.

Corporate finance and other consultancy services

Revenue from corporate finance and other consultancy services of the Group for 1Q FY2023 increased by 94.8% as compared to 1Q FY2022. Both sponsorship services and financial advisory services recorded revenue increase. During 1Q FY2023, the ongoing sponsorship project (1Q FY2022: one) achieved a couple of key billing milestones; while the Group had also undertaken higher number of corporate finance and other consultancy services during 1Q FY2023 compared to 1Q FY2022 which resulted in increase in revenue from such services from HK\$2.1 million to HK\$3.5 million over the same period. Revenue generated from compliance advisory services also increased by 72.3% to HK\$0.6 million compared to that of 1Q FY2022 due to higher average price of the engagements.

The Directors wish to note that corporate finance and other consultancy 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.

Proprietary investments

Revenue from proprietary investments decreased by 14.5% in 1Q FY2023, amounting to HK\$8.1 million (1Q FY2022: HK\$9.5 million) mainly due to a weaker JPY. In JPY terms, the Group's rental income denominated in JPY had in fact remained stable at JPY120.7 million in both 1Q FY2023 and 1Q FY2022. During 1Q FY2023, the investment property portfolio of the Group consisted of 26 investment properties in Japan and one commercial unit in Hong Kong (1Q FY2022: 26 investment properties in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1Q FY2023, while the occupancy rate for the portfolio in Japan was 92.7% (1Q FY2022: 91.9%).

Property expenses was similarly lower in 1Q FY2023 as compared to 1Q FY2022 due to the weaker JPY.

Due to the weakness of JPY, a negative difference arising on translation of foreign operations of HK\$36.3 million was recorded during 1Q FY2023 (1Q FY2022: negative exchange difference of HK\$0.6 million). To mitigate such currency risks, we have adopted the strategy of borrowing JPY-denominated loans for our Japan property portfolio; while our JPY-denominated rental income also matches with JPY-denominated property expenses. These provided natural currency hedges to an extent. Other than the above, we do not expect significant adverse impact on the operations of our Japan portfolio.

Net profit for the period

The Group recorded a net profit of HK\$3.0 million in 1Q FY2023 as compared with HK\$2.0 million in 1Q FY2022 mainly due to the overall improvement of revenue, lower property expenses and finance costs. Such effects were partially offset by higher administrative and operating expenses which had increased from HK\$5.7 million in 1Q FY2022 to HK\$7.4 million in 1Q FY2023. Such increases were caused by (i) net exchange loss of HK\$1.2 million due to lower value of the Group's JPY cash holding; (ii) staff cost (including bonuses) which was higher by HK\$0.6 million in line with business improvements; and (iii) impairment loss of trade receivables of HK\$0.4 million.

OUTLOOK AND STRATEGY

Advisory and consulting

We expect competition for rule-based advisory work to remain keen and will endeavour to, on one hand, be competitive in pricing while maintaining our work quality when proposing service fees for such work, and on the other hand, continue to develop our strategic corporate finance consulting work.

Proprietary investments

As the Japanese economy progressively opens up, we are hopeful that this will underpin stability of our portfolio's occupancy and rental rates. In particular, we are working closely with our Japanese asset manager and property managers on leasing and marketing strategies of our properties. More specifically, the COVID-19 pandemic had in the past 2.5 years affected several of our portfolio properties which cater to retail purposes or the tenants of whom are mainly employees in hospitality industry. We will endeavour to improve their occupancy and rental rates to pre-pandemic levels.

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 2022, 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 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)	69.07
	Beneficial owner	1,250,000 (L)	0.15
	Interest of a spouse	1,250,000 (L)	0.15
Mr. Chang Sean Pey (“Mr. Chang”)	Beneficial owner	22,400,000 (L)	2.78
Ms. Leung Churk Yin Jeanny (“Ms. Leung”)	Beneficial owner	9,400,000 (L)	1.17

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, the spouse of Ms. Ho Shuk Yee Samantha (“Ms. Ho”), is deemed to be interested in 1,250,000 shares of the Company held by Ms. Ho by virtue of the SFO.
- (2) The letter “L” denotes 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	Number of shares interested ^(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 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 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, is deemed to be interested in the shares of I Corporation held by Ms. Ho.

Save as disclosed above, as at 30 June 2022, 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 FY2023 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 2022, 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 ^(Note 2)	Beneficial owner	557,200,000 (L)	69.07
KHHL ^(Note 2)	Interest in a controlled corporation	557,200,000 (L)	69.07
The Trustee ^(Note 2)	Trustee	557,200,000 (L)	69.07
Ms. Chan ^(Note 2)	Founder of a discretionary trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
	Interest of spouse	1,250,000 (L)	0.15
Ms. Ip ^(Note 2)	Beneficiary of a trust	557,200,000 (L)	69.07
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho ^(Note 3)	Interest of spouse	558,450,000 (L)	69.22
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.49

Notes:

- (1) The letter “L” denotes a long position in the shares of the Company.
- (2) KHHL is deemed to be interested in 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. 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 the Group	Capacity and nature of interest	Number of shares interested ^(Note)	Percentage of shareholding (%)
Ms. Ho	I Corporation	Beneficial owner	14 (L)	20.0
Mr. Henry Shih	Smart Tact 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 Shimodori 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 2022, had, or was 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 maintained the public float as required under GEM Listing Rules during 1Q FY2023.

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 FY2023 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 20 staff (30 June 2021: 20) 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 FY2023 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 2022.

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 FY2023.

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 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 FY2023.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in 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 complied with the Required Standard of Dealings during the period in 1Q FY2023 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 2022, none of the Directors, substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had 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 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.

Under 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 D.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 D.3.3 of the CG Code, the Audit Committee has reviewed the unaudited consolidated results of the Group for 1Q FY2023 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, 8 August 2022

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 remain on website of the Company at <http://www.altus.com.hk>.