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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 2023**

**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\$12.4 million for the three months ended 30 June 2023 (“**1Q FY2024**”), representing a decrease of 14.0% when compared with HK\$14.5 million for the three months ended 30 June 2022 (“**1Q FY2023**”) due to lower corporate finance and other consultancy services income.
- The Group recorded both reported and underlying net profit of HK\$3.2 million in 1Q FY2024 compared with both reported and underlying net profit of HK\$3.0 million in 1Q FY2023 ^(Note).

Profitability improved in 1Q FY2024 despite lower revenue mainly due to lower administrative and operating expenses, which offset the effects of decrease in revenue as well as increases in finance costs and income tax expense.

- For 1Q FY2024, the underlying and reported basic and diluted earnings per share were HK0.38 cent ^(Note). For 1Q FY2023, the underlying and reported basic and diluted earnings per share were HK0.37 cent ^(Note).
- The Directors do not recommend the payment of any interim dividend for 1Q FY2024.

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 FY2024, together with the comparative unaudited figures for 1Q FY2023, as follows:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ACCOUNT FOR 1Q FY2023 AND 1Q FY2024

	<i>Notes</i>	1Q FY2024 (Unaudited) <i>HK\$’000</i>	1Q FY2023 (Unaudited) <i>HK\$’000</i>
Revenue	<i>3</i>	12,432	14,462
Other income	<i>5</i>	70	198
Changes in fair value of derivative financial liabilities		(2)	2
Property expenses		(2,575)	(2,447)
Administrative and operating expenses		(4,305)	(7,405)
Share of results of an associate		7	3
Finance costs	<i>6</i>	(1,208)	(875)
		<hr/>	<hr/>
Profit before tax		4,419	3,938
Income tax expense	<i>7</i>	(1,207)	(914)
		<hr/>	<hr/>
Profit for the period	<i>8</i>	3,212	3,024
		<hr/> <hr/>	<hr/> <hr/>
Profit for the period attributable to:			
Owners of the Company		3,124	2,981
Non-controlling interests		88	43
		<hr/>	<hr/>
		3,212	3,024
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR 1Q FY2023 AND 1Q FY2024**

	1Q FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Profit for the period	3,212	3,024
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	(28,254)	(36,272)
Share of translation reserve of an associate	(49)	–
<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”)	(97)	(12)
Other comprehensive (expense) for the period	(28,401)	(36,284)
Total comprehensive (expense) income for the period	<u>(25,188)</u>	<u>(33,260)</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(24,318)	(33,050)
Non-controlling interests	(870)	(210)
	<u>(25,188)</u>	<u>(33,260)</u>
Earnings per share based on profit attributable to owners of the Company (HK cent)		
– Basic	<u>0.38</u>	<u>0.37</u>
– Diluted	<u>0.38</u>	<u>0.37</u>

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2024

	Attributable to owners of the Company										
	Share capital	Share premium	Other reserve	Investment revaluation reserve	Shareholder contribution	Share awards reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	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 2023 (audited)	8,125	74,302	98,819	(957)	11,319	151	(80,670)	297,044	408,133	14,172	422,305
Profit for the period	-	-	-	-	-	-	-	3,124	3,124	88	3,212
Other comprehensive income (expense) for the period:											
- Change in fair value of financial assets at FVTOCI	-	-	-	(97)	-	-	-	-	(97)	-	(97)
- Share of translation reserve of an associate	-	-	-	-	-	-	(49)	-	(49)	-	(49)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(27,296)	-	(27,296)	(958)	(28,254)
	-	-	-	(97)	-	-	(27,345)	-	(27,442)	(958)	(28,400)
Total comprehensive income (expense) for the period	-	-	-	(97)	-	-	(27,345)	3,124	(24,318)	(870)	(25,188)
Share based payments	-	-	-	-	-	42	-	-	42	-	42
At 30 June 2023 (unaudited)	8,125	74,302	98,819	(1,054)	11,319	193	(108,015)	300,168	383,815	13,302	397,159

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR 1Q FY2023

Attributable to owners of the Company

	Share capital	Share premium <i>(note i)</i>	Treasury stock	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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<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)	8,067	73,292	-	98,819	(646)	11,319	463	(88,214)	290,147	393,247	14,244	407,491

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 FY2024 (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 2023.

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

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Companies Ordinances. The 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 at the end of each reporting period, as explained in the accounting policies set out in the Group’s annual financial statements for the year ended 31 March 2023. The accounting policies adopted in preparing the unaudited consolidated results for the three months ended 30 June 2023 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2023.

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

Adoption of amendments to HKFRSs effective on 1 April 2023

In 1Q FY2024, the Group has applied, for the first time, the following amendments to HKFRSs, which include HKFRS, HKAS and amendments, issued by the HKICPA.

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the above amendments to HKAS and HKFRS in 1Q FY2024 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 FY2024 (Unaudited) HK\$'000	1Q FY2023 (Unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Corporate finance and other consultancy services income	4,524	6,358
Revenue from other source:		
Rental income for investment properties under operating leases		
– fixed lease payments (<i>Note</i>)	7,908	8,104
	12,432	14,462

Revenue generated from provision of corporate finance and other consultancy services during 1Q FY2024 and 1Q FY2023 are recognised over time.

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

	1Q FY2024 (Unaudited) HK\$'000	1Q FY2023 (Unaudited) HK\$'000
Gross rental income from investment properties	7,908	8,104
Direct operating expenses incurred for investment properties that generated rental income during the periods (included in property expenses)	(2,575)	(2,447)
Net rental income	5,333	5,657

Transaction price allocated to the remaining performance obligations

As at 30 June 2023, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is HK\$2.4 million (30 June 2022: HK\$4.7 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\$2.4 million and nil (30 June 2022: HK\$4.7 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.

	1Q FY2024	1Q FY2023		1Q FY2024	1Q FY2023	
	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Advisory and consultancy (Unaudited) HK\$'000	Proprietary investments (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
REVENUE						
External revenue and segment revenue	<u>4,524</u>	<u>7,908</u>	<u>12,432</u>	<u>6,358</u>	<u>8,104</u>	<u>14,462</u>
RESULT						
Segment profit	<u>2,309</u>	<u>4,391</u>	<u>6,700</u>	<u>3,228</u>	<u>4,765</u>	7,993
Other income and expenses, net			(1,662)			(3,776)
Share of results of an associate			7			3
Finance costs			<u>(626)</u>			<u>(282)</u>
Profit before tax			<u>4,419</u>			<u>3,938</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 FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Advisory and consulting		
Sponsorship services	–	2,022
Financial advisory services	3,864	3,454
Compliance advisory services	488	622
Others corporate finance services	172	260
	<u>4,524</u>	<u>6,358</u>
Proprietary investments		
Rental income	7,908	8,104
	<u>12,432</u>	<u>14,462</u>

During 1Q FY2024 and 1Q FY2023, there was no single customer contributing over 10% of the Group's total revenue.

5. OTHER INCOME

	1Q FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Bank interest income	44	2
Dividend income from financial assets at FVTOCI	25	36
Reversal of impairment loss of trade receivable	1	–
Others <i>(Note 1)</i>	–	160
	<u>70</u>	<u>198</u>

Note:

1. The amount represented 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 FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Interests on:		
Secured bank borrowings	1,208	875
	<u>1,208</u>	<u>875</u>

7. INCOME TAX EXPENSE

	1Q FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Current tax:		
Japanese corporate income tax	41	56
Japanese withholding tax	442	453
	483	509
Deferred taxation	724	405
	1,207	914

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 FY2024 and 1Q FY2023, 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%.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profit Tax for 1Q FY2024 and 1Q FY2023.

Under the Japan corporate income tax law, Japanese corporate income tax is calculated at 33.58% of the estimated assessable profits for 1Q FY2024 and 1Q FY2023. However, for certain Japanese subsidiaries under the TK Agreements, the applicable Japanese withholding tax rate of those Japanese subsidiaries was 20.42% for 1Q FY2024 and 1Q FY2023.

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 FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Profit for the period has been arrived at after charging:		
Staff cost, excluding Directors' emoluments		
– Salaries, bonus and other benefits	2,453	3,028
– Contributions to retirement benefits scheme	47	66
– Share based payments – shares awards	42	141
Total staff cost excluding Directors' emoluments	2,542	3,235
Directors' remuneration	168	704
Auditors' remuneration	165	175
Depreciation of property, plant and equipment	255	256
(Reversal of) impairment loss of trade receivable, net	(1)	415
Net exchange (gain)/loss	(191)	1,184

9. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during 1Q FY2024 (1Q FY2023: nil).

The Directors do not recommend the payment of any interim dividend for 1Q FY2024 (1Q FY2023: 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 2023 <i>'000</i>	30 June 2022 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	812,500	806,835
Effect of dilutive potential ordinary shares: Share awards	<u>1,164</u>	<u>3,620</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>813,664</u>	<u>810,455</u>

(b) Reported earnings

	1Q FY2024 (Unaudited) <i>HK\$'000</i>	1Q FY2023 (Unaudited) <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<u>3,124</u>	<u>2,981</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 FY2024, the Group recorded an unaudited revenue of HK\$12.4 million, representing a decrease of 14.0% as compared to HK\$14.5 million for 1Q FY2023. This was caused mainly by lower revenue from corporate finance and other consultancy services, while revenue from proprietary investments activities was also marginally lower due to the weakening of JPY which most of the Group's rental income was denominated in. Overall, proprietary investments activities contributed 63.6% of the revenue of the Group in 1Q FY2024.

Corporate finance and other consultancy services

Revenue from corporate finance and other consultancy services of the Group for 1Q FY2024 decreased by 28.9% as compared to 1Q FY2023 due to lack of IPO sponsorship activities. Revenue from other advisory and consulting was largely stable.

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 2.4% in 1Q FY2024 to HK\$7.9 million (1Q FY2023: HK\$8.1 million) mainly due to a weaker JPY. In JPY terms, the Group's rental income denominated in JPY had remained stable at JPY122 million in both 1Q FY2024 and 1Q FY2023. During 1Q FY2024, the Group completed the acquisition of an investment property namely Base 1st, which is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture, Japan, for rental purpose at the consideration of JPY 190.0 million. As at 30 June 2023, the investment property portfolio of the Group consisted of 27 investment properties in Japan and one commercial unit in Hong Kong (30 June 2022: 26 investment properties in Japan and one commercial unit in Hong Kong). The property in Hong Kong was fully occupied during 1Q FY2024, while the occupancy rate for the portfolio in Japan was 94.0% (1Q FY2023: 92.7%).

Property expenses was slightly higher in 1Q FY2024 as compared to 1Q FY2023 due to HK\$44,000 of repair and maintenance expenses of the property in Hong Kong.

Due to the weakness of JPY, a negative difference arising on translation of foreign operations of HK\$28.3 million was recorded during 1Q FY2024 (1Q FY2023: negative exchange difference of HK\$36.3 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\$3.2 million in 1Q FY2024 (1Q FY2023: HK\$3.0 million) despite lower revenue due to decrease in administrative and operating expenses to HK\$4.3 million in 1Q FY2024 (1Q FY2023: HK\$7.4 million) as directors' remuneration and staff costs reduced. The Group also recorded a net exchange gain of HK\$0.2 million in 1Q FY2024 compared to net exchange loss of HK\$1.2 million in 1Q FY2023. These also sufficiently offset the effects of higher finance costs and income tax expenses.

OUTLOOK AND STRATEGY

Advisory and consulting

We will continue to monitor market activities of rule-based financial advisory transactions and will work towards capitalizing such opportunities when they arise. In tandem, we continue to work on diversifying the nature of advisory and consulting business.

Proprietary investments

We expect rental operations in Japan and Hong Kong to remain stable, while our initiatives on unlocking the value of older properties within our Japan property portfolio are in progress.

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 2023, 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 <i>(Note 2)</i>	Approximate percentage of the total issued share capital of the Company <i>(%)</i>
Mr. Ip <i>(Note 1)</i>	Beneficiary of a trust	557,200,000 (L)	68.58
	Beneficial owner	1,250,000 (L)	0.15
	Interest of a spouse	1,250,000 (L)	0.15

Name of Director	Capacity and nature of interests	Number of shares interested <i>(Note 2)</i>	Approximate percentage of the total issued share capital of the Company <i>(%)</i>
Mr. Chang Sean Pey ("Mr. Chang")	Beneficial owner	22,400,000 (L)	2.76
Ms. Leung Churk Yin Jeanny ("Ms. Leung")	Beneficial owner	9,400,000 (L)	1.16

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 <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Mr. Ip	KHHL <i>(Note 2)</i>	Beneficiary of a trust	204 (L)	80.0
	I Corporation <i>(Note 3)</i>	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 2023, 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 FY2024 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND INTERESTS IN OTHER MEMBERS OF THE GROUP

As at 30 June 2023, 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 <i>(Note 1)</i>	Approximate percentage of the total issued share capital of the Company <i>(%)</i>
Flying Castle Limited <i>(Note 2)</i>	Beneficial owner	557,200,000 (L)	68.58
KHHL <i>(Note 2)</i>	Interest in a controlled corporation	557,200,000 (L)	68.58
The Trustee <i>(Note 2)</i>	Trustee	557,200,000 (L)	68.58

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 (%)
Ms. Chan (Note 2)	Founder of a discretionary trust	557,200,000 (L)	68.58
	Beneficial owner	1,250,000 (L)	0.15
Mr. Ip (Note 2)	Beneficiary of a trust	557,200,000 (L)	68.58
	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)	68.58
	Beneficial owner	1,250,000 (L)	0.15
Ms. Ho (Note 3)	Interest of spouse	558,450,000 (L)	68.73
	Beneficial owner	1,250,000 (L)	0.15
Yuanta Asia Investment Limited	Beneficial owner	44,250,000 (L)	5.45

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 <i>(Note)</i>	Percentage of shareholding <i>(%)</i>
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 2023, 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 FY2024.

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 FY2024 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had 15 staff (30 June 2022: 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 “**Existing 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 FY2024 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 2023.

TERMINATION OF EXISTING SHARE OPTION SCHEME AND PROPOSED ADOPTION OF 2023 SHARE SCHEME

As announced by the Company on 21 July 2023, in order to observe the amendments to Chapter 23 of the GEM Listing Rules, the Company had proposed to terminate the Existing Share Option Scheme (with effect from the adoption date of the 2023 Share Scheme) and to adopt the 2023 Share Scheme. Summary of the principal terms of the 2023 Share Scheme was contained in Appendix I to the Company’s circular dated 21 July 2023. Terms used below in relation to the 2023 Share Scheme shall bear the same meanings as those defined in the Company’s circular dated 21 July 2023.

The 2023 Share Scheme had been approved by the shareholders at the extraordinary general meeting of the Company (the “**EGM**”) held on 8 August 2023, it will be adopted once the Company has obtained the Listing Approval.

SHARE AWARDS

During 1Q FY2024, the movement of share awards granted are as follows:

Date of deeds of grant	Grantee(s)	Notes	Number of respective shares awarded				
			Number of new shares of the Company awarded	Vested and issued, or lapsed as at 1 April 2023	Vested and issued during 1Q FY2024	Lapsed during 1Q FY2024	To be vested and issued as at 30 June 2023
4 January 2022 and 30 June 2022	Two then executive directors of a wholly-owned subsidiary of the Group; and eleven employees of the Group who are independent third parties	1, 2	1,920,000 (the “2022 Connected Grants”)	960,000	-	-	960,000
			3,820,000 (the “2022 Selected Employees Grant”)	1,120,000	-	160,000	960,000
			<u>5,740,000</u>	<u>2,080,000</u>	<u>-</u>	<u>160,000</u>	<u>1,920,000</u>

Notes:

- Details of the 2022 Connected Grants and 2022 Selected Employees Grant were set out in the circular of the Company dated 22 July 2022. Relevant approvals were obtained at an extraordinary general meeting of the Company held on 8 August 2022.
- The 1,920,000 share awards outstanding will be vested and issued on 31 December 2023. There is no exercise price for these share awards.

TERMINATION OF THE JANUARY 2023 CONDITIONAL GRANT OF SHARE AWARDS

As announced by the Company on 21 July 2023, in light of the adoption of the 2023 Share Scheme and for ease of administration, on 14 July 2023, the Company and the two selected employees had terminated the conditional grants of 240,000 awarded shares as set out in the Company’s announcements dated 5 and 13 January 2023.

PROPOSED GRANT OF SHARE AWARDS TO SELECTED EMPLOYEE PARTICIPANTS

As set out in the announcement and circular of the Company dated 21 July 2023, subject to the necessary approvals by the shareholders at the EGM in relation to, among other things, the adoption of the 2023 Share Scheme, the Board had resolved to award conditionally in aggregate of 10,360,000 awarded shares to seven selected employee participants (including the abovementioned two selected employees who have agreed to terminate the previous grant of 240,000 awarded shares) (the “2023 Selected Employees Grant”). Such grant to the selected employee participants of award of new shares will be credited as fully paid.

The 2023 Share Scheme had been approved by the shareholders of the Company at the EGM held on 8 August 2023. Upon obtaining the Listing Approval, the Company will proceed with the 2023 Selected Employees Grant accordingly.

After the 2023 Selected Employees Grant, 70,890,000 underlying shares will be available for future grants under the 2023 Share Scheme.

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 FY2024.

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 FY2024 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 2023, 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 FY2024 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 2023

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published on website of the Company at www.altus.com.hk.