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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)

DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY

Financial adviser to the Company

ALTUS CAPITAL LIMITED

The Board is pleased to announce that on 21 October 2019, the Group, through the Purchaser had entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire the Property from the Vendor for a cash Consideration of JPY310.0 million (approximately HK\$22.4 million).

As the highest applicable percentage ratio as defined under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that on 21 October 2019, the Purchaser had entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire from the Vendor the Property for a cash Consideration of JPY310.0 million (approximately HK\$22.4 million).

THE SALE AND PURCHASE AGREEMENT

Set out below are the key terms of the Sale and Purchase Agreement:

Date: 21 October 2019

Parties: The Vendor

The Purchaser

Subject of the Acquisition: The Property

1. The Vendor

The Vendor is a real estate developer in Japan and is based in Fukuoka, Japan. It is principally engaged in the real estate development, valuation and consulting business.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

2. The Purchaser

The Purchaser is a company incorporated in Japan with limited liability on 6 August 2010. It is the TK Operator of a TK Arrangement in which EXE is the TK Investor, and the Company is indirectly beneficially interested in all the economic benefits of the Purchaser's property interests. Pursuant to HKFRS 10 Consolidated Financial Statements, the Purchaser is considered as a controlled entity of the Company.

3. The subject of the Acquisition

The Property is a 3-storey building with a total floor area of approximately 414.7 square metres, comprising three retail units. The Property is located at Shinshigai 1-ban 17, Chuo-ku of Kumamoto City, Kumamoto, Kyushu, Japan, which is in a prime shopping area along the main covered retail arcade in Kumamoto City center. It is situated in near proximity to Sakuramachi Kumamoto, one of the largest and newly-built mixed development project comprising shopping centre, hotel, residential apartments, outdoor garden and Kumamoto City's major bus terminal. The Property was built in 1989 and has undergone a major renovation recently. It is designated for retail use and all the three units are occupied by restaurants currently. The Property shall be sold to the Purchaser free from encumbrances.

Upon Completion, the Purchaser shall take over all rights and obligations as the lessor under the Lease Agreements. The Purchaser will continue to lease the Property to the Tenants in accordance with the terms of the Lease Agreements. The lease terms of the Lease Agreements range from two to 10 years and the last agreement will expire on 20 August 2029.

4. The Consideration

The Consideration is JPY310.0 million (approximately HK\$22.4 million), which includes consumption tax, estimated to be approximately JPY13.3 million (approximately HK\$1.0 million) refundable to the Purchaser, was determined after arm's length negotiations between the Purchaser and the Vendor. When determining the Consideration, the Directors have taken into account (i) the prime location of the Property; (ii) the condition of the Property taking into account the recent major renovation; (iii) the expected net rental yield of the Property of approximately 4.9% which is comparable to or better than those of the Group's other comparable properties in Kumamoto and Kagoshima; and (iv) the preliminary valuation (which excludes consumption tax) of the Property by an Independent Third Party valuer at JPY275.0 million. The Directors believe that the above provides a reasonable basis in its assessment of the investment potential and value of the Property.

5. Payment method

The Purchaser had paid a sum of JPY10.0 million (approximately HK\$0.7 million) (i.e. the Deposit) to the Vendor on the date of the Sale and Purchase Agreement.

The remaining balance of JPY300.0 million (approximately HK\$21.7 million) will be settled in full by the Purchaser to the Vendor on Completion.

The Acquisition will be funded by the Group's internal financial resources and bank borrowings.

6. Completion

Completion is expected to take place on or around 29 November 2019. Upon Completion, the Vendor will transfer (i) the ownership of the Property; (ii) the rights to the Lease Agreements; and (iii) the various deposits received from the Tenants, to the Purchaser.

In the event where the Vendor terminates the Sale and Purchase Agreement before Completion, the Vendor is liable to return double the amount of the Deposit to the Purchaser. In the event where the Purchaser terminates the Sale and Purchase Agreement before Completion, the Purchaser has to give up its rights on the Deposit.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is, through its operating subsidiaries, principally engaged in corporate finance in Hong Kong and property investment in Japan and Hong Kong. When investing in Japanese properties, the Group's objective is to receive steady income or achieve capital appreciation, focusing on freehold properties in major cities and city centres of regional hubs.

The Acquisition will add on to the Group's existing portfolio in the city center of Kumamoto City, Japan. The Lease Agreements with the Tenants are generally long-term and is expected to contribute to a steady gross rental income of approximately JPY19.0 million per year (approximately HK\$1.4 million).

The acquisition of the Property, which is for retail use and located in Kumamoto in the Kyushu area, will also strengthen the Group's portfolio presence in Southern Japan and diversify its property investment portfolio in terms of types of property as the current portfolio properties are mainly for residential use. Going forward, the Group intends to continue to expand and diversify its property investment portfolio in line with its investment strategies as stated in its annual report for the year ended 31 March 2019 when appropriate investment opportunities arise.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio as defined under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Acquisition”	acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Altus Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration for the Acquisition, being JPY310.0 million in form of cash
“Deposit”	the deposit of a sum of JPY10.0 million paid by the Purchaser to the Vendor on the date of entering into the Sale and Purchase Agreement, pursuant to the Sale and Purchase Agreement
“EXE”	EXE Rise Shimodori Investor Limited, a company incorporated in the British Virgin Islands with limited liability on 27 August 2010, an indirect wholly-owned subsidiary of the Company and the TK Investor of a TK Arrangement which GK Hayama Shouten is the TK operator
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“GK Hayama Shouten”	Godo Kaisha Hayama Shouten, the Purchaser, a company incorporated in Japan with limited liability on 6 August 2010 and the TK Operator of a TK Arrangement which EXE is the TK Investor. The Company is indirectly beneficially interested in all the economic benefits of its property interests

“Group”	the Company and its subsidiaries
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“HKFRS”	Hong Kong Financial Reporting Standard issued by the HKICPA
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with the Company and its connected persons
“Lease Agreements”	the lease agreements dated 19 April 2019, 8 July 2019 and 20 August 2019 entered into between the Vendor and each of the Tenants in relation to the leasing of the Property, respectively
“Property”	the subject asset to be acquired by the Purchaser under the Sale and Purchase Agreement
“Purchaser”	GK Hayama Shouten
“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 October 2019 and entered into between the Purchaser and Vendor in relation to the acquisition of the Property
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the GEM Listing Rules
“Tenants”	three Independent Third Parties occupying the Property, all of which are restaurant operators
“TK Agreement”	an agreement entered into between a TK Operator and a TK Investor pursuant to a TK Arrangement
“TK Arrangement”	a Japanese tokumei kumiai arrangement entered into between a TK Investor and a TK Operator, whereby TK Investor will provide funds to the TK Operator in return for income derived from the management and operational activities of the TK Operator
“TK Investor”	a subsidiary of the Company which enters into a TK Agreement with a TK Operator pursuant to a TK Arrangement

“TK Operator”	a Japanese limited liability company which holds or owns real estate and which enters into a TK Agreement with a TK Investor
“Vendor”	Kyushu Development Co., Ltd, a company incorporated in Japan
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese yen, the lawful currency of Japan

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

Hong Kong, 21 October 2019

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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

Conversion of JPY into HK\$, and vice versa, are made in this announcement for illustration purposes only and unless otherwise stated, is based on the exchange rate of JPY 1=HK\$0.0723 (on 21 October 2019). Such conversion shall not be construed as representation that any amount in HK\$ and JPY were, may have been, or will be converted into those currencies, or vice versa, in the above rates or at any other rates.

This announcement will remain on the “Latest Company Announcements” page of GEM website at www.hkgem.com for at least 7 days from the date of its publication and our Company’s website at www.altus.com.hk.