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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)**

**CONNECTED TRANSACTION**  
**DISPOSAL OF 10% INTEREST IN AN INDIRECTLY OWNED SUBSIDIARY**

**Financial adviser to the Company**

**ALTUS CAPITAL LIMITED**

The Board wishes to announce that on 4 November 2019, Starich, an indirect wholly-owned subsidiary of the Company, agreed to dispose of 10.0% of its equity interest in EXE to the Purchaser for a cash Consideration of JPY46,185,788 (approximately HK\$3.3 million). Prior to the Disposal, Starich owned 100.0% of the equity interest of EXE.

As the Purchaser is a director and a substantial shareholder of Residence Motoki Investment Limited, Smart Tact Investment Limited and Lynton Gate Limited (all being indirect non wholly-owned subsidiaries of the Company), he is a connected person at the subsidiary level of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As (i) the Purchaser is regarded as a connected person of the Company at the subsidiary level; (ii) the Board (including the independent non-executive Directors) has approved the Disposal; and (iii) the Board (including the independent non-executive Directors) has confirmed that the transaction is fair and reasonable, the terms of which are on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements, under Rule 20.99 of the GEM Listing Rules.

None of the Directors has a material interest in the Disposal and therefore no Director was required to abstain from voting on the board resolution approving the Disposal.

The Board wishes to announce that on 4 November 2019, Starich agreed to dispose of 10.0% of its equity interest in EXE to the Purchaser for a cash Consideration of JPY46,185,788 (approximately HK\$3.3 million).

## THE DISPOSAL

Set out below are the particulars of the Disposal:

Date: 4 November 2019

Parties: Starich  
the Purchaser

Subject of the Disposal: 10.0% equity interest of EXE

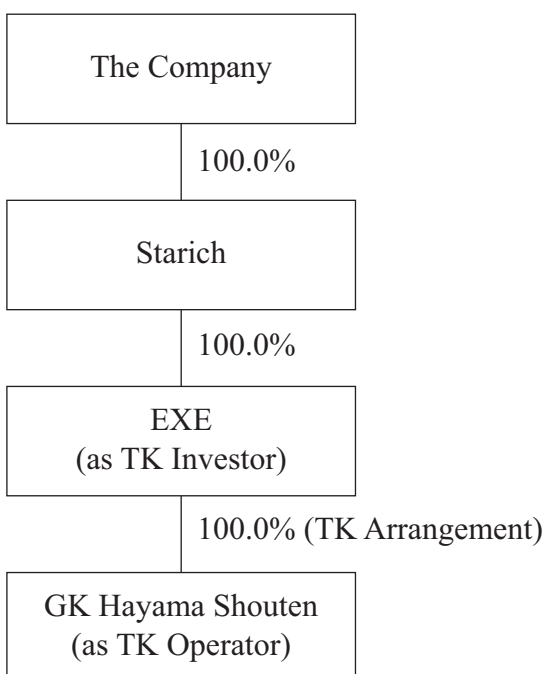
### 1. The Purchaser

The Purchaser, being Mr. Henry Shih, is a director and a substantial shareholder of Residence Motoki Investment Limited, Smart Tact Investment Limited and Lynton Gate Limited (all being indirect non wholly-owned subsidiaries of the Company). He is therefore a connected person at the subsidiary level of the Company.

### 2. Subject of the Disposal

Starich agreed to sell, and the Purchaser agreed to acquire, the EXE Sale Shares which represent 10.0% of the equity interest of EXE as at the date of the Disposal.

EXE, as the TK Investor, has entered into a TK Agreement with GK Hayama Shouten, as the TK Operator. EXE is indirectly beneficially interested in all the economic benefits of GK Hayama Shouten's property interests. Pursuant to HKFRS 10 Consolidated Financial Statements, EXE is considered a controlled entity of the Company. The diagram below sets out the shareholding structure of EXE before the Disposal and the TK Arrangement it has entered into.



### **3. The Consideration**

The Consideration of JPY46,185,788 (approximately HK\$3.3 million) was arrived at and determined after arm's length negotiations between Starich and the Purchaser, with reference to (i) the unaudited net asset value of EXE as stated in its latest unaudited management account; and (ii) adjusted for the additional equity of JPY100 million (approximately HK\$7.2 million) injected by Starich into EXE for the Property Acquisition, which is expected to be completed on or around 29 November 2019. The Directors are of the view that the aforesaid determination method provides a reasonable basis for their estimation of the prevailing net asset value of EXE taking into account the Property Acquisition. The Consideration shall be settled in cash in full by the Purchaser, either by cheque or remittance.

With reference to the above value attributable to the EXE Sale Shares and subject to final audit, the Disposal is not expected to give rise to a material gain or loss to the Group's financial results. In any case, as the Disposal will not result in a loss of control of EXE and is accounted for as equity transactions pursuant to HKAS 27 (Revised) Consolidated and Separate Financial Statements, no gain or loss from the Disposal should be recognised in the consolidated statements of profit or loss and comprehensive income of the Group.

### **4. Completion and condition of Completion**

Completion is subject to the completion of the Property Acquisition, and shall take place upon the receipt of the Consideration, and Starich having delivered or caused to be delivered to the Purchaser:

- (i) duly executed instrument(s) of transfer in respect of the transfer of the EXE Sale Shares, in favour of the Purchaser; and
- (ii) such other documents as may be required to give to the Purchaser good title to the EXE Sale Shares and to enable the Purchaser to become the registered holder thereof.

### **5. Information on EXE and GK Hayama Shouten**

EXE is an investment holding company and is principally engaged in property investment. It receives rental income from the property Rise Shimodori EXE held by GK Hayama Shouten. The only material assets of EXE are (i) Rise Shimodori EXE which has a prevailing fair value of approximately JPY481.0 million (approximately HK\$34.8 million) as at 30 June 2019; (ii) cash of approximately JPY127.9 million (such amount includes equity capital injection for the Property Acquisition) (approximately HK\$9.3 million); and (iii) other assets being deposit paid for the Property Acquisition. Rise Shimodori EXE is a residential property located in Kumamoto City, Japan. The total liabilities of EXE as at 30 June 2019 amounted to approximately JPY157.7 million (approximately HK\$11.4 million) including a mortgage loan secured on Rise Shimodori EXE.

As announced by the Company on 21 October 2019, GK Hayama Shouten has entered into a sale and purchase agreement for the Property Acquisition in respect of a property in Kumamoto City, Kumamoto, Kyushu, Japan. This acquisition is expected to be completed on or around 29 November 2019.

The net profits before and after taxation of EXE, for the two financial years immediately preceding the transaction is as follows:

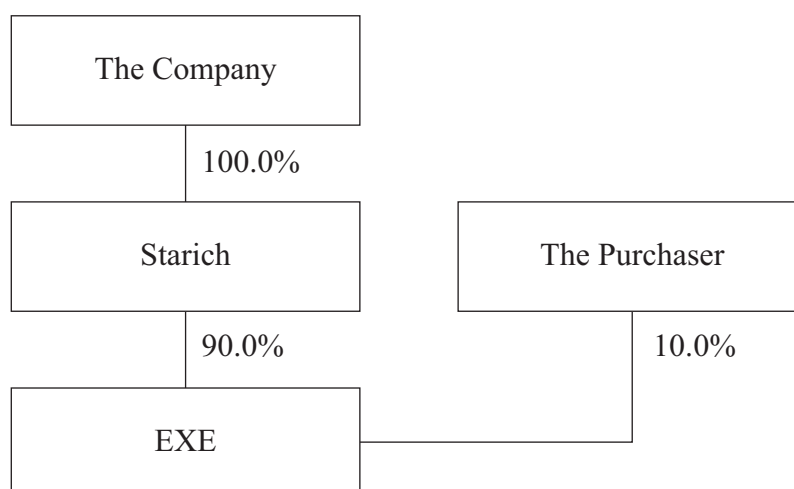
	<b>FY2018</b>	<b>FY2019</b>
Net profits before taxation	Approximately JPY54.4 million	Approximately JPY21.4 million
Net profits after taxation	Approximately JPY41.3 million	Approximately JPY15.4 million

For the avoidance of doubt, the financial results of EXE above relate to contribution from Rise Shimodori EXE only, and do not reflect the effects of the Property Acquisition. The fluctuation in net profits recognised by EXE was mainly due to the fluctuation in fair value gain of Rise Shimodori EXE between FY2018 and FY2019.

## **6. Possible impact of the Disposal on the Group**

Upon completion of the Disposal, the Group's equity interest in EXE will decrease from 100.0% to 90.0%, and EXE will become an indirect non wholly-owned subsidiary of the Company. The financial results of EXE will continue to be consolidated into the financial statements of the Group.

Set out below is the shareholding structure of EXE after the completion of the Disposal.



## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company is, through its operating subsidiaries, principally engaged in corporate finance services 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 Purchaser, who holds 10.0% equity interest in Residence Motoki Investment Limited, Smart Tact Property Investment Limited and Lynton Gate Limited respectively, has been a trusted co-investor in the Group's property investment in Japan and it is the Group's intention to enhance this relationship. Notwithstanding that the Disposal will result in a reduction of the Group's equity interest in EXE, the Group will maintain a controlling stake, which remains in line with its investment strategies. The net proceeds from the Disposal will be used as general working capital of the Group.

In general, to raise equity funds for future acquisitions when appropriate investment opportunities arise or for general working capital, the Group may either raise such funds at the Company level or at the subsidiary/property level. The Directors consider it more expedient for the Company to raise funds at the subsidiary/property level at this juncture as it is able to do so at net asset value and without any dilution effect on Shareholders at the Company level. Given that the prevailing trading price of Shares is at below net asset value per Share, equity fund raising at the subsidiary level, if possible, will be more advantageous to Shareholders.

The Directors, including the independent non-executive Directors, are of the view that the Disposal is fair and reasonable, the terms of which are on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION UNDER THE GEM LISTING RULES**

As the Purchaser is a director and a substantial shareholder of Residence Motoki Investment Limited, Smart Tact Property Investment Limited and Lynton Gate Limited (all being indirect non wholly-owned subsidiaries of the Company), he is a connected person at the subsidiary level of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As (i) the Purchaser is regarded as a connected person of the Company at the subsidiary level; (ii) the Board (including the independent non-executive Directors) has approved the Disposal; and (iii) the Board (including the independent non-executive Directors) has confirmed that the transaction is fair and reasonable, terms of which are on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole, the Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules.

None of the Directors has a material interest in the Disposal and therefore no Director was required to abstain from voting on the board resolution approving the Disposal.

## **DEFINITIONS**

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

“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 the GEM of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“connected transaction”	has the meaning ascribed thereto under the GEM Listing Rules
“Consideration”	the consideration for the Disposal, being JPY46,185,788, which is to be settled in cash
“Director(s)”	director(s) of the Company

“Disposal”	the disposal of EXE Sale Shares by Starich to the Purchaser
“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
“EXE Sale Shares”	the 12 shares of JPY1,000 par value in EXE, the subject of the Disposal
“FY”	financial year of the Company ended 31 March
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“GK Hayama Shouten”	Godo Kaisha Hayama Shouten, a company incorporated in Japan with limited liability on 6 August 2010 and the TK Operator of a TK Arrangement in 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
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with the Company and its connected persons
“Property Acquisition”	the acquisition of the property in Kumamoto City by the Group through GK Hayama Shouten via TK Arrangement where GK Hayama Shouten is the TK Operator and EXE is the TK Investor, as announced by the Company on 21 October 2019
“Purchaser”	Mr. Henry Shih, a connected person at the subsidiary level of the Company
“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
“Starich”	Starich Resources Limited, a company incorporated in the British Virgin Islands with limited liability on 28 February 2000, an indirect wholly-owned subsidiary of the Company, and the shareholder of EXE
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the GEM Listing Rules

“TK Agreement”	the Japanese tokumei kumiai agreement entered into between GK Hayama Shouten as the TK Operator and EXE as the 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
“%”	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, 4 November 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 JPY1=HK\$0.0724 (on 4 November 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 the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and our Company’s website at [www.altus.com.hk](http://www.altus.com.hk).*