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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 2 March 2023, the Group, through the Purchaser, 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 JPY190.0 million (equivalent to approximately HK\$10.9 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 2 March 2023, the Purchaser 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 JPY190.0 million (equivalent to approximately HK\$10.9 million).

THE SALE AND PURCHASE AGREEMENT

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

Date: 2 March 2023

Parties: The Vendor

The Purchaser

Subject of the Acquisition: The Property

1. The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor is an Independent Third Party.

2. The Purchaser

The Purchaser is a company incorporated in Japan with limited liability on 17 May 2007. It is the TK Operator of a TK Arrangement in which Starich 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 five-storey building with total floor area of approximately 442.4 square metres, comprising 19 residential units. It also has two car parking units. The Property was built in 2020 and is located at 1 Chome-10-21, Shimoarata, Kagoshima City, Kagoshima Prefecture, Japan. The Property is located in the city centre of Kagoshima City and is about 3-minute walk from the Nichū-dōri tram station. It is designated for residential use and all units are currently occupied by tenants, who are Independent Third Parties.

The Property shall be sold to the Purchaser free from encumbrances.

Set out below is a summary of the Property's performance as at 31 December 2022 based on information provided by the Vendor.

	The Property
Occupancy rate as at 31 December 2022 (in terms of number of units)	100.0%
Total annual rental income based on existing tenancy agreements	JPY11.9 million (equivalent to approximately HK\$0.7 million)

4. The Consideration

The Consideration of JPY190.0 million (equivalent to approximately HK\$10.9 million) 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) market prices and yields of properties of similar size and usage in Kagoshima City; (iii) the net rental yield of the Property which is expected to be approximately 4.4%; and (iv) the age and rental yields of other properties held by the Group in the Kyushu region. The Directors believe that the above provides a reasonable basis for its assessment of the investment potential and value of the Property.

5. Payment method

The Purchaser had paid a sum of JPY10.0 million (equivalent to approximately HK\$0.6 million) (i.e. the Deposit) to the Vendor on the date of the Sale and Purchase Agreement.

The remaining balance of JPY180.0 million (equivalent to approximately HK\$10.4 million) will be settled in full by the Purchaser to the Vendor on Completion.

The Acquisition will be funded by the Group's existing financial resources and bank borrowings secured on the Purchaser's properties (including the Property).

6. Completion

Completion is expected to take place on or around 4 April 2023.

In the event where the Vendor terminates the Sale and Purchase Agreement before Completion, the Vendor is liable to return the Deposit and additionally pay an equivalent 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 Group is principally engaged in property investments and provision of corporate finance advisory services. Japan has been the main geographical location of the Group's property investment activities and when investing in Japanese properties, the Group's objective is to receive steady income and/or achieve capital appreciation, focusing on freehold properties in major cities and city centre of regional hubs.

The Property, which will be financed by the Group's existing financial resources and bank borrowings, will add on to the Group's existing portfolio and is expected to contribute to a steady gross rental income of approximately JPY11.9 million (equivalent to approximately HK\$0.7 million) per year. The acquisition of the Property, which is for residential use and located in Kagoshima Prefecture, will also strengthen the Group's portfolio presence in the southern part of Japan. Going forward, the Group intends to continue to expand and diversify its property investment portfolio in line with its investment strategies when appropriate investment opportunities arise. The Group will also explore strategies to unlock the value of some older properties within its portfolio through major refurbishment and redevelopment.

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 JPY190,000,000
“Deposit”	the deposit of a sum of JPY10.0 million paid by the Purchaser to the Vendor on the date of entering into of the Sale and Purchase Agreement, pursuant to the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standard issued by the HKICPA
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with the Company and its connected persons
“Property”	the subject asset to be acquired by the Purchaser under the Sale and Purchase Agreement

“Purchaser” or “GK Choun”	Godo Kaisha Choun, the purchaser, a company incorporated in Japan with limited liability on 17 May 2007 and the TK Operator of a TK Arrangement which Starich is the TK Investor. The Company is indirectly beneficially interested in all the economic benefits of its property interests
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 March 2023 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
“Starich”	Starich Resources Limited, a company incorporated in British Virgin Islands with limited liability on 28 February 2000, an indirect wholly-owned subsidiary of the Company and the TK Investor of a TK Arrangement with GK Choun as the TK Operators
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed thereto under the GEM Listing Rules
“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”	Godo Kaisha Lifebase, of which Mr. Kubo Takuya, an Independent Third Party to the Group who is based in Japan, is beneficially interested in all of its economic benefits

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JPY”	Japanese yen, the lawful currency of Japan
“%”	per cent.

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

Hong Kong, 2 March 2023

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\$0.0575 (on 2 March 2023). 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 Listed Company Information” page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at <http://www.altus.com.hk>.