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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
DISPOSAL OF PROPERTY

Financial adviser to the Company

ALTUS CAPITAL LIMITED

The Board is pleased to announce that on 14 November 2023, the Group, through the Vendor, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell the Property to the Purchaser for a cash consideration of JPY250.0 million (including estimated consumption tax) (equivalent to approximately HK\$12.9 million).

As the highest applicable percentage ratio as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal 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 14 November 2023, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell to the Purchaser the Property for a cash consideration of JPY250.0 million (including estimated consumption tax) (equivalent to approximately HK\$12.9 million).

THE SALE AND PURCHASE AGREEMENT

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

Date: 14 November 2023

Parties: The Vendor

The Purchaser

Subject of the Disposal: The Property

1. The Vendor

The Vendor is a company incorporated in Japan with limited liability on 4 September 2003. 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 Vendor's property interests. Pursuant to HKFRS 10 Consolidated Financial Statements, the Vendor is considered as a controlled entity of the Company.

2. The Purchaser

The Purchaser is a company incorporated in Japan and its principal business activities are real estate rental and management.

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

3. The subject of the Disposal

The Property is a three-storey building with total floor area of approximately 2,178.83 square metres, comprising 38 residential units. It also has fourteen car parking units. The Property was built in 1988 and is located at Minami 9jo Nishi 8-chome, Chuo-ku, Sapporo City, Hokkaido Prefecture, Japan. The Property is located in the centre of downtown Sapporo and is about 10-minute walk from the Nakajima Park subway station. It is designated for residential use and all residential units and thirteen car parking 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 October 2023 based on information provided by the Vendor.

| | The Property |
|---|--|
| Occupancy rate as at 31 October 2023 (in terms of number of units) | 98.1% |
| Total annual rental income based on existing tenancy agreements | JPY21.0 million (equivalent to approximately HK\$1.1 million) |

4. The Consideration

The Consideration of JPY250.0 million (including estimated consumption tax) (equivalent to approximately HK\$12.9 million) was determined after arm's length negotiations between the Purchaser and the Vendor. When determining the Consideration, the Directors have taken into account the carrying value and fair value of the Property, future capital expenditure required, as well as deployment opportunities of proceeds from the Disposal. The Directors believe that the above provides a reasonable basis for its assessment of the Disposal.

5. Payment method

The Purchaser had paid a sum of JPY10.0 million (equivalent to approximately HK\$0.5 million) (i.e. the Deposit) to the Vendor on the date of the Sale and Purchase Agreement.

The remaining balance of JPY240.0 million (equivalent to approximately HK\$12.4 million) will be settled in full by the Purchaser to the Vendor on Completion.

6. Completion

Completion is expected to take place on or around 30 November 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 amount equivalent to the Deposit to the Purchaser. In the event where the Purchaser terminates the Sale and Purchase Agreement before Completion, the Deposit shall be forfeited.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group has been pursuing the strategy of unlocking the value of some older properties through (i) refurbishment to enhance rental value; (ii) redevelopment to enhance rental and sale value; and (iii) outright sale to buyers.

The Property, acquired by the Vendor in 2004, was built in 1988. Given its age, the Directors expect substantial capital expenditure to be expended on the Property to maintain its competitiveness in the leasing market. The Property is also not suitable from the perspective of the strategy of unlocking value through redevelopment, as the shape of the land it sits on is not optimal.

The Disposal allows the Group to realise its investment in the Property at a level similar to its carrying value and fair value, and substantially higher than the Group's original acquisition cost in 2004. The Directors also expect to receive net proceeds of approximately JPY229.3 million (equivalent to approximately HK\$11.8 million) (being the consideration net of estimated consumption tax and direct disposal expenses) from the Disposal which can be redeployed towards (i) repayment of bank borrowings; (ii) optimising its property portfolio through acquisition of higher quality properties; and (iii) refurbishment or redevelopment of its older properties sitting on land in prime locations.

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 Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF THE NET PROCEEDS

As at 31 March 2023, the carrying value and the fair value of the Property valued by independent professional valuer was JPY239.0 million (equivalent to approximately HK\$12.3 million). The directors of the Company consider that there has been no change to the carrying value and fair value of the Property thereafter from 31 March 2023 up to the date of this announcement.

Subject to review and confirmation by the auditor, taking into consideration of the transaction costs relating to the Disposal (comprising principally commission to brokers of approximately JPY7.1 million (equivalent to approximately HK\$0.4 million)), the Group is expected to record a marginal loss of JPY9.7 million (equivalent to approximately HK\$0.5 million) from the Disposal (being the difference between the Consideration (less estimated consumption tax and direct disposal expenses) and the carrying value of the Property).

Net proceeds from the Disposal is expected to be approximately JPY229.3 million (equivalent to approximately HK\$11.8 million) of which JPY10.0 million (equivalent to approximately HK\$0.5 million) will be used to repay the bank borrowings in support of which the Property is mortgaged. The Group may use the remaining net proceeds for (i) further repayment of bank borrowings; (ii) a potential investment in Sapporo which the Group is currently in discussion with the seller; and/or (iii) major refurbishment and redevelopment of its portfolio properties.

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 Disposal is more than 5% but less than 25%, the Disposal 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:

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| “Disposal” | disposal of the Property to the Purchaser by 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 Disposal pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “Consideration” | the consideration for the Disposal, being JPY250,000,000 (including estimated consumption tax) |
| “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 |

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| “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 sold to the Purchaser under the Sale and Purchase Agreement |
| “Purchaser” | Noel Limited, of which Mrs. 金成海, an Independent Third Party to the Group, is the sole director |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 14 November 2023 and entered into between the Vendor and Purchaser in relation to the disposal 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 YK Houten as the TK Operator |
| “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 |

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| “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” or “YK Houten” | Yugen Kaisha Houten, the vendor, a company incorporated in Japan with limited liability on 4 September 2003 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 |
| “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, 14 November 2023

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.

*This announcement, for which the directors of the Company (the “**Directors**”) 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 of Hong Kong Limited (the “**Stock Exchange**”) 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.*

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\$0.0515 (on 13 November 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 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 www.altus.com.hk.