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## **CHI HO DEVELOPMENT HOLDINGS LIMITED**

### **潛濤發展控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8423)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF 25% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

### **THE ACQUISITION**

The Board is pleased to announce that on 8 August 2022 (after trading hours), Diamond Fort Investments, being a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and Diamond Fort Investments has conditionally agreed to purchase the Sale Shares, representing 25% of the issued share capital of the Target Company for a total Consideration of HK\$1.

### **GEM LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment (or waiver, if applicable) of certain conditions precedent under the Agreement and therefore the Completion may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 8 August 2022 (after trading hours), Diamond Fort Investments, being a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and Diamond Fort Investments has conditionally agreed to purchase the Sale Shares, representing 25% of the issued share capital of the Target Company for a total Consideration of HK\$1.

## **THE AGREEMENT**

### **Date**

8 August 2022

### **Parties**

1. Diamond Fort Investments (as the Purchaser)
2. Mr. Tam Wai Tong (as the Vendor)
3. The Target Company

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 a third party independent of the Company and its connected persons (as defined in the GEM Listing Rules).

### **Assets to be acquired**

Pursuant to the terms and conditions of the Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares, representing 25% of the issued share capital of the Target Company.

The major asset of the Target Company is its investment in the entire share capital of K18. The major asset of K18 is the Property.

As at the date of this announcement, (i) the Vendor is the registered, legal and beneficial owner of the Sale Shares; (ii) the Target Company is the sole registered, legal and beneficial owner of K18; and (iii) K18 is the sole registered, legal and beneficial owner of the Property.

### **Consideration**

The Consideration shall be HK\$1 payable on Completion, which will be settled in cash.

## **Basis of Consideration**

The Consideration was arrived at after arm's length negotiations between Diamond Fort Investments and the Vendor on normal commercial terms with reference to, among other things, (i) the financial positions and conditions of the Target Company and K18. In particular, given that the Property represents the major asset of K18 and, in turn, of the Target Company, the Company also considered the consolidated net asset value of the Target Company which took into account the valuation of the Property as indicated by an independent valuer. According to the independent valuer, the market value of the Property was HK\$180 million as at 30 June 2022; (ii) the prospect of the business of the Group in undertaking the Project; and (iii) the reasons for and benefits of the Acquisition as described in the section headed "Reasons for and benefits of the Acquisition" below.

## **Conditions precedent**

Completion shall be subject to the following conditions precedent having been satisfied or fulfilled:

- (1) the Purchaser being satisfied with the results of the legal and financial due diligence conducted in respect of the Target Company and K18;
- (2) the Vendor having, at the Vendor's own cost, procured the Target Company and K18 to prove that K18 has a good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the laws of Hong Kong);
- (3) K18 remains to be the sole registered, legal and beneficial owner of the Property before and on the Completion Date;
- (4) No material adverse change having occurred before or on the Completion Date; and
- (5) the warranties remaining true, accurate and not misleading in all respects before and on the Completion Date.

Diamond Fort Investments may at its absolute discretion at any time waive in writing any of the conditions (1) to (5) above. If any of the above conditions precedent have not been fulfilled by the Completion Date and have not been waived by Diamond Fort Investments, the Agreement shall automatically terminate with immediate effect.

## **Completion**

Subject to the fulfilment of the conditions precedent set out in the Agreement, Completion shall take place on the Completion Date.

## The Project

It is contemplated that the Property will be redeveloped and that there will be construction of a new building to be erected on the Property (the “**Project**”). As of the date of this announcement, subject to further arm’s length negotiations with K18, the Group contemplates to participate in the Project.

## INFORMATION ABOUT THE VENDOR, THE TARGET COMPANY AND K18

The Vendor is a Hong Kong permanent resident.

The Target Company is a company incorporated under the laws of Hong Kong with limited liability on 31 July 2019 and is an investment holding company in which the Vendor owned 100% of its issued share capital. The Target Company directly holds the entire share capital of K18 as at the date of this announcement.

K18 is a company incorporated under the laws of Hong Kong with limited liability on 31 July 2019 and is a property holding company in which it is the sole registered, legal and beneficial owner of the Property. K18 is a wholly-owned subsidiary of the Target Company as at the date of this announcement.

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, the Vendor is an Independent Third Party, which is not connected person(s) of the Company and is independent of and not connected with the Company and the Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Based on the consolidated financial statements of the Target Company, the consolidated financial information of the Target Company for the year ended 31 December 2020 and 31 December 2021 are set out as follows:

	<b>For the year ended 31 December 2021 HK\$ (unaudited)</b>	<b>For the year ended 31 December 2020 HK\$ (audited)</b>
Revenue	—	—
Loss before taxation	(29,876)	(34,489)
Loss after taxation	(29,876)	(34,489)

As at 30 June 2022, based on the unaudited consolidated management accounts of the Target Company, (i) the carrying amount of the Property (measured at cost less accumulated depreciation and impairment losses) was approximately HK\$179.9 million; and (ii) the Target Company had consolidated total assets (adjusted for and taken into account the market value of the Property as at 30 June 2022) of approximately HK\$180.4 million and consolidated net assets of approximately HK\$0.1 million.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is an established main contractor for the provision of renovation and maintenance works, alteration and addition works and fitting-out works, and site formation and geotechnical works in Hong Kong. The Group also engages in property investment in Hong Kong and earns rental income. The Group's building renovation and construction business has been and will continue to be the core business of the Group. The Directors have been actively seeking and identifying new opportunities to undertake more sizeable construction projects and to broaden the Group's customer base. As disclosed above, as of the date of this announcement, subject to further arm's length negotiations with K18, the Group contemplates to participate in the Project.

Given (i) the above reasons for and the benefits of the Acquisition; and (ii) the prospect of the business of the Group in undertaking the Project, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## GEM LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment (or waiver, if applicable) of certain conditions precedent under the Agreement and therefore the Completion may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of the Sale Shares by Diamond Fort Investments from the Vendor pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 8 August 2022 entered into among the Vendor, Diamond Fort Investments and the Target Company in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business

“Company”	Chi Ho Development Holdings Limited (潛濤發展控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange
“Completion”	the completion of the Acquisition pursuant to the terms and conditions of the Agreement
“Completion Date”	the date of the Completion, which shall take place on the Business Day after the date on which notification of fulfilment (or waiver) of all of the conditions precedent have been served by Diamond Fort Investments or such other date as may be agreed in writing between the parties of the Agreement from time to time when the Completion shall take place
“connected person(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration in the sum of HK\$1 for the Acquisition payable by Diamond Fort Investments to the Vendor
“Diamond Fort Investments”/ “Purchaser”	Diamond Fort Investments Limited (Company No. 2070558), a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company
“Director(s)”	directors 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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual or a company who or which is independent of and not connected with (within the meaning of the GEM Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“K18”	K18 Property Limited (Company No. 2858599), a company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of the Target Company
“Project”	the redevelopment of the Property and the construction of a new building to be erected on the Property

“Property”	piece or parcel of ground registered in the Land Registry as Kowloon Inland Lot No.8878 (the “ <b>Lot</b> ”) and of and in the messuages erections and buildings (if any) erected thereon now known as No.18 Kimberley Street to the intent that the Property shall comprise the entire land and building (if any) of the Lot thereof
“Sale Shares”	2,000 ordinary shares in the share capital of the Target Company, representing 25% of the issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Acasa Property Limited (Company No. 2858581), a company incorporated under the laws of Hong Kong
“Vendor”	Mr. Tam Wai Tong, the sole registered, legal and beneficial owner of the entire issued share capital of the Target Company (including the Sale Shares) as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Chi Ho Development Holdings Limited**  
**Leung Ka Ho, Raymond**  
*Chairman of the Board and Executive Director*

Hong Kong, 8 August 2022

*As at the date of this announcement, the executive Directors are Mr. Leung Ka Ho, Raymond and Mr. Ho Chi Kwan; and the independent non-executive Directors are Mr. Leung Hung Kwong, Derrick, Mr. Moy Yee Wo, Matthew and Mr. Yau Sze Yeung.*

*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, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its publication and on the Company’s website at [www.chdev.com.hk](http://www.chdev.com.hk).*