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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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO (1) ACQUISITION OF 25% OF THE ISSUED SHARE CAPITAL OF THE TARGET COMPANY AND (2) PROVISION OF FINANCIAL GUARANTEE TO A SUBSIDIARY OF THE TARGET COMPANY

THE ACQUISITION

Reference is made to the announcement of the Company dated 8 August 2022 in relation to the acquisition of 25% equity interests in the Target Company (the “**Previous Acquisition**”). The Group would like to participate in the redevelopment of the Property, being the major asset of K18, a wholly owned subsidiary of the Target Company. On 2 December 2022 (after trading hours), to further increase the shareholding of the Group in the Target Company, Diamond Fort Investments, being a wholly-owned subsidiary of the Company, entered into the S&P Agreement supplemented by the JV 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. Pursuant to the JV Agreement, Diamond Fort Investments and the Joint Venture Partner have conditionally agreed to commit shareholders’ loans to the Target Company amounting to HK\$40 million and HK\$100 million respectively. Upon completion of the Acquisition, the Target Company will become a joint venture company owned as to 50% by the Company.

THE FINANCIAL GUARANTEE

On 2 December 2022 (after trading hours), the Bank as Lender, K18 as Borrower and the Company and Joint Venture Partner as joint and several Guarantors entered into the Funding Undertaking pursuant to which the Company and Joint Venture Partner have undertaken to provide guarantee for the 36-month term loan facilities up to a maximum gross principal amount of HK\$154 million to be provided by the Bank to K18 for the development of the Property.

The Acquisition and Financial Guarantee are not inter-conditional with each other.

GEM LISTING RULES IMPLICATIONS

The Acquisition is related to the Previous Acquisition of 25% equity interests in the Target Company and is considered to be a series of transactions that require aggregation pursuant to Rule 19.22 of the GEM Listing Rules. The Financial Guarantee to be provided by the Company in favour of the Bank under the Funding Undertaking constitutes provision of financial assistance under the GEM Listing Rules. As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition together with the Financial Guarantee exceeds 100%, the Acquisition together with the Financial Guarantee constitutes a very substantial acquisition of the Company and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

THE EGM AND DESPATCH OF CIRCULAR

The EGM will be convened and held, among others, for the Shareholders to consider and, if thought fit, approving the entering into the S&P Agreement supplemented by the JV Agreement and the Funding Undertaking and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, none of the Shareholders or any of their respective close associates has a material interest in the Acquisition and the Financial Guarantee and therefore no Shareholder is required to abstain from voting in the EGM.

A circular setting out, among others, details of (i) the Acquisition; and (ii) the Financial Guarantee, and other information required to be disclosed under the GEM Listing Rules, will be despatched together with the notice of the EGM and a proxy form to the Shareholders on or before 14 December 2022.

INTRODUCTION

On 2 December 2022 (after trading hours), Diamond Fort Investments, being a wholly-owned subsidiary of the Company, entered into the S&P Agreement supplemented by the JV 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. Pursuant to the JV Agreement, Diamond Fort Investments and the Joint Venture Partner have conditionally agreed to commit shareholders' loans to the Target Company amounting to HK\$40 million and HK\$100 million respectively. Together with the equity interests acquired in the Previous Acquisition, the Target Company will become a joint venture company owned as to 50% by the Company upon Completion.

On 2 December 2022 (after trading hours), the Bank as Lender, K18 as Borrower and the Company and Joint Venture Partner as joint and several Guarantors entered into the Funding Undertaking pursuant to which the Company and Joint Venture Partner have undertaken to provide guarantee for the 36-month term loan facilities up to a maximum gross principal amount of HK\$154 million to be provided by the Bank to K18 for the development of the Property.

THE S&P AGREEMENT AND THE JV AGREEMENT

The principal terms of the S&P Agreement and the JV Agreement are set out below:

Date

2 December 2022

Parties

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

Assets to be acquired

Pursuant to the terms and conditions of the S&P Agreement, 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.

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 consideration of the Previous Acquisition; (ii) the consolidated net asset value of the Target Company; and (iii) the reasons for and benefits of the Acquisition as described in the section headed "Reasons for and benefits of the Acquisition and provision of Financial Guarantee" below.

Having considered that the consolidated net asset value of the Target Company of approximately HK\$18,000 as at 31 December 2021 (assuming the Capital Reduction were effective in FY2021) is immaterial and construction works of the Project has yet to commence, the Directors are of the view that the nominal Consideration of HK\$1 is fair and reasonable and determined on normal commercial terms.

Capital commitment

Pursuant to the JV Agreement, the Company has conditionally committed to provide a shareholder's loan amounting to HK\$40 million to be utilised by the Target Company during the course of development of the Project.

The Joint Venture Partner has conditionally committed to provide a shareholder's loan amounting to HK\$100 million to the Target Company. As at the date of this announcement, the Target Company had an outstanding shareholder's loan from the Joint Venture Partner amounted to approximately HK\$179.7 million. It was agreed in the JV Agreement that upon obtaining the term loan facilities from the Bank and the shareholder's loan from the Company, the Target Company will repay the shareholder's loan of HK\$80 million to the Joint Venture Partner.

The shareholders' loans from the Company and the Joint Venture Partner shall charge interests of 1-month HIBOR plus 2.85% per annum which make reference to the interest rate of the term loan facilities charged by the Bank.

The Directors consider that the amount of shareholder's loan to be provided by the Company is determined with reference to the estimated construction cost of the Project.

Special provision

The Target Company will be governed by the board of directors appointed by the shareholders in proportion to their shareholdings in the Target Company (i.e. two directors from the Company and two directors from the Joint Venture Partner upon completion of the Acquisition). In consideration of the larger capital commitment of the Joint Venture Partner, it is provided in the JV Agreement that the Joint Venture Partner shall have the final decision and management of the Project. The Company and the Joint Venture Partner have agreed the priority of repayment of outstanding loans by the Target Company in the following order:

1. Any outstanding amount due to the Bank
2. First HK\$80 million of shareholder's loan from the Joint Venture Partner
3. First HK\$20 million of shareholder's loan from the Company

The remaining HK\$20 million shareholder's loan committed by each of the Company and the Joint Venture Partner will rank *pari passu* in all respects.

The Directors are of the view that the repayment priority of the shareholder's loans is on normal commercial terms and fair and reasonable because (i) the capital commitment of the Joint Venture Partner is larger than that of the Company; and (ii) the Joint Venture Partner will act in the best interest of the Target Company and actively participate in the management of the Project.

Composition of the board of directors

Following the completion of the Acquisition, the board of directors of the Target Company shall comprise four directors which includes the Joint Venture Partner being the chairman and executive director of the Target Company, one director to be appointed by the Joint Venture Partner and two directors to be appointed by the Company. The quorum of a meeting of the board of directors of the Target Company shall be three directors. As at the date of this announcement, the Joint Venture Partner is the sole director of the Target Company.

The board of directors of the Target Company shall be responsible for making decisions relating to the business of the Target Company from time to time. All matters to be determined by the board of directors of the Target Company shall be by majority decision.

Profit distribution

Pursuant to the JV Agreement, each shareholder of the Target Company shall be entitled to receive any distributions as the board of directors of the Target Company may from time to time declare in proportion to its/his shareholding, *pari passu* with the other shareholders of the Target Company, in accordance with the JV Agreement.

Subject to the requirements of relevant applicable laws, and unless the shareholders of the Target Company and the Target Company otherwise agree in relation to any particular financial year, if any shareholders' loans are outstanding, all distributable profits shall be applied by the Target Company to repay the outstanding principal amount of any shareholder's loans.

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) K18 remains to be the sole registered, legal and beneficial owner of the Property before and on the Completion Date;
- (3) all necessary authorisations, consents and approval from the Stock Exchange in relation to the Acquisition having been obtained and passing by the shareholders of the Company resolutions at the EGM approving the Acquisition; and
- (4) No material adverse change having occurred before or on the Completion Date.

Diamond Fort Investments may at its absolute discretion at any time waive in writing any of the conditions (1), (2) and (4) 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 S&P Agreement shall automatically terminate with immediate effect.

Completion

Subject to the fulfilment of the conditions precedent set out in the S&P Agreement, Completion shall take place on the Completion Date. As at the date of this announcement, condition (1) has been fulfilled.

THE FUNDING UNDERTAKING

The principal terms of the Funding Undertaking and the Facility Agreement are set out below:

Date

2 December 2022

Parties to the Funding Undertaking

1. The Bank (as Lender)
2. K18 (as Borrower)
3. Joint Venture Partner (as Guarantor)
4. The Company (as Guarantor)

Parties to the Facility Agreement

1. The Bank (as Lender)
2. K18 (as Borrower)

The term loan facilities

A term loan facilities to the Borrower up to a maximum gross principal amount of HK\$154 million to be drawn in two tranches:

1. First tranche of loan being lower of HK\$60.4 million or 40% of valuation of the Property based on the valuation reports required by the Lender; and
2. Second tranche of loan being lower of HK\$93.6 million or 80% of the construction cost of the Project.

Conditions of utilisation

Conditions precedent for first tranche of loan

The Lender has received, among others, the following documents:

1. all title deeds of the Property;
2. two valuation reports to be prepared by two separate independent professional valuers to certify the market value of the Project on bare site basis and on completion basis;

3. a legal opinion on the Borrower in relation to the laws of Hong Kong;
4. a legal opinion on the Company in relation to the laws of the Cayman Islands; and
5. evidence that the Company has duly obtained its shareholders' approval at the EGM approving the provision of the corporate guarantee.

Conditions precedent for second tranche of loan

The Lender has received, among others, the following documents:

1. the initial construction cost estimate, certified by the quantity surveyor and a director of the Borrower;
2. the initial completion time schedule of the Project, certified by the architect and a director of the Borrower; and
3. the building plans, prepared and signed by the architect and approved by the Building Authority, and certified by a director of the Borrower.

As at the date of this announcement, none of the conditions have been fulfilled.

Term

Earlier of 36 months from the date of first drawdown or 6 months after issuance of occupation permit of the new building to be erected on the Property.

Unfunded amount

The construction costs not funded by the term loan facilities (i.e. 20% of construction cost of the Project or HK\$23.4 million) and other cost overrun (if any) shall be financed by the Borrower's internal resources and/or funds provided by the Guarantors.

Project completion guarantee

The Borrower and the Guarantors shall ensure and procure completion of the Project (i.e. obtaining of occupation permit) by 31 January 2025.

Guarantee

A joint and several guarantee by the Company and Joint Venture Partner in favour of the Lender to secure the due performance of the obligation of the Borrower under the Facility Agreement. The terms of the Funding Undertaking correspond to the terms of the Facility Agreement where in case of the Borrower failing to fulfil any of its obligations under the Facility Agreement, the Guarantors are obligated, upon the Lender giving notice, to jointly and severally remedy the breach and perform and comply with all the obligations of the Borrower under the Facility Agreement. No guarantee fee will be charged by the Guarantors.

Collateral

The Property and the new building to be erected on the Property. Entire issued and paid up capital of the Borrower.

Interest rate

1-month HIBOR plus 2.2% per annum.

Handling fee

The Borrower shall pay the Lender a non-refundable handling fee for the term loan facilities amounting to 1.95% flat on the principal amount of the loan on or before the first utilisation date.

The terms of the Funding Undertaking were arrived at after arm's length negotiations between the Lender, the Borrower and the Guarantors.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND PROVISION OF FINANCIAL GUARANTEE

The Group is an established main contractor for the provision of RMAA and fitting-out works, site formation and geotechnical works, and new capital 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.

The Group decided to participate in the redevelopment of the Property, being the major asset of K18, a wholly owned subsidiary of the Target Company. Following the acquisition of 25% equity interests in the Target Company in the Previous Acquisition, the Group would like to further increase its shareholding in the Target Company to 50% so as to take up a larger stake in the Project.

Having considered that (i) the Acquisition enables the Group to participate in the Project which is an opportunity for the Group to develop its construction business; and (ii) increase in shareholding in the Target Company gives the Group more power to manage the Project with the Joint Venture Partner, the Directors are of the view that the terms and conditions of the S&P Agreement supplemented by the JV Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

To finance the Project, the Borrower has to secure a term loan facility from the Bank. The request of Financial Guarantee by the Bank is arrived at after arm's length negotiations between the Bank, the Borrower and the Company. Since the Guarantors are the ultimate beneficial owner of the Borrower and the funding to be obtained from the Bank will be utilized in development of the Project, the Directors are of the view that it is on normal commercial terms and fair and reasonable for not charging guarantee fee.

Given that the market value of the Property, being the major asset of the Borrower, was HK\$173 million as at 30 September 2022 as appraised by an independent valuer based on direct comparison approach, the Directors considered that the Borrower has sufficient assets to cover the loan principal and the financial exposure of the Company as Guarantor is reasonably limited.

The Group has conducted background check on financial status of the Joint Venture Partner including land search on a property owned by the Joint Venture Partner and bankruptcy search with no negative records noted. After carrying out the due diligence, the Directors are not aware of any matters that would impair the credibility of the Joint Venture Partner. Having considered that (i) the financial exposure of the Company and the Joint Venture Partner as Guarantors is reasonably limited because the loan principal is less than the market value of the Property; (ii) the fact that the Joint Venture Partner has already injected approximately HK\$179.7 million in the form of shareholder's loan to the Target Company as at the date of this announcement; (iii) the Joint Venture Partner is a reputable entrepreneur and a former managing director of a company listed in Hong Kong, details of which are discussed in the section headed "Information about the Joint Venture Partner"; and (iv) no adverse results are noted in the background check conducted by the Group, the Directors are of the view that the Joint Venture Partner has the credibility and financial capabilities to honour his joint and several obligation as the Guarantor and the Directors are of the view that the Funding Undertaking is on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE TARGET COMPANY AND K18

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 75% and the Company owned 25% 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.

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:

	Year ended 31 December 2021	From 31 July 2019 (Date of incorporation) to 31 December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	—	—
Loss before taxation	(55)	(34)
Loss after taxation	(55)	(34)
Bank borrowings	(26,167)	(26,167)
Amount due to a director and related companies	(163,250)	(155,572)
Total assets	217,723	210,075
Net asset value	24,918	24,973

Since the Joint Venture Partner has contributed HK\$25 million while the Company has contributed HK\$1 (consideration of the Previous Acquisition) to the share capital of the Target Company, in order to rebalance the initial contribution of the Company and the Joint Venture Partner, the Target Company resolved to proceed a capital reduction by way of a paid-up capital return of HK\$24,900,000 which will be credited to the shareholder's loan from the previous sole shareholder of the Target Company, Mr. Tam Wai Tong. The Capital Reduction has become effective on 11 October 2022, upon the registration by the Registrar of the Return of Reduction of Share Capital (by Special Resolution Supported by Solvency Statement) required under the Companies Ordinance. If completion of the Capital Reduction were in FY2021, (i) the amount due to a director and related companies would have increased from approximately HK\$163.3 million to HK\$188.2 million; and (ii) the consolidated net asset value of the Target Company would have decreased from approximately HK\$24,918,000 to HK\$18,000.

INFORMATION OF THE PROPERTY AND THE PROJECT

The Property is a piece of land located at No.18 Kimberley Street. As at 30 September 2022, the market value of the Property as appraised by an independent valuer based on direct comparison approach was HK\$173 million. The Project is the redevelopment of the Property and the construction of a new building to be erected on the Property. The new building will be for commercial purpose and the Project is currently at the detail design stage for piling and superstructure works. It is expected that on-site construction works will commence in January or February 2023 and will be completed on or before 31 January 2025. The estimated total construction cost of the Project is approximately HK\$117 million and is subject to change.

Despite that the Group is mainly involved in RMAA and site formation works in recent years, the Directors are of the view that the Group has accumulated extensive experience in project management by undertaking the role of main contractor in construction works of various types of buildings including residential, commercial, industrial and hospital. Accordingly, the Group possesses the project management and construction capabilities to undertake sizable construction projects and it is expected that the construction part of the Project will be mainly managed by the Group while the subsequent sale or rental of the building will be mainly managed by the Joint Venture Partner.

INFORMATION ABOUT THE VENDOR, THE LENDER AND THE BORROWER

The Vendor/Joint Venture Partner is a Hong Kong permanent resident, background of whom is discussed in the section headed “Information about the Joint Venture Partner” below.

The Lender is a licensed bank in Hong Kong authorized under the Banking Ordinance (Chapter 155 of the laws of Hong Kong).

The Borrower is a wholly owned subsidiary of the Target Company, details of which are discussed in the section headed “Information of the Target Company and K18” above.

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, the Lender and the Borrower are Independent Third Parties, which are not connected person(s) of the Company and are 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.

INFORMATION ABOUT THE JOINT VENTURE PARTNER

The Joint Venture Partner was the controlling shareholder and managing director of Group Sense (International) Limited (“**Group Sense**”) from 1992 to 2015 (now known as Rare Earth Magnesium Technology Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0601)). He sold the entire interests in Group Sense in 2015 and resigned as director in the same year. He is an entrepreneur with extensive experience in the business of electronic components and consumer electronic products. Despite that the Joint Venture Partner has no experience in construction and property development, the Directors are of the view that his business network and expertise in sales and marketing would create synergy with the Group’s construction capabilities in the development of the Project.

GEM LISTING RULES IMPLICATIONS

The Acquisition is related to the Previous Acquisition of 25% equity interests in the Target Company and is considered to be a series of transactions that require aggregation pursuant to Rule 19.22 of the GEM Listing Rules. The Financial Guarantee to be provided by the Company in favour of the Bank under the Funding Undertaking constitutes provision of financial assistance under the GEM Listing Rules. As one or more applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition together with the Financial Guarantee exceeds 100%, the Acquisition together with the Financial

Guarantee constitutes a very substantial acquisition of the Company and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Chapter 19 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held, among others, for the Shareholders to consider and, if thought fit, approving the entering into the S&P Agreement supplemented by the JV Agreement and the Funding Undertaking and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, none of the Shareholders or any of their respective close associates has a material interest in the Acquisition and the Financial Guarantee and therefore no Shareholder is required to abstain from voting in the EGM.

A circular setting out, among others, details of (i) the Acquisition; and (ii) the Financial Guarantee, and other information required to be disclosed under the GEM Listing Rules, will be despatched together with the notice of the EGM and a proxy form to the Shareholders on or before 14 December 2022.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by Diamond Fort Investments from the Vendor pursuant to the terms and conditions of the S&P Agreement supplemented by the JV Agreement
“Bank” or “Lender”	Nanyang Commercial Bank Limited, a licensed bank in Hong Kong authorized under the Banking Ordinance (Chapter 155 of the laws of Hong Kong)
“Board”	the board of Directors
“Borrower” or “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
“Business Day”	a day (other than Saturdays, Sundays and public holidays) on which licensed banks in Hong Kong are generally open for business
“Capital Reduction”	the capital reduction conducted by the Target Company by way of a paid-up capital return of HK\$24,900,000 to the previous sole shareholder of the Target Company, Mr. Tam Wai Tong
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Company”	Chi Ho Development Holdings Limited (潛濶發展控股有限公司), 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 S&P 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 S&P 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” or “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
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the entering into of the S&P Agreement supplemented by the JV Agreement and the Funding Undertaking and the transactions contemplated thereunder
“Facility Agreement”	the facility agreement dated 2 December 2022 entered into between the Lender and the Borrower in relation to the term loan facilities
“Financial Guarantee”	financial guarantee provided by the Company in favour of the Bank under the Funding Undertaking
“Funding Undertaking”	the deed dated 2 December 2022 entered into among the Lender, the Borrower and the Guarantors in relation to the provision of joint and several guarantee in favour of the Lender to secure the due performance of obligation of the Borrower under the Facility Agreement

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guarantor(s)”	Mr. Tam Wai Tong and the Company, being joint and several guarantors under the Funding Undertaking
“HIBOR”	Hong Kong Interbank Offered Rate
“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
“JV Agreement”	the joint venture agreement dated 2 December 2022 entered into among the Vendor, Diamond Fort Investments and the Target Company to supplement the S&P Agreement and set out the governance, responsibilities and capital commitment of the shareholders of Target Company, which shall come into effect subject to Completion
“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 “ Lot ”) 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
“Registrar”	the Registrar of Companies in Hong Kong
“RMAA”	repair, maintenance, alteration and addition works
“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

“S&P Agreement”	the sale and purchase agreement dated 2 December 2022 entered into among the Vendor, Diamond Fort Investments and the Target Company in relation to the Acquisition
“Target Company”	Acasa Property Limited (Company No. 2858581), a company incorporated under the laws of Hong Kong
“Vendor” or “Joint Venture Partner”	Mr. Tam Wai Tong, the beneficial owner of 75% 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, 2 December 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 for at least seven days from the date of its publication and on the Company’s website at www.chdev.com.hk.