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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)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**”) of Chi Ho Development Holdings Limited (the “**Company**”) and together with its subsidiaries, collectively the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries for the three months ended 30 June 2023. This announcement, containing the full text of the 2023 first quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany the preliminary announcement of quarterly results.

By order of the Board

**Chi Ho Development Holdings Limited**

**Leung Ka Ho, Raymond**

*Chairman of the Board and Executive Director*

Hong Kong, 10 August 2023

*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, 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.*

*This announcement will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at [www.chdev.com.hk](http://www.chdev.com.hk).*

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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*This report, for which the directors (collectively the “**Directors**” and each the “**Director**”) of Chi Ho Development Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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 (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 report 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 report misleading.*

*This report will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at [www.chdev.com.hk](http://www.chdev.com.hk).*

The board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023, together with the unaudited comparative figures for the corresponding period in 2022, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2023

		<b>Three months ended 30 June</b>	
		<b>2023</b>	2022
		<b>HK\$'000</b>	HK\$'000
	Notes	<b>(Unaudited)</b>	(Unaudited)
<b>Revenue</b>	3	<b>64,358</b>	84,279
Cost of sales		<b>(56,678)</b>	(74,369)
<b>Gross profit</b>		<b>7,680</b>	9,910
Other income		<b>291</b>	74
Administrative expenses		<b>(5,554)</b>	(4,567)
Finance costs		<b>(1,332)</b>	(781)
<b>Profit before taxation</b>		<b>1,085</b>	4,636
Income tax expense	4	<b>(63)</b>	(736)
<b>Profit and total comprehensive income for the period</b>		<b>1,022</b>	3,900
<b>Earnings per share</b>			
— Basic (HK cents)	6	<b>0.13</b>	0.49

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2023

	Share capital	Share premium	Property revaluation reserve	Other reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2023 (audited)	8,000	31,777	2,355	2,200	102,979	147,311
Profit and total comprehensive income for the period	-	-	-	-	1,022	1,022
At 30 June 2023 (unaudited)	8,000	31,777	2,355	2,200	104,001	148,333
At 1 April 2022 (audited)	8,000	33,777	2,355	2,200	89,547	135,879
Profit and total comprehensive income for the period	-	-	-	-	3,900	3,900
At 30 June 2022 (unaudited)	8,000	33,777	2,355	2,200	93,447	139,779



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 October 2016 under the Companies Act (as revised) of the Cayman Islands and its shares (the “**Shares**”) have been listed on GEM of the Stock Exchange since 13 March 2017 (the “**Listing**”). The ultimate and immediate holding companies are two companies namely, Sharp Talent Holdings Limited (“**Sharp Talent**”) and Diamondfield Holdings Limited (“**Diamondfield**”), which are owned by Mr. Leung Ka Ho, Raymond (an executive Director of the Company) and Mr. Ho Chi Kwan (an executive Director of the Company) who are parties acting in concert, respectively. The address of the registered office and principal place of business of the Company are at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Units 901, 902 and 908, 9/F, Magnet Place Tower 1, 77–81 Container Port Road, Kwai Chung, New Territories, Hong Kong, respectively.

The Company acts as an investment holding company. The Company’s subsidiaries are principally engaged in (i) the provision of the construction services (which included new capital works, site formation and geotechnical works, renovation and maintenance works, alteration and addition works and fitting-out works in Hong Kong) to external customers; and (ii) property investment in Hong Kong to earn rental income.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2023 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”).

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the three months ended 30 June 2023 are consistent with those applied in the audited consolidated financial statements for the year ended 31 March 2023.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets at fair value through profit and loss and investment property that are measured at fair values.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgements in the process of applying the Group’s accounting policies.

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

### 3. REVENUE

Revenue represents the fair value of amounts received and receivable by the Group in respect of provision of the construction services (which included new capital works, site formation and geotechnical works, renovation and maintenance works, alteration and addition works and fitting-out works in Hong Kong) to external customers and rental income from property investment in Hong Kong.

For the purposes of resources allocation and performance assessment, the chief operating decision maker, being the executive directors of the Company, reviews the overall results and financial position of the Group as a whole prepared based on the same set of accounting policies. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

1. Construction services — new capital works, site formation and geotechnical works, renovation and maintenance works, alteration and addition works and fitting-out works in Hong Kong
2. Property — property investment in Hong Kong

An analysis of the Group's reportable segment revenue by reportable and operating segment is as follows:

#### For the three months ended 30 June 2023

	Construction services HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Revenue</b>			
Renovation and maintenance works	47,100	–	47,100
Alteration and addition works, and fitting-out works	12,023	–	12,023
Mixed projects ( <i>note</i> )	5,137	–	5,137
Revenue from contracts with customers	64,260	–	64,260
Revenue from property leasing	–	98	98
Total segment revenue	64,260	98	64,358

## For the three months ended 30 June 2022

	Construction services HK\$'000 (Unaudited)	Property HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
<b>Revenue</b>			
Renovation and maintenance works	46,844	–	46,844
Alteration and addition works, and fitting-out works	17,927	–	17,927
Mixed projects ( <i>note</i> )	19,410	–	19,410
Revenue from contracts with customers	84,181	–	84,181
Revenue from property leasing	–	98	98
Total segment revenue	84,181	98	84,279

*Note:* Mixed projects represent the mixture of both renovation and maintenance works and alteration and addition works, and fitting-out works provided in a project.

## 4. INCOME TAX EXPENSE

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Hong Kong Profits Tax		
– Current period	63	736

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both periods.

## 5. DIVIDEND

The Board has resolved not to recommend the payment of interim dividend for the three months ended 30 June 2023 (30 June 2022: nil).

## 6. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
<b>Earnings:</b>		
Earnings for the purpose of basic earnings per share (profit for the period)	1,022	3,900
	'000	'000
<b>Number of Shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000	800,000

No diluted earnings per share for both periods were presented as there were no potential ordinary shares outstanding.





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The total revenue of the Group decreased from approximately HK\$84.3 million for the three months ended 30 June 2022 to approximately HK\$64.4 million for the three months ended 30 June 2023, representing a decrease of approximately HK\$19.9 million, or 23.6%. Such decrease was mainly due to the decrease in revenue from renovation and maintenance works, alteration and addition works (“**RMAA**”) and fitting-out works and mixed projects undertaken by the Group as a result of the strong recovery from the outbreak of the Pandemic in Hong Kong during the three months ended 30 June 2022.

### Cost of Sales

The cost of sales of the Group decreased from approximately HK\$74.4 million for the three months ended 30 June 2022 to approximately HK\$56.7 million for the three months ended 30 June 2023, representing a decrease of approximately HK\$17.7 million, or 23.8%. Such decrease was mainly attributable to the decrease in the subcontracting charges which is driven by the result of decrease in the revenue from RMAA and fitting-out works undertaken by the Group for the three months ended 30 June 2023.

### Gross Profit

The gross profit of the Group decreased by approximately HK\$2.2 million, or 22.2% from approximately HK\$9.9 million for the three months ended 30 June 2022 to approximately HK\$7.7 million for the three months ended 30 June 2023. The decrease was mainly driven by the decrease in revenue for the three months ended 30 June 2023. The overall gross profit margin remained stable at 11.8% and approximately 11.9% for the three months ended 30 June 2022 and 2023 respectively.

## **Other Income**

Other income of the Group amounted to approximately HK\$74,000 for the three months ended 30 June 2022 and approximately HK\$291,000 for the three months ended 30 June 2023. The increase was mainly attributable to the increase in interest income from the loan to a joint venture during the three months ended 30 June 2023.

## **Administrative Expenses**

Administrative expenses of the Group increased by approximately HK\$1.0 million or 21.7% from approximately HK\$4.6 million for the three months ended 30 June 2022 to approximately HK\$5.6 million for the three months ended 30 June 2023. Administrative expenses primarily comprised staff costs, audit fee and other professional fees and depreciation expenses. The increase was mainly attributable to the increase in staff costs.

## **Finance Costs**

Finance costs of the Group increased by approximately HK\$0.5 million or 62.5% from approximately HK\$0.8 million for the three months ended 30 June 2022 to approximately HK\$1.3 million for the three months ended 30 June 2023. The increase was mainly due to the increase in usage of bank loan and factoring loan during the three months ended 30 June 2023.

## **Income Tax Expense**

Income tax expense of the Group decreased by approximately HK\$0.6 million or 85.7% from approximately HK\$0.7 million for the three months ended 30 June 2022 to approximately HK\$0.1 million for the three months ended 30 June 2023. The decrease was mainly due to the decrease in profit before taxation during the three months ended 30 June 2023. Our effective tax rate, which is calculated by dividing income tax expense by profit before taxation, was approximately 5.8% and 15.8% for the three months ended 30 June 2023 and 2022, respectively. The decrease in effective tax rate was mainly due to 8.25% tax rate under two-tiered profits tax rates regime enjoyed by the qualifying group entity for the first HK\$2 million of profits during the three months ended 30 June 2023.

## **Profit and Total Comprehensive Income for the Period**

Profit and total comprehensive income attributable to the owners of the Company decreased by approximately HK\$2.9 million or 74.4% from approximately HK\$3.9 million for the three months ended 30 June 2022 to approximately HK\$1.0 million for the three months ended 30 June 2023.

Such decrease was primarily attributable to the combined effect of (i) the decrease in revenue for the three months ended 30 June 2023; (ii) the decrease in gross profit for the three months ended 30 June 2023; and (iii) the increase in the administrative expenses incurred by the Group for the three months ended 30 June 2023.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the three months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **SIGNIFICANT INVESTMENTS HELD**

Saved for the investment property, the interest in a joint venture for property development (the details of which is set out in the Company's announcements dated 8 August 2022 and 2 December 2022), the financial assets at fair value through profit or loss (the details of which is set out in the Company's announcements dated 20 May 2022 and 2 June 2023) and the Company's investment in various subsidiaries, the Group did not hold any significant investments as at 30 June 2023.

## BUSINESS REVIEW AND OUTLOOK

The Group is an established main contractor for the provision of (i) new capital works; (ii) site formation and geotechnical works; (iii) renovation and maintenance works; (iv) alteration and addition works; and (v) fitting-out works in Hong Kong. As a main contractor, the Group is responsible for the overall management, implementation and supervision of projects. The Group focuses on the management of projects, development of work programmes, procurement of works materials, operation of site works, co-ordination with the customers or their consultants and the environmental, safety and quality control of the works carried by the employees and the subcontractors. In addition, the Group also engages in property development and investment in Hong Kong and earns rental income.

New capital works refers to the development of new infrastructure or assets, encompassing projects such as roads, bridges, gardens, residential housing, commercial structures, and industrial facilities. In respect of renovation and maintenance works, the Group encompasses the general upkeep, restoration and improvement of existing facilities and components of the buildings and their surroundings. As for alteration and addition works and fitting-out works, the Group revolves around the alteration and addition of building layout and structural works and decoration works to the interior spaces to the existing premises.

The Group was in the progress of recovering from the COVID-19 pandemic (“**Pandemic**”) during the period under review. During the period under review, none of the Group’s projects were subject to suspension due to the Pandemic. The Directors will continue to closely monitor the latest development of the Pandemic and assess and respond to its impact on the Group’s results of operations, cash flows and financial condition.



Looking forward, the Directors consider that the future opportunities and challenges facing the Group will continue to be affected by the progress of recovery of Hong Kong from the Pandemic, which in turn affects the development of the construction industry in Hong Kong as well as labour costs and material costs. The Directors are of the view that the number of properties to be built and maintained in Hong Kong remains to be the key driver for the growth of the Hong Kong renovation and maintenance, alteration and addition works and fitting-out sector. With the Group's experienced management team and reputation in the market, the Directors consider that the Group is well-positioned to compete against its competitors under such future challenges that are commonly faced by all competitors, and the Group will continue to strengthen the market position in the industry and expand the market share. In addition, the Group has completed the acquisition of 50% of the issued share capital of Acasa Property Limited ("**Acasa**") and Acasa became a joint venture company owned as to 50% by the Group during 2023. K18 Property Limited, being a wholly owned subsidiary of Acasa, wholly owns a piece of land located in Kimberley Street (the "**Property**"), in which the Group participates in the redevelopment of the Property and the construction of a new building to be erected on the Property. The Board believes that these transactions give an opportunity for the Group to undertake more sizeable construction projects and to broaden the Group's customer base. Going forward, the Group will continue to explore business and investment opportunities to further strengthen the Group's income stream and to enhance the Group in obtaining more sizeable projects. In this regard, the Group may consider whether any acquisitions, business rationalisation, fund raising and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Group.

## DISCLOSURE OF INTERESTS

### A. Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2023, interests or short positions of the Directors, chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### (i) Long Position in the Company's Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Leung Ka Ho, Raymond ("Mr. Leung") (Notes 1 & 2)	Interest in a controlled corporation; interest held jointly with another person	561,860,000 ordinary shares	70.2%
Mr. Ho Chi Kwan ("Mr. Ho") (Notes 1 & 3)	Interest in a controlled corporation; beneficial owner, interest held jointly with another person	561,860,000 ordinary shares	70.2%

#### Notes:

1. On 11 November 2016, Mr. Leung and Mr. Ho entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of the Group and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraphs headed "History, reorganisation and corporate structure – Parties acting in concert" in the Company's prospectus dated 28 February 2017 (the "Prospectus").

2. 561,860,000 Shares in which Mr. Leung is interested consist of (i) 335,890,000 Shares held by Sharp Talent, a company wholly owned by Mr. Leung, in which Mr. Leung is deemed to be interested under the SFO; and (ii) 225,970,000 Shares in which Mr. Leung is deemed to be interested as a result of being a party acting-in-concert with Mr. Ho.
3. 561,860,000 Shares in which Mr. Ho is interested consist of (i) 199,590,000 Shares held by Diamondfield, a company wholly owned by Mr. Ho, in which Mr. Ho is deemed to be interested under the SFO; (ii) 26,380,000 Shares held by Mr. Ho as beneficial owner; and (iii) 335,890,000 Shares in which Mr. Ho is deemed to be interested as a result of being a party acting-in-concert with Mr. Leung.

(ii) *Long position in the ordinary shares of associated corporations*

<b>Name of Directors</b>	<b>Name of associated corporations</b>	<b>Capacity</b>	<b>Number and class of securities</b>	<b>Approximate percentage of shareholding</b>
Mr. Leung	Sharp Talent	Beneficial owner	1 ordinary share	100%
Mr. Ho	Diamondfield	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at 30 June 2023, none of the Directors nor chief executive of the Company has registered an interest or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2023, the interest and short positions of the person (other than the Directors or chief executive of the Company) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Number and class of securities	Long/short position	Approximate percentage of shareholding
Sharp Talent (Note)	Beneficial owner; interest held jointly with another person	561,860,000 ordinary shares	Long	70.2%
Diamondfield (Note)	Beneficial owner; interest held jointly with another person	561,860,000 ordinary shares	Long	70.2%

Note:

On 11 November 2016, Mr. Leung and Mr. Ho entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, among other things, that they are parties acting in concert with each of the members of the Group and continue as at and after the date of the Concert Parties Confirmatory Deed, details of which are set out in the paragraphs headed "History, reorganisation and corporate structure — Parties acting in concert" in the Prospectus. As such, pursuant to the parties acting in concert arrangement, each of the Controlling Shareholders, i.e. Sharp Talent (being wholly owned by Mr. Leung), Mr. Leung, Diamondfield (being wholly owned by Mr. Ho) and Mr. Ho is deemed to be interested in 70.2% of the issued share capital of the Company.

Save as disclosed above, as at 30 June 2023 and so far as is known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.





## COMPETING AND CONFLICTS OF INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the three months ended 30 June 2023.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2023.

## CORPORATE GOVERNANCE CODE

Pursuant to the Code Provision C.2.1 of Part 2 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established.

Mr. Leung Ka Ho, Raymond currently assumes the role of both chairman of the Company and chief executive of the Company. Considering that Mr. Leung Ka Ho, Raymond has been operating and managing the Group since 2002, the Board believes that it is in the best interest of the Group to have Mr. Leung Ka Ho, Raymond taking up both roles for effective management and business development. It provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Leung Ka Ho, Raymond. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Leung Ka Ho, Raymond is the most suitable person to occupy both positions for effective management of the Group. Therefore, the Board considers that the deviation from Code Provision C.2.1 of Part 2 of the CG Code is appropriate in such circumstance.

Save as disclosed above, the Company has complied with the applicable code provisions of the CG Code during the three months ended 30 June 2023.

## DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiries of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the three months ended 30 June 2023.

## DIVIDEND

The Board has resolved not to recommend the payment of interim dividend for the three months ended 30 June 2023.

## SHARE OPTION SCHEME

The share option scheme (the “**Share Option Scheme**”) is a share incentive scheme and is established to recognise and acknowledge the contribution of the Directors and other employees who have made valuable contribution to the Group. The Share Option Scheme of the Company was adopted on 22 February 2017 (the “**Adoption**”). There was no share option or awards granted or agreed to be granted, exercised, cancelled, forfeited or lapsed under the Share Option Scheme for the three months ended 30 June 2023, and there was no outstanding share option under the Share Option Scheme as at 30 June 2023.

## AUDIT COMMITTEE

The Company established an audit committee (“**Audit Committee**”) with its written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to monitor the integrity of the Company’s annual report and interim and quarterly financial reports before submission to the Board. As at the date of this report, the Audit Committee consisted of three members, namely Mr. Yau Sze Yeung, Mr. Leung Hung Kwong, Derrick and Mr. Moy Yee Wo, Matthew, all being independent non-executive Directors. Mr. Yau Sze Yeung currently serves as the chairman of the Audit Committee.

The auditor of the Company has not audited or reviewed the condensed consolidated results of the Group, but the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the three months ended 30 June 2023 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 10 August 2023

*As at the date of this report, 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.*