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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 SUBSCRIPTION OF KEY MAN INSURANCE POLICY

SUBSCRIPTION OF INSURANCE POLICY

The Board announces that on 2 June 2023, an indirect wholly-owned subsidiary of the Company, Fulam Construction Engineering Company Limited, took out the HSBC Life Insurance and placed an initial single premium of US\$1,084,535 (equivalent to approximately HK\$8,459,000) thereunder with HSBC Life.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Subscription are more than 5% but all applicable percentage ratios are less than 25%, the Subscription 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.

SUBSCRIPTION OF INSURANCE POLICY

On 2 June 2023, an indirect wholly-owned subsidiary of the Company, Fulam Construction Engineering Company Limited, took out the HSBC Life Insurance and placed an initial single premium of US\$1,084,535 (equivalent to approximately HK\$8,459,000) thereunder with HSBC Life. The HSBC Life Insurance is a life insurance of Mr. Ho as the insured person and the beneficiary is Fulam Construction Engineering Company Limited.

The major terms of the HSBC Life Insurance are as follows:

Policy effective date	:	5 June 2023
Policyholder/beneficiary	:	Fulam Construction Engineering Company Limited
Insured person	:	Mr. Ho, aged 50
Policy term	:	Whole of life
Premium payment term	:	An initial single premium of US\$1,084,535 (equivalent to approximately HK\$8,459,000) which has been paid by the Policyholder upon taking out of the HSBC Life Insurance by way of cash from the Policyholder.

The amount of premium was agreed between the Policyholder and HSBC Life after arm's length negotiation with reference to, amongst other things, the insured person's age, sex and the sum at risk and amount of death benefit payable to the Policyholder in the event of death of Mr. Ho.

Death benefit	:	US\$3,100,000 (equivalent to approximately HK\$24,180,000)
Guaranteed minimum interest rate for the premium paid under the HSBC Life Insurance	:	(i) 5.25% per annum for the first year from the date of payment of the premium; and (ii) 2% per annum thereafter, subject to the terms and conditions of the HSBC Life Insurance.

In the event that the Policyholder surrenders the HSBC Life Insurance during its policy term, the maximum amount receivable by the Policyholder under the HSBC Life Insurance on a guaranteed basis (after deduction of any surrender and other applicable charges by HSBC Life) is US\$833,875 (equivalent to approximately HK\$6,504,000).

In the event that Mr. Ho resigns from his office as executive Director and is otherwise no longer employed or engaged with the Group in future, the Policyholder may apply for a change of the insured person under the HSBC Life Insurance to, including without limitation, such person of comparable importance to the management of the Group, subject to HSBC Life's discretion.

REASONS FOR THE SUBSCRIPTION

The Board considers that it is currently appropriate to purchase the HSBC Life Insurance in terms of (i) timing to insure against the risk of death of Mr. Ho which pursuant to his position in the Group as executive Director since the Company's successful listing on GEM of the Stock Exchange in March 2017, who is responsible for the overall business strategy, preparing annual budget proposals, and major business decisions of the Group, may have substantial impact to the management of the Group; and (ii) value as the amount of death benefit receivable by the Policyholder in the event of the insured person's death under the HSBC Life Insurance is substantially higher than the premium paid by it. The Board expects that the HSBC Life Insurance may offer timely protection benefit to the Group and confidence to the Group's stakeholders and business partners in the Group's prospect in the unfortunate event of death of the insured person as a key person to the Group's management.

In light of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the HSBC Life Insurance and the transaction contemplated thereunder are fair and reasonable and the entering into of the HSBC Life Insurance is in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE GROUP

The Group is an established main contractor for the provision of renovation and maintenance works, alteration and addition works and fitting-out works, site formation and geotechnical works and new capital works in Hong Kong; and also engaged in property investment in Hong Kong to earn rental income.

INFORMATION ABOUT HSBC LIFE

HSBC Life, a company incorporated in Bermuda with limited liability, is a wholly-owned subsidiary of HSBC Holdings plc, a company listed on the Stock Exchange (Stock Code: 0005), and is one of the HSBC group's insurance underwriting subsidiaries.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HSBC Life and its ultimate beneficial owners are Independent Third Parties.

GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Board”	board of Directors
“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
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a company incorporated in Hong Kong with limited liability
“HSBC Life”	HSBC Life (International) Limited, a company incorporated in Bermuda with limited liability
“HSBC Life Insurance”	a life insurance policy taken out with HSBC Life on 2 June 2023
“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
“Mr. Ho”	Mr. Ho Chi Kwan, executive Director
“percentage ratio(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Policyholder”	Fulam Construction Engineering Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	subscription of the HSBC Life Insurance by the Policyholder
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

For the purpose of this announcement, all figures in HK\$ are calculated based on the exchange rate of approximately US\$1.00 to HK\$7.80 for illustration purpose.

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

Hong Kong, 2 June 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 “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.