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## **Kato (Hong Kong) Holdings Limited**

**嘉濤（香港）控股有限公司**

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

**(Stock Code: 2189)**

### **MAJOR TRANSACTION ACQUISITION OF PROPERTIES**

#### **THE ACQUISITION**

The Board is pleased to announce that on 21 July 2023 (after trading hours), the Purchaser and Mr. Ngai entered into the Provisional Agreement with the Vendor, pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Properties at a consideration of HK\$170 million. The terms of the Provisional Agreement were supplemented by the Side Letter, pursuant to which, among other terms, Mr. Ngai agreed to provide the Personal Guarantee in favour of the Company in connection with all the contractual obligations of the Company under the Provisional Agreement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **EGM**

An EGM will be convened at which the Shareholders will consider and, where appropriate, approve the Provisional Agreement, the Side Letter and the transactions contemplated thereunder. A circular containing, amongst other things, (i) further information of the Provisional Agreement and the Side Letter, and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 11 August 2023.

**Shareholders and potential investors of the Company should note that the Completion of the Acquisition is subject to the fulfilment (or waiver, if applicable), of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## **THE ACQUISITION**

The Board is pleased to announce that on 21 July 2023 (after trading hours), the Vendor and the Purchaser entered into the Provisional Agreement which was supplemented by the Side Letter. The principal terms of the Provisional Agreement and the Side Letter are as follows:

**Date:** 21 July 2023

**Parties:**

- (1) Kato (Hong Kong) Holdings Limited (as the Purchaser);
- (2) Kingdom Mark Limited (as the Vendor); and
- (3) Mr. Ngai Shi Shing Godfrey (as the guarantor).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners (if any) are Independent Third Parties.

**Properties to be acquired:** Department store on Ground Floor of Phase 1 of the Commercial Development and Department Store on Second Floor of Phase 1 of the Commercial Development, Allway Gardens, Nos. 187–195 Tsuen King Circuit, Nos. 2–22 On Yat Street, Tsuen Wan, New Territories, Hong Kong

- Consideration:** The consideration is HK\$170 million, which shall be paid in the following manner:
- (a) HK\$17 million, being the initial deposit, shall be paid on or before 1 August 2023;
  - (b) HK\$17 million, being the further deposit, shall be paid on or before 15 August 2023; and
  - (c) HK\$136 million on or before Completion.

The consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market value of comparable properties available in the vicinity. The full text of the valuation will be contained in the circular to be despatched to the Shareholders.

It is expected that the consideration will be funded by internal resources and banking facilities.

- Conditions Precedent:** Completion is conditional upon the fulfilment of a number of conditions, including but not limited to the following:
- (a) the Provisional Agreement and the transactions contemplated thereunder having been approved by the Shareholders at the extraordinary general meeting of the Company (if necessary);
  - (b) all necessary consents and approval in connection with the Provisional Agreement and the transactions contemplated thereunder having been obtained by the respective parties to the Provisional Agreement; and
  - (c) given that the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rule, the performance of the Provisional Agreement shall comply with all relevant requirements of the Listing Rules.

**Personal Guarantee:** Mr. Ngai unconditionally and irrevocably undertakes to the Vendor that the Purchaser shall fulfill the Conditions Precedent on or before Completion, failing of which Mr. Ngai shall complete the Acquisition in accordance with the terms of the Provisional Agreement.

**Completion:** Subject to satisfaction of the Conditions Precedent, Completion shall take place on or before 6 February 2024 or such other date as agreed by the Purchaser and the Vendor in writing.

## **REASONS FOR THE ACQUISITION**

As at the date of this announcement, the Properties are being rented to an Independent Third Party for the operation of an elderly home. The rental period of the existing lease is from 1 July 2018 to 30 June 2031. The Company intends to continue to rent the Properties to such tenant until the expiration of rental period. As such, upon Completion, the Acquisition will contribute rental income to the Group which will have a positive effect on the earnings of the Group.

Taking into account the above factors, the Directors consider that the terms of the Provisional Agreement and the Side Letter (including the consideration) are on normal commercial terms, fair and reasonable and the Acquisition is in the interests of the Shareholders and the Company as a whole.

## **INFORMATION OF THE PARTIES**

### **The Group and the Purchaser**

The Group is an established operator of residential care homes for the elderly in Hong Kong offering a wide range of residential care services for the elderly including (i) the provision of accommodation, professional nursing and care-taking services, nutritional management, medical services, physiotherapy and occupational therapy services, psychological and social care services, individual care plans and recreational services; and (ii) the sale of healthcare and medical goods and the provision of add-on healthcare services to the residents.

The Purchaser, which is the Company, is a company engaged in investment holding.

### **The Vendor**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Vendor and its ultimate beneficial owners are Independent Third Parties; and (ii) the Vendor is a company incorporated in Hong Kong with limited liability, and is principally engaged in properties investment.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Ngai is an executive Director and a controlling shareholder of the Company, who is interested in 62.4% of the issued Shares. Mr. Ngai is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Thus, the provision of the Personal Guarantee constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Given that the Board considers the terms of the Personal Guarantee is on normal commercial terms or better and the provision of such guarantee is not secured by the assets of the Group, the provision of the Personal Guarantee is fully exempted from reporting, announcement and the independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## EGM

An EGM will be convened at which the Shareholders will consider and, where appropriate, approve the Provisional Agreement, the Side Letter and the transactions contemplated thereunder.

Mr. Ngai and his associates shall abstain from voting on the resolutions in respect of the Provisional Agreement and the Side Letter at the EGM. To the best of knowledge, information and belief of the Directors, as at the date of this announcement, save for Mr. Ngai and his associates, none of the Shareholders has a material interest in the Acquisition and is required to abstain from voting on the resolutions in respect of the Provisional Agreement and the Side Letter at the EGM.

A circular containing, amongst other things, (i) further information of the Provisional Agreement and the Side Letter, and (ii) the notice of the EGM, is expected to be despatched to the Shareholders on or before 11 August 2023.

**Shareholders and potential investors of the Company should note that the Completion of the Acquisition is subject to the fulfilment (or waiver, if applicable), of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“associate”	has the meaning ascribed to it under the Listing Rules
“Acquisition”	the acquisition of the Properties pursuant to the Provisional Agreement
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company” or “Purchaser”	Kato (Hong Kong) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange (stock code: 2189)
“Completion”	completion of the Acquisition pursuant to the Provisional Agreement, which shall take place at or before on or before 6 February 2024 or such other date as agreed by the Vendor and the Purchaser in writing
“Conditions Precedent”	the conditions precedents to the Completion
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve the Provisional Agreement, the Side Letter and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected to the Company and any of its connected persons or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Ngai”	Mr. Ngai Shi Shing Godfrey, an executive Director and a controlling shareholder of the Company
“Personal Guarantee”	the personal guarantee(s) provided by Mr. Ngai to the Vendor in favour of the Company in connection with all the contractual obligations of the Company under the Provisional Agreement
“Properties”	Department store on Ground Floor of Phase 1 of the Commercial Development and Department Store on Second Floor of Phase 1 of the Commercial Development, Allway Gardens, Nos. 187–195 Tsuen King Circuit, Nos. 2–22 On Yat Street, Tsuen Wan, New Territories, Hong Kong
“Provisional Agreement”	the provisional agreement dated 21 July 2023 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Properties
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Side Letter”	the side letter dated 21 July 2023 entered into among the Vendor, the Purchaser and Mr. Ngai in connection with the Provisional Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Kingdom Mark Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“%”	per cent

By order of the Board  
**Kato (Hong Kong) Holdings Limited**  
**Ngai Shi Shing, Godfrey**  
*Chairman and Executive Director*

Hong Kong, 21 July 2023

*As at the date of this announcement, the executive Directors are Ms. Ngai Ka Yee and Mr. Ngai Shi Shing Godfrey; and the independent non-executive Directors are Mr. Or Kevin, Mr. Wong Vinci, Ms. Wu Wing Fong and Ms. Lo Ning.*