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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)**

### **CONNECTED TRANSACTION A&A WORKS ON THE COMMERCIAL COMPLEX**

#### **THE A&A WORKS CONTRACT**

On 21 April 2022, Kato Elderly, an indirect wholly-owned subsidiary of the Company, entered into the A&A Works Contract with Global Crown, pursuant to which Global Crown agreed to carry out, be responsible for and complete the A&A Works on the Commercial Complex.

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

Mr. Poon is a connected person of the Company by virtue of being a former non-executive Director in the last 12 months. As at the date of this announcement, Global Crown is an indirect wholly-owned subsidiary of KNK Holdings. To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, KNK Holdings is owned as to 46.6% by Mr. Poon. Global Crown is therefore an associate of Mr. Poon. Accordingly, the transaction contemplated under the A&A Works Contract constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio (other than the profits ratio) in respect of the transaction contemplated under the A&A Works Contract is more than 0.1% but less than 5%, the transaction contemplated under the A&A Works Contract is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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Principal terms of the A&A Works Contracts are summarised as follows:

<b>Date</b>	:	21 April 2022
<b>Parties</b>	:	(i) Kato Elderly as principal (ii) Global Crown as main contractor
<b>Subject matter</b>	:	Global Crown has agreed to carry out, be responsible for and complete the A&A Works on the Commercial Complex pursuant to the terms of the A&A Works Contract
<b>Contract sum</b>	:	HK\$18,000,000, being the total contract sum payable by Kato Elderly to Global Crown pursuant to the A&A Works Contract.

The Contract Sum was determined after arm's length negotiations with Global Crown and was based on normal commercial terms with reference to the expertise, experience and market position of Global Crown, and the complexity, design, quality and quantity of the A&A Works.

The Contract Sum under the A&A Works Contract are expected to be funded by internal resources of the Group.

<b>Payment terms</b>	:	HK\$5,400,000, being 30% of the total Contract Sum, will be paid by Kato Elderly to Global Crown upon signing of the A&A Works Contract. HK\$11,700,000, being 65% of the total Contract Sum, will be paid based on the monthly progress of the A&A Works. The remaining HK\$900,000, being 5% of the total Contract Sum, will be paid no later than two months upon completion of the A&A Works.
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## **REASONS FOR AND BENEFITS OF ENTERING INTO THE A&A WORKS CONTRACT**

On 26 February 2021, the Group completed the acquisition of the Commercial Complex. The Group intends to carry out the A&A Works on the entire Commercial Complex so as to establish a new care and attention home at the Commercial Complex, restructure the existing shops at the Commercial Complex for letting and renovate the public area. Substantial renovation is required to be made on the Commercial Complex so that the Commercial Complex would be suitable for becoming a care and attention home.

The Company has obtained several quotations from other independent contractors in relation to the A&A Works and after considering the experience, capability, business reputation and quotations of the contractors, the Company decided to engage Global Crown as the contractor for the A&A Works.

Global Crown has substantial experience and a proven track record in building construction. It is therefore in the interest of the Group to leverage on the expertise of Global Crown to carry out, be responsible for and complete the A&A Works.

The Board considers (including the independent non-executive Directors) that the terms under the A&A Works Contract are fair and reasonable and the transaction contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Group and its Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Group and Kato Elderly**

The Group is an established operator of residential care homes for the elderly in Hong Kong offering a wide range of residential care and day 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; (ii) the sale of healthcare and medical goods and the provision of add-on healthcare services to the residents; and (iii) provision of elderly community care services. Kato Elderly, which is an indirect wholly-owned subsidiary of the Company, is engaged in investment holding.

## **Global Crown**

Global Crown is a company incorporated in Hong Kong with limited liability and is principally engaged in provision of comprehensive architectural and structural engineering consultancy services in Hong Kong. Global Crown is an indirect wholly-owned subsidiary of KNK Holdings. To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, KNK Holdings is owned as to 46.6% by Mr. Poon, who is a former non-executive Director in the last 12 months, and the authorized person of K & K Chartered Architect & Associates.

## **IMPLICATIONS UNDER THE LISTING RULES**

Mr. Poon is a connected person of the Company by virtue of being a former non-executive Director in the last 12 months. As at the date of this announcement, Global Crown is an indirect wholly-owned subsidiary of KNK Holdings. To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, KNK Holdings is owned as to 46.6% by Mr. Poon. Global Crown is therefore an associate of Mr. Poon. Accordingly, the transaction contemplated under the A&A Works Contract constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio (other than the profits ratio) in respect of the transaction contemplated under the A&A Works Contract is more than 0.1% but less than 5%, the transaction contemplated under the A&A Works Contract is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save as disclosed, no other Director has a material interest in the transaction contemplated under the A&A Works Contract or is required to abstain from voting on the Board resolution for considering and approving the same.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“A&A Works”	alteration and addition works on the Commercial Complex, including but not limited to (i) removing the internal wall partitions, fitment, fixtures; (ii) removing the walls, columns, floors and ceiling finishes; (iii) providing plinths, structural bases and the like for the builder’s works; (iv) installing high steel railings, self-closing timber doors, leaf doors and windows; (v) erecting staircases, light weight concrete block wall partitions and weatherproof light weight partitions; and (vi) forming ramps
“A&A Works Contract”	the contract dated 21 April 2022 entered into between Kato Elderly and Global Crown in relation to the A&A Works
“Board”	the board of Directors
“Commercial Complex”	G/F, 1/F & R/F, Hing Tin Commercial Centre Complex, Hing Tin Estate, 8 Lin Tak Road, Lam Tin, Kowloon, Hong Kong
“Company”	Kato (Hong Kong) Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2189)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contract Sum”	HK\$18,000,000, being the total contract sum payable by Kato Elderly to Global Crown in relation to the A&A Works
“Director(s)”	the director(s) of the Company
“Global Crown”	Global Crown Limited, a company incorporated in Hong Kong with limited liability, which is indirectly wholly-owned by KNK Holdings
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kato Elderly”	Kato Elderly Care Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Group
“KNK Holdings”	KNK Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (stock code: 8039)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Poon”	Mr. Poon Kai Kit Joe, a former non-executive Director of the Company who resigned on 21 April 2022
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 21 April 2022

*As at the date of this announcement, the executive Directors are Ms. Ngai Ka Yee and Mr. Ngai Shi Shing Godfrey; the non-executive Director is Mr. Cheng Man Tak Richard; and the independent non-executive Directors are Ms. Chiu Lai Kuen Susanna, Mr. Or Kevin and Mr. Wong Vinci.*