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## **POKFULAM DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 225)**

### **CONNECTED TRANSACTION IN RELATION TO ENTERING INTO CONSTRUCTION CONTRACT**

On 15 December 2022, Pokfulam Property, a wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which, Pokfulam Property engaged the Contractor to perform certain renovation works for the Property at a Contract Sum of HK\$4,688,100.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Contractor is beneficially owned by the Executive Directors in equal shares. Accordingly, the Contractor is an associate of the Executive Directors and a connected person of the Company pursuant to Chapter 14A of the Listing Rules and, therefore, the transaction contemplated under the Construction Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Construction Contract is more than 0.1% but less than 5%, the Construction Contract is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

#### **CONSTRUCTION CONTRACT**

##### **Date**

15 December 2022

##### **Parties**

- (1) Pokfulam Property, as customer
- (2) The Contractor, as contractor

## **Subject matter**

Pokfulam Property, a wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor, pursuant to which, Pokfulam Property engaged the Contractor to perform certain renovation works, namely improvement works for the Fire Safety Direction issued by Hong Kong Buildings Department, for the Property.

## **Contract Period**

The renovation works are divided into three (3) phases and each phase of the renovation works shall be completed within 120 calendar days from its respective date of commencement. First phase, second phase and third phase of the renovation works shall commence in December 2022, April 2023 and April 2024, respectively.

## **Contract Sum**

HK\$4,688,100 (being the Contractor's tendered contract sum)

## **Payment terms**

Payment of the Contract Sum shall be made by way of stage payment each time a stage of work is completed in accordance with the terms of the Construction Contract. 95% of the amount of the contract sum for each stage shall be paid to the Contractor within 30 days after the presentation of an itemised invoice by the Contractor. The remaining 5% shall be paid within 30 days after the end of the 12-month defect liability period after completion.

The Contract Sum is expected to be paid by Pokfulam Property using the Group's internal resources.

## **Liquidated damages**

The Contractor shall pay an amount of HK\$5,000 per day to Pokfulam Property for any delay to the completion of works in each phase.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Property is owned by Metrocenter (a wholly-owned subsidiary of the Company) partially and a company which is owned as to 50% by the Executive Directors and is a connected person of the Company. It is intended that certain renovation works shall be carried out to enhance the fire safety design of the Property (including its common areas) in accordance with the Fire Safety Direction issued by Hong Kong Buildings Department. Pokfulam Property has obtained authorisation from Metrocenter and the other owner of the Property for entering into the Construction Contract.

## **INFORMATION ON THE GROUP AND THE CONTRACTOR**

The Group is principally engaged in property investment and management, property development, trading of visual and sound equipment, and home appliances, security trading and investment holding, mainly focusing in Hong Kong.

The Contractor is principally engaged in building construction and refurbishment services in Hong Kong, and is beneficially owned by the Executive Directors in equal shares. The Contractor was selected to perform renovation works for the Property through a tender process on an invitation basis and recommended by the Agent having regard to the Contractor's tendered contract sum by reference to the scope of work, previous experience of the Contractor and its staff in similar works, its technical expertise, size and reputation.

The Directors (including the independent non-executive Directors) consider that terms of the Construction Contract (including the Contract Sum) 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 that entering into the Construction Contract is in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, the Contractor is beneficially owned by the Executive Directors in equal shares. Accordingly, the Contractor is an associate of the Executive Directors and a connected person of the Company pursuant to Chapter 14A of the Listing Rules and, therefore, the transaction contemplated under the Construction Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Construction Contract is more than 0.1% but less than 5%, the Construction Contract is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

## **BOARD'S APPROVAL**

The Construction Contract was approved by the Board. In view of their interests in the Contractor, each of the Executive Directors is considered to have a material interest in the Construction Contract and therefore they abstained from voting at the meeting of the Board convened for considering and approving the Construction Contract.

## DEFINITIONS

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

“Agent”	an Independent Third Party appointed for the tender in relation to the Construction Contract;
“Board”	the board of Directors;
“Company”	Pokfulam Development Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 225);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Construction Contract”	the construction contract dated 15 December 2022 entered into between Pokfulam Property (as customer) and the Contractor (as contractor) for certain renovation works to the Property;
“Contract Sum”	the contract sum of HK\$4,688,100, payable by Pokfulam Property to the Contractor under the Construction Contract;
“Contractor”	B. L. Wong & Co., Ltd., a company incorporated in Hong Kong with limited liability;
“Directors”	the directors of the Company;
“Executive Directors”	Mr. Wong Tat Chang, Abraham, Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel, who are brothers. All of them are executive Directors;
“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”	a person who is, and the ultimate beneficial owner(s) of such person is/are also, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and its connected persons;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Metrocenter”	Metrocenter Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Pokfulam Property”	Pokfulam Property Management Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“Property”	an industrial building situated at No. 1163 Canton Road, No. 5B Arran Street, Kowloon, Hong Kong;
“Shareholder(s)”	holder(s) of shares in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board  
**Pokfulam Development Company Limited**  
**Wong Tat Chang, Abraham**  
*Chairman, Managing Director and Executive Director*

Hong Kong, 15 December 2022

*As at the date of this announcement, the Board comprises Mr. Wong Tat Chang, Abraham (Chairman and Managing Director), Mr. Wong Tat Kee, David and Mr. Wong Tat Sum, Samuel as executive Directors, and Mr. Li Kwok Sing, Aubrey, Mr. Sit Hoi Wah, Kenneth and Mr. Seto Gin Chung, John as independent non-executive Directors.*