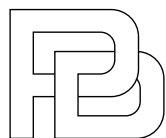


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## **POKFULAM DEVELOPMENT COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 225)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTY**

#### **THE PROPOSED ACQUISITION**

The Board announces that on 29 December 2021 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor, an independent third party, entered into the Provisional Agreement pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Property at a Consideration of HK\$288,000,000. Completion shall take place on or before 28 February 2022.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement thereunder. The leaseback arrangement of the Property does not constitute a notifiable transaction.

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#### **THE PROVISIONAL AGREEMENT**

The principal terms of the Provisional Agreement are summarised as follows:

**Date:** 29 December 2021

**Vendor:** Star China Development Limited, an independent third party

**Purchaser:** Metrocenter Holdings Limited, a wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third party independent of and not connected with the Company and/or any of its connected persons.

### **Property to be acquired**

Pursuant to the Provisional Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Property at 1/F, 2/F, 3/F, 4/F, 5/F, 6/F, 7/F, 8/F, 9/F and Flat Roof, China Paint Building, No. 1163 Canton Road, No. 5B Arran Street, Kowloon, Hong Kong with a total saleable floor area of approximately 55,258 square feet.

### **Consideration**

Pursuant to the Provisional Agreement, the Consideration shall be HK\$288,000,000 payable in cash by the Purchaser to the Vendor in the following manner:

- (i) the initial deposit of HK\$8,000,000 was paid upon signing of the Provisional Agreement;
- (ii) the further deposit of HK\$35,200,000 shall be payable on or before 7 January 2022; and
- (iii) the balance of the Consideration of HK\$244,800,000 shall be payable on or before 28 February 2022 as at Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to the prevailing market value of comparable properties in nearby locations. The payment of the Consideration will be financed by internal resources of the Group.

### **Formal Agreement**

Pursuant to the Provisional Agreement, the Purchaser and the Vendor shall negotiate in good faith and enter into the Formal Agreement reflecting the terms and conditions of the Provisional Agreement on or before 7 January 2022. Prior to entering into the Formal Agreement, the Provisional Agreement shall remain valid and in full force and effect.

### **Completion**

Completion shall take place on or before 28 February 2022.

## **Leaseback arrangement**

Upon Completion, the Purchaser shall enter into lease agreements with the Vendor pursuant to which the Purchaser agreed to lease the Property (except for 1/F) to the Vendor for a term of two years from the date of Completion at a monthly rental of HK\$560,000 (exclusive of government rent and rates, management fees).

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Directors consider that the Proposed Acquisition is a good medium to long-term investment for the Company given the current state of the property market in Hong Kong. The Property is situated at one of the prime areas in Hong Kong. In view of the current market value of the Property in comparison with the prevailing market value of other properties of similar nature in the nearby locations, as well as the current property market conditions in Hong Kong and its outlook in the near future, the Directors consider this is a good opportunity to acquire the Property and are optimistic that there will be good potential for capital appreciation in the medium to long-run. As such, the Directors believe that the Proposed Acquisition will be a good investment opportunity that will offer a reasonably attractive rate of return for the Company.

Having considered that the Provisional Agreement was entered into on normal commercial terms and in view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional Agreement are fair and reasonable and the Proposed Acquisition is in the interests of the Company and its Shareholders as a whole.

## **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in Hong Kong with limited liability and its principal activity is property investment. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor is an independent third party.

## **INFORMATION ON THE GROUP AND THE PURCHASER**

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 Purchaser is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in respect of the Proposed Acquisition exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement thereunder. The leaseback arrangement of the Property does not constitute a notifiable transaction.

## DEFINITIONS

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

“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)
“Completion”	completion of the Proposed Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the amount of HK\$288,000,000 to be paid by the Purchaser to the Vendor in respect of the Proposed Acquisition
“Directors”	the director(s) of the Company
“Formal Agreement”	the formal sale and purchase agreement to be entered into between the Purchaser and the Vendor in respect of the Proposed Acquisition on or before 7 January 2022
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Property”	the property situated at 1/F, 2/F, 3/F, 4/F, 5/F, 6/F, 7/F, 8/F, 9/F and Flat Roof, China Paint Building, No. 1163 Canton Road, No. 5B Arran Street, Kowloon, Hong Kong
“Proposed Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms of the Provisional Agreement
“Provisional Agreement”	the provisional sale and purchase agreement dated 29 December 2021 entered into between the Purchaser and the Vendor in respect of the Proposed Acquisition
“Purchaser”	Metrocenter Holdings Limited (城富置業有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Star China Development Limited (星粵發展有限公司), a company incorporated in Hong Kong with limited liability
“%”	per cent

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

Hong Kong, 29 December 2021

*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.*