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PACIFIC CENTURY PREMIUM DEVELOPMENTS LIMITED

盈科大衍地產發展有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00432)

CONTINUING CONNECTED TRANSACTIONS SERVICE AGREEMENTS

Reference is made to the Company's announcement dated 16 March 2018 in relation to, amongst other things, the Existing Phase 1A Development Management Agreement in relation to the Project. The Existing Phase 1A Development Management Agreement expired on 29 April 2021.

The Board is pleased to announce that, on 10 December 2021, the Group has entered into the Service Agreements with various associates (as defined under the Listing Rules) of Dr Zeman, the Company's non-executive Director, in relation to the Project.

As each of Andaman Property, LKF Xcite, Paradise Luxury and Andara Resort is an associate (as defined under the Listing Rules) of Dr Zeman, each of Andaman Property, LKF Xcite, Paradise Luxury and Andara Resort is also a connected person of the Company within the meaning of Rule 14A.06 of the Listing Rules. Accordingly, the transactions contemplated under the Service Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Service Agreements all relate to the Project and are entered into with entities which are associates of the same connected person, Dr Zeman, and all the Service Agreements will be carried out on a continuing basis over a period of time, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Aggregated Annual Caps of the Service Agreements exceed 0.1% but are less than 5%, such transactions are subject to the announcement and annual reporting requirements but are exempt from the Shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

Reference is made to the Company's announcement dated 16 March 2018 in relation to, amongst other things, the Existing Phase 1A Development Management Agreement in relation to the Project. The Existing Phase 1A Development Management Agreement expired on 29 April 2021.

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THE SERVICE AGREEMENTS

The principal terms of each agreement are summarised below:

1. Renewal Phase 1A Development Management Agreement

- Date:** 10 December 2021
- Parties:** 1) Pinetree Residence; and
2) Andaman Property, as development manager
- Term:** Term of three years commencing from 30 April 2021 to 29 April 2024
- Services provided:** Pinetree Residence shall engage Andaman Property as the development manager of the Phase 1A Development and the development of the Phase 1A Associated Facilities, which services shall include construction management, design services and quantity surveying (the “**Development Management Services**”).
- Fees:** THB53,593,045 (equivalent to approximately HK\$12,358,556), including VAT. Such fees are determined based on the original fee for those uncompleted services under the Existing Phase 1A Development Management Agreement (which was not paid under the Existing Phase 1A Development Management Agreement) and additional fees for the extended term of the Phase 1A Development. The fees will be payable by Pinetree Residence according to the stage of development of the Phase 1A Development and the Phase 1A Associated Facilities.

2. Marketing Agency Agreement

- Date:** 10 December 2021
- Parties:** 1) Pinetree Residence; and
2) LKF Xcite, as agent
- Term:** Term of three years commencing from 1 March 2021 to 29 February 2024
- Services provided:** LKF Xcite shall act as the agent of Pinetree Residence to provide brand services, marketing communication services, creative services, account servicing and project management in relation to the sale of properties of the Project (the “**Marketing Agency Services**”).
- Fees:** Pinetree Residence shall pay LKF Xcite a fixed fee of HK\$100,000 per month plus VAT, payable in equal monthly instalments. LKF Xcite may charge Pinetree Residence for reimbursement of reasonable travel expenses incurred with Pinetree Residence’s prior approval.

3. Sales Agency Agreement

- Date:** 10 December 2021
- Parties:** 1) Pinetree Residence; and
2) Paradise Luxury, as agent
- Term:** Term of three years commencing from 10 December 2021 to 9 December 2024

Services provided: Paradise Luxury shall provide agency services to Pinetree Residence for sales and marketing of the Sale Properties. Such agency services include (but are not limited to) advising on the sale and marketing scheme for the sale of Sale Properties under the Project, liaising with potential purchasers to introduce and present the Sale Properties to the potential purchasers, providing information to potential purchasers on the acquisition structure and definitive agreements, conducting the reservation process, and procuring and arranging the potential purchasers for execution and signing of definitive agreements (the “**Sales Agency Services**”).

Fees: Pinetree Residence shall pay Paradise Luxury a fee of 5% of the Net Purchase Price actually received by Pinetree Residence from Introduced Clients during the term of the Sales Agency Agreement in consideration of sale of a Sale Property, exclusive of VAT but subject to withholding tax or other taxes levied which may be imposed upon the payment of such fee.

Such fee shall only be payable to Paradise Luxury provided that the Introduced Client fully complies with the definitive agreements for the sale of a Sale Property and duly makes the payments thereunder.

4. Property Management Agreement

Date: 10 December 2021

Parties: 1) Aquella Property Management; and
2) Andara Resort, as manager

Term: Term of 32 months commencing from 1 May 2021 to 31 December 2022, and which shall be automatically renewed for another one year upon 31 December 2022

Services provided: Andara Resort shall provide property management services to Aquella Property Management for certain areas within the Project (the “**Service Area**”).

During the Pre-Opening and Opening Period, such property management services shall include (but are not limited to) inspection and supervision of the Service Area, provision of trainings, planning and administration of pre-opening preparations, preparation of relevant plans and budgets and projects, and advice and implementation of relevant financial policies and payment procedures.

During the Management Period, such property management services shall include (but are not limited to) provision of cleaning, landscaping, security and certain repair and maintenance services for the Service Area, preparation of relevant financial and operational forecasts, and advice and implementation of relevant financial policies and payment procedures (the “**Property Management Services**”).

Fees: During the Pre-Opening and Opening Period, Aquella Property Management shall pay Andara Resort a monthly fee which represents the Executive Team Fee and 15% of the Operating Expenses, and the Payroll Expenses (if any).

During the Management Period, Aquella Property Management shall pay Andara Resort a fee which represents the Managerial Remuneration and the Payroll Expenses. In the event of Managerial Remuneration payable to Andara Resort during the Management Period does not reach THB 1,200,000 million (equivalent to approximately HK\$276,720), Aquella Property Management shall pay the difference as Executive Team Fee. For the avoidance of doubt, the Managerial Remuneration plus the Executive Team Fee payable to the Andara Resort during the Management Period shall not exceed THB 1,200,000 (equivalent to approximately HK\$276,720), VAT included. Such fee shall be paid by Aquella Property Management monthly.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

Historical transaction amounts

The table below summarizes the actual transaction amounts of the relevant fees (including VAT) under the Existing Phase 1A Development Management Agreement:

	Actual Transaction Amount <i>(HK\$'000, rounded to the nearest thousand)</i> Financial year ended 31 December		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Existing Phase 1A Development Management Agreement	6,637	12,264	8,971

The Company confirms that the annual caps for transaction amounts with Andaman Property under the Existing Phase 1A Development Management Agreement for the financial years ended 31 December 2018, 2019 and 2020 as set out in the Company's announcement dated 16 March 2018 were not exceeded.

Annual caps

As the transactions contemplated under the Service Agreements all relate to the Project and are entered into with entities which are associates of the same connected person, Dr Zeman, and all the Service Agreements will be carried out on a continuing basis over a period of time, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

The Company estimates that the maximum aggregate amounts payable by the Group to Andaman Property, LKF Xcite, Paradise Luxury and Andara Resort under the Service Agreements will not exceed the Aggregated Annual Caps below, assuming that the Property Management Agreement will be automatically renewed for the year ending 31 December 2023 on the same terms:

	Annual Cap <i>(HK\$'000)</i> Financial year ending 31 December			
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Renewal Phase 1A Development Management Agreement	2,850	3,000	2,850	2,850
Marketing Agency Agreement	1,200	1,500	1,500	250
Sales Agency Agreement	-	750	750	750
Property Management Agreement	500	750	900	-
Aggregated Annual Cap	4,550	6,000	6,000	3,850

Note: Each of the Service Agreements has a term of not more than three years as per the terms thereunder.

The annual cap is based on the estimated highest single year fee payable by the Group under each of the Service Agreements, and taking into account (i) in respect of the Renewal Phase 1A Development Management Agreement, milestone payments against the estimated development schedule; (ii) in respect of the Marketing Agency Agreement, the fixed fees agreed; (iii) in respect of the Sales Agency Agreement, the estimated Net Purchase Price based on the selling price of the Sale Properties under the Project, estimated expenses to be

incurred in connection with such sale of Sale Properties, and the estimated number of Introduced Clients that may be introduced by Paradise Luxury; (iv) in respect of the Property Management Agreement, for the Pre-Opening and Opening Period, the agreed amount of Executive Team Fee and estimated Operating Expenses and Payroll Expenses according to the development plan; and for the Management Period, the agreed expense cap and estimated Payroll Expenses; (v) VAT of 7% to be borne by the Group under all Service Agreements; and (vi) reasonable buffer.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As mentioned above, the Service Agreements will be entered into with associates (as defined under the Listing Rules) of Dr Zeman, the Company's non-executive director. Dr Zeman (and his associates) has extensive experience in property development, in particular the design, development, marketing and sale of residential properties and resorts in Phuket, Thailand. In particular, Andaman Property has participated in the design and development of Andara Resort & Villas and Andara Signature Resort Villas in Phuket, Thailand. The Service Agreements would allow the Company to benefit from Dr Zeman's abundant local resources and experience in the Thai property development and hospitality market. Moreover, various associates of Dr Zeman are already involved in the Project which commenced development in 2018. Andaman Property has been acting as the development manager for the Phase 1A Development and development of the Phase 1A Associated Facilities under the Existing Phase 1A Development Management Agreement. It is beneficial for the Project to continue the engagement of Andaman Property as the development manager for the provision of Development Management Services for the Phase 1A Development, as well as engagement of Dr Zeman's other associates to provide the relevant Marketing Agency Services, Sales Agency Services and Property Management Services for the Project during and upon completion of development of the Project.

None of the other Directors has any material interest in the Service Agreements or the transactions contemplated thereunder, except Dr Zeman who has abstained from voting on the relevant resolution of the Board approving each of the Service Agreements and the transactions contemplated thereunder.

As the principal business of the Group is property development and management, the Directors (including the independent non-executive Directors but excluding Dr Zeman) consider that the transactions contemplated under the Service Agreements have been entered into in the usual and ordinary course of business of the Group. They also consider that each of the Service Agreements has been negotiated and conducted on an arm's length basis between the parties and is on normal commercial terms. The Directors (including the independent non-executive Directors but excluding Dr Zeman) are of the view that the terms of each of the Service Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Service Agreements and the transactions contemplated thereunder have been approved by the Board.

LISTING RULES IMPLICATIONS

As each of Andaman Property, LKF Xcite, Paradise Luxury and Andara Resort is an associate (as defined under the Listing Rules) of Dr Zeman, each of Andaman Property, LKF Xcite, Paradise Luxury and Andara Resort is also a connected person of the Company within the meaning of Rule 14A.06 of the Listing Rules. Accordingly, the transactions contemplated under the Service Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Service Agreements all relate to the Project and are entered into with entities which are associates of the same connected person, Dr Zeman, and all the Service Agreements will be carried out on a continuing basis over a period of time, the annual caps of all such continuing connected transactions are aggregated in accordance with Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Aggregated Annual Caps of the Service Agreements exceed 0.1% but are less than 5%, such transactions are subject to the announcement and annual reporting requirements but are exempt from the Shareholders' approval and circular requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Pinetree Residence is principally engaged in property development, it is a limited company incorporated in Thailand and is a subsidiary of the Company as at the date of this announcement. Aquella Property Management is principally engaged in property management, it is a limited company incorporated in Thailand and is a subsidiary of the Company as at the date of this announcement.

Andaman Property is an associate (as defined under the Listing Rules) of Dr Zeman, and is engaged in consulting and management of real estate development, including the design and development of Andara Resort & Villas and Andara Signature Resort Villas, which is located by the west coast of Phuket, Thailand. Andara Resort & Villas is a boutique hotel offering luxury villas and suites of various sizes in serene surroundings with extensive views of the Andaman Sea. LKF Xcite is an associate (as defined under the Listing Rules) of Dr Zeman, and is engaged in the business of marketing and event consulting. Paradise Luxury is an associate (as defined under the Listing Rules) of Dr Zeman, and is engaged in sales agency, leasing and consulting of real estate business. Andara Resort is an associate (as defined under the Listing Rules) of Dr Zeman, and is engaged in management of real estate project, hotels, residential villas and condominium.

Dr Zeman is a non-executive director of the Company and, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for his indirect beneficial interest in approximately 9.99% of the issued share capital of Easy Treasure Limited (a subsidiary of the Company), Dr Zeman does not as at the date of this announcement hold any shares in the Group. Dr Zeman's principal business is the Lan Kwai Fong Group, which engages in various businesses including property portfolio management, development and operation, food and beverage concepts, film production and distribution, media, entertainment and lifestyle businesses, themed attractions and private equity investments.

DEFINITIONS

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

“Aggregated Annual Caps”	the maximum aggregate annual amounts payable by the Group to associates of Dr Zeman pursuant to the Service Agreements for each of the four financial years ending 31 December 2024
“Andaman Property”	Andaman Property Development Co., Ltd., a limited company incorporated in Thailand and an associate (as defined under the Listing Rules) of Dr Zeman
“Andara Resort”	Andara Resort and Villas Co., Ltd., a limited company incorporated in Thailand and an associate (as defined under the Listing Rules) of Dr Zeman
“Aquella Property Management”	Aquella Property Management Co., Ltd., a limited company incorporated in Thailand and an indirect non-wholly owned subsidiary of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Pacific Century Premium Developments Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00432)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Development Management Services”	has the meaning ascribed to it in the section headed “The Service Agreements – 1. Renewal Phase 1A Development Management Agreement – Services provided” in this announcement
“Director(s)”	director(s) of the Company
“Dr Zeman”	Dr Allan Zeman, a non-executive director of the Company
“Executive Team Fee”	the monthly fee payable to Andara Resort for the executive team support during the Pre-Opening and Opening Period and the Management Period
“Existing Phase 1A Development Management Agreement”	the agreement entered into between Pinetree Residence and Andaman Property dated 30 April 2018 for, amongst others, the appointment of Andaman Property as the development manager of the Phase 1A Development and development of the Phase 1A Associated Facilities (excluding the golf course upgrade), which services shall include construction management, design services and quantity surveying
“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
“Introduced Client(s)”	client(s) introduced by Paradise Luxury and whom Pinetree Residence and Paradise Luxury have signed a referral form for, and has executed the definitive agreements for the sale and purchase of a Sale Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LKF Xcite”	LKF Xcite Limited, a company incorporated in Hong Kong with limited liability and is wholly-owned by Dr Zeman, hence it is an associate (as defined under the Listing Rules) of Dr Zeman
“Management Period”	1 January 2022 to 31 December 2022
“Managerial Remuneration”	15% of the total monthly Operating Expenses
“Marketing Agency Agreement”	the marketing agency agreement entered into between Pinetree Residence and LKF Xcite on 10 December 2021 for engaging LKF Xcite for Marketing Agency Services
“Marketing Agency Services”	has the meaning ascribed to it in the section headed “The Service Agreements – 2. Marketing Agency Agreement – Services provided” in this announcement
“Net Purchase Price”	the sum of payments due from an Introduced Client to Pinetree Residence for the purchase of a Sale Property, set out in the definitive agreements for the Sale Property entered into by such Introduced Client, less all applicable VAT, taxes, levies, administrative fee and other charges of similar nature levied upon the definitive agreements for the Sale Property or the underlying transaction set out therein. Sums payable from an Introduced Client which are optional or ancillary to the sale and purchase of a Sale Property (such as furniture packages, country club membership fees) shall be excluded from the calculation of the Net Purchase Price

“Operating Expenses”	all costs and expenses specifically included within the approved business plan and budget associated with the provision of Property Management Services which have been incurred during the term of the Property Management Agreement
“Paradise Luxury”	Paradise Luxury Homes Co., Ltd., a limited company incorporated in Thailand and an associate (as defined under the Listing Rules) of Dr Zeman
“Payroll Expenses”	the fees payable to Andara Resort for engaging all on-site staff based on the approved budget for the Pre-Opening and Opening Period and the Management Period
“Phang Nga Site”	all plots of land located at Thai-muang Sub-district, Thai-muang District, Phang Nga Province, Thailand of approximately 1.7 million square meters
“Phase 1A Associated Facilities”	the golf clubhouse and golf associated buildings (excluded spa extension), jogging track, boat house, reception/staff building and the relevant infrastructure for the benefit of the development of the Phang Nga Site, and which shall be owned and managed by the Group
“Phase 1A Development”	the construction of villas on 15 plots of land, a show villa and a sales gallery building within the Phase 1A Land and the relevant infrastructure (or as otherwise determined and agreed by the relevant parties)
“Phase 1A Land”	the plots of land, within the Phang Nga Site relating to the Phase 1A Development
“Pinetree Residence”	Pinetree Residence Co., Ltd., a limited company incorporated in Thailand and an indirect non-wholly owned subsidiary of the Company
“Pre-Opening and Opening Period”	1 May 2021 to 31 December 2021
“Project”	the investment in and development of the Phang Nga Site for building and developing residential properties for sale, and associated infrastructure and facilities, and includes the Phase 1A Development and Phase 1A Associated Facilities
“Property Management Agreement”	the common area management agreement entered into between Aquella Property Management and Andara Resort on 10 December 2021 for the provision of Property Management Services for certain areas within the Project
“Property Management Services”	has the meaning ascribed to it in the section headed “The Service Agreements – 4. Property Management Agreement – Services provided” in this announcement
“Renewal Phase 1A Development Management Agreement”	the renewal agreement entered into between Pinetree Residence and Andaman Property on 10 December 2021 for the renewal and extension of term of the Existing Phase 1A Development Management Agreement
“Sale Property(ies)”	certain residential property(ies) being marketed and sold by Pinetree Residence under the Project

“Sales Agency Agreement”	the agency agreement entered into between Pinetree Residence and Paradise Luxury on 10 December 2021 for the provision of Sales Agency Services for the sales and marketing of the Sale Properties under the Project
“Sales Agency Services”	has the meaning ascribed to it in the section headed “The Service Agreements – 3. Sales Agency Agreement – Services provided” in this announcement
“Service Agreements”	the Renewal Phase 1A Development Management Agreement, the Marketing Agency Agreement, the Sales Agency Agreement and the Property Management Agreement
“Shareholders”	holders of Shares
“Shares”	ordinary shares with par value of HK\$0.5 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	Thai Baht, the lawful currency of Thailand
“VAT”	the applicable value-added tax at a rate of 7%
“%”	per cent

By Order of the Board
Pacific Century Premium Developments Limited
Timothy Tsang
General Counsel and Company Secretary

Hong Kong, 10 December 2021

Unless indicated otherwise, in this announcement, translation of amounts in THB into HK\$ have been made at the rate of THB1 = HK\$0.2306 respectively for illustration purpose only. No representation is made that any amount in HK\$ could have been or could be converted at such respective rates or at all.

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:

Li Tzar Kai, Richard; Benjamin Lam Yu Yee (Deputy Chairman and Group Managing Director); and Hui Hon Hing, Susanna

Non-Executive Directors:

Lee Chi Hong, Robert (Non-Executive Chairman); and Dr Allan Zeman, GBM, GBS, JP

Independent Non-Executive Directors:

Prof Wong Yue Chim, Richard, SBS, JP; Chiang Yun; and Dr Vince Feng

** For identification only*