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Pacific Century
Premium Developments
盈科大衍地產發展

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

The Board announces that PCPD FM has entered into two agreements with Reach Networks on 27 December 2018 for the provision of facilities management services and lease & tenant management services from 1 January 2019 to 31 December 2020. The transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reach Networks is a wholly-owned subsidiary of Reach which is an associate of PCCW. PCCW is a substantial shareholder of the Company and it indirectly holds approximately 70.88% of the issued share capital of the Company. Accordingly, Reach Networks is a connected person of the Company under the Listing Rules and continuing transactions between Reach Networks and the Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated pursuant to Chapter 14A of the Listing Rules in respect of the Annual Caps exceed 0.1% but are less than 5%, the transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Company's announcement dated 23 December 2016 ("2016 Announcement") in relation to the continuing connected transactions with Reach Networks. As disclosed in the 2016 Announcement, PCPD FM has been providing certain facilities management services and certain lease & tenant management services to Reach Networks. The relevant agreements in respect of the provision of such services will expire on 31 December 2018.

CONTINUING CONNECTED TRANSACTIONS WITH REACH NETWORKS

The Board announces that PCPD FM has entered into the following Agreements for the provision of the facilities management services and lease & tenant management services to Reach Networks. The transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the transactions are set out below:

(1) Facilities Management Services Agreement

Date:	27 December 2018
Parties:	Reach Networks and PCPD FM
Term:	From 1 January 2019 to 31 December 2020

Services provided: The services that PCPD FM will provide to Reach Networks and its subsidiaries are the management and coordination of the relevant personnel and teams for the provision of the facilities management services as set out in the Facilities Management Services Agreement.

Fees and disbursements:

Period	Fees and disbursements
From 1 January 2019 to 31 December 2019 (both dates inclusive)	Management Fee - HK\$6,625,080 per annum payable in 12 equal monthly instalments Administration Fee* - HK\$54,600 per month
From 1 January 2020 to 31 December 2020 (both dates inclusive)	Management Fee - HK\$6,956,334 per annum payable in 12 equal monthly instalments Administration Fee* - HK\$54,600 per month

*This Administration Fee is to cover the cost for administration services.

Project management service provided by PCPD FM for any extra project at the request of Reach Networks is subject to an extra fee calculated based on the project sum. The extra fee payable will be (a) 5% of the project sum if the project sum is HK\$2,000,000 or below (if the extra fee payable as calculated by the above formula is less than HK\$20,000, then the fee payable for the services for the relevant extra project shall be HK\$20,000); or (b) 3% of the project sum if the project sum is above HK\$2,000,000.

Co-ordination and/or monitoring work performed by PCPD FM at the request of Reach Networks on Reach Networks' other projects can be provided for extra fees. The extra fees will be charged on the basis of HK\$200 per hour.

The fees payable under the Facilities Management Service Agreement is determined in the ordinary course of business on normal commercial terms by taking reference to the scope of the services required, the anticipated costs of providing such services and the anticipated increase in such costs during the term of the agreement.

(2) Lease & Tenant Management Services Agreement

Date: 27 December 2018

Parties: Reach Networks and PCPD FM

Term: From 1 January 2019 to 31 December 2020

Services provided: The services that PCPD FM will provide to Reach Networks and its subsidiaries are the management and coordination of the relevant personnel and teams for the provision of the lease & tenant management services as set out in the Lease & Tenant Management Services Agreement.

Fees and disbursements: Reach Networks shall pay PCPD FM an annual amount of HK\$333,900 (payable in 12 equal monthly installments in each calendar year) as management fee and disbursements during the period of this agreement.

Co-ordination and/or monitoring work performed by PCPD FM at the request of Reach Networks on Reach Networks' other projects can be provided for extra fees. The extra fees will be charged on the basis of HK\$200 per hour.

The fees payable under the Lease & Tenant Management Service Agreement is determined in the ordinary course of business on normal commercial terms by taking reference to the scope of the services required, the anticipated costs of providing such services and the anticipated increase in such costs during the term of the agreement.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The approximate historical aggregate amounts/estimated amounts for the service fees and disbursements charged by PCPD FM for facilities management services and lease & tenant management services for the financial year ended 31 December 2017 and for the financial years ending 31 December 2018, 2019 and 2020 are set out below:

	Aggregate Value <i>(HK\$'000, rounded to the nearest thousand)</i>			
	Financial year ended/ending 31 December			
	<u>2017</u>	<u>2018</u>	<u>2019</u> (Estimate)	<u>2020</u> (Estimate)
(i) Facilities Management Services				
Service Fees	5,920	6,320	6,625	6,956
Disbursements:				
- Contractor Cost	-	-	-	-
- Administration Fees	624	624	655	655
Total Disbursements	624	624	655	655
Total Service Fees and Disbursements	6,544	6,944	7,280	7,611
(ii) Lease & Tenant Management Services				
Service Fees	318	318	334	334
Disbursements	-	-	-	-
Total Service Fees and Disbursements	318	318	334	334
Total Service Fees and Disbursements for Facilities Management Services and Lease & Tenant Management Services	6,862	7,262	7,614	7,945

(Note: In the above table, the figures in the "2018" column are derived from the aggregate of the actual amounts of the relevant transactions for the ten months ended 31 October 2018 and the estimated amounts of those transactions for November and December 2018; the figures in the column "2017" are the actual amounts of the relevant transactions for the financial year ended 31 December 2017; and the figures in the columns "2019" and "2020" are the estimated amounts of the relevant transactions for the financial years ending on 31 December 2019 and 31 December 2020 respectively.)

Any contractors who are required to be involved in the provision of the facilities management services and lease & tenant management services to Reach Networks and its subsidiaries will be engaged by Reach Networks directly. Therefore, there will be no contractor cost chargeable by PCPD FM to Reach Networks under the Agreements from 1 January 2019 to 31 December 2020. By reference to previous transactions and figures in the published information of the Group and after taking into account of possible inflation and reasonable buffer, the annual aggregate fees of the Agreements will not exceed the Annual Cap of HK\$8,000,000 for each of the financial years ending 31 December 2019 and 31 December 2020.

REASONS FOR ENTERING INTO THE AGREEMENTS AND VIEWS OF THE DIRECTORS

As the principal business of the Group is property development and management, the provision of the facilities management services and the lease & tenant management services have formed part of the normal commercial activities of the Group. The Directors (including the independent non-executive Directors but excluding the Director who abstained from voting) consider that the transactions have been entered into in the usual and ordinary course of business of the Group. They also consider that the Agreements have been negotiated and conducted on an arm's length basis between the parties and are on normal commercial terms.

The Directors (including the independent non-executive Directors but excluding the Director who abstained from voting) are of the view that the terms of the Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Ms Hui Hon Hing, Susanna, being the Executive Director of the Company who hold position with Reach, has abstained from voting on the Board resolution approving the Agreements and the related transactions.

IMPLICATIONS UNDER THE LISTING RULES

Reach Networks is a wholly-owned subsidiary of Reach which is an associate of PCCW. PCCW is a substantial shareholder of the Company and it indirectly holds approximately 70.88% of the issued share capital of the Company. Accordingly, Reach Networks is a connected person of the Company under the Listing Rules and continuing transactions between Reach Networks and the Group constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated pursuant to Chapter 14A of the Listing Rules in respect of the Annual Caps exceed 0.1% but are less than 5%, the transactions are only subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Details of the transactions will be disclosed in the Company's next annual report in accordance with Listing Rule 14A.49 and Rule 14A.71.

GENERAL

The Group is principally engaged in the development and management of premium-grade property and infrastructure projects as well as premium-grade property investments.

Reach is a provider of international bandwidth services and operates submarine cable systems and satellite facilities in Asia.

The PCCW Group is principally engaged in the provision of telecommunications and related services which include local telephony, local data and broadband, international telecommunications, mobile, and other telecommunications businesses such as customer premises equipment sales; the provision of interactive pay-TV services, OTT digital media entertainment service in Hong Kong and other parts of the world; investments in, and development of, systems integration, network engineering, and information technology-related businesses; and development and management of premium-grade property and infrastructure projects as well as premium-grade property investments. Through HK Television Entertainment Company Limited, PCCW also operates a domestic free television service in Hong Kong.

DEFINITIONS

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

“Agreements”	the Facilities Management Services Agreement and the Lease & Tenant Management Services Agreement both dated 27 December 2018 between Reach Networks and PCPD FM in connection with the provision of facilities management services and lease & tenant management services respectively
“Annual Caps”	the annual caps of continuing connected transactions for the two financial years ending 31 December 2019 and 2020 as set out in this announcement
“associate”	has the meaning ascribed to it in the Listing Rules

“Board”	the board of Directors of the Company
“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 in the Listing Rules
“Director(s)”	the director(s) of the Company
“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
“PCCW”	PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States (ticker: PCCWY), which indirectly holds approximately 70.88% of the issued share capital of the Company as at the date of this announcement
“PCCW Group”	PCCW and its subsidiaries (excluding the Group)
“PCPD FM”	PCPD Facilities Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Reach”	Reach Ltd., a company incorporated in Bermuda with limited liability and a 50:50 joint venture between Telstra Corporation Limited (through its subsidiaries) and the PCCW Group
“Reach Networks”	Reach Networks Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Reach
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“%”	per cent

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

Hong Kong, 27 December 2018

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

Executive Directors:

Li Tzar Kai, Richard (Chairman); Lee Chi Hong, Robert (Deputy Chairman and Chief Executive Officer); James Chan; and Hui Hon Hing, Susanna

Non-Executive Director:

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*