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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Kowloon Development Company Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

No Shareholder or beneficial owner of Shares receiving a copy of this circular in any territory outside Hong Kong may treat the same as an invitation to subscribe for Shares unless in the relevant territory such invitation could lawfully be made to that Shareholder or beneficial owner of Shares without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder or beneficial owner of Shares outside Hong Kong who wishes to receive the Scrip Shares under the Scrip Dividend Scheme to comply with the laws and regulations of the relevant jurisdictions including any applicable procedures or any other similar formalities.

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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

SCRIP DIVIDEND SCHEME
IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2023

LETTER FROM THE BOARD



九龍建業有限公司 KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

Executive Directors

Mr Or Wai Sheun (*Chairman*)

Mr Lai Ka Fai

Mr Or Pui Kwan

Mr Lam Yung Hei

Registered Office

23rd Floor, Pioneer Centre

750 Nathan Road

Kowloon

Hong Kong

Non-executive Directors

Ms Ng Chi Man

Mr Yeung Kwok Kwong

Independent Non-executive Directors

Mr Li Kwok Sing, Aubrey

Mr Lok Kung Chin, Hardy

Mr Hsu Duff Karman

10 July 2024

To the Shareholders

Dear Sir or Madam,

SCRIP DIVIDEND SCHEME IN RELATION TO THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2023

INTRODUCTION

On 22 March 2024, Kowloon Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announced that the board of directors of the Company (the “**Board**”) recommended the payment of a final dividend of HK\$0.57 per share of the Company (“**Share(s)**”) for the year ended 31 December 2023 (the “**Final Dividend**”) to eligible shareholders of the Company (“**Eligible Shareholder(s)**”) whose names appear on the Register of Members of the Company (the “**Register of Members**”) on Tuesday, 25 June 2024 (the “**Record Date**”), which will be payable wholly in the form of new fully paid Shares (the “**Scrip Shares**”) (the “**Scrip Dividend Scheme**”).

LETTER FROM THE BOARD

At the annual general meeting of the Company held on Wednesday, 5 June 2024, the declaration of the Final Dividend was approved by the shareholders of the Company (“**Shareholders**”). For the purpose of determining the Shareholders’ entitlement to the Final Dividend, the Register of Members was closed from Monday, 24 June 2024 to Tuesday, 25 June 2024, both dates inclusive. During the aforementioned period, no transfers of Shares were registered. In order to qualify for the Final Dividend, all transfer forms accompanied by the relevant share certificates were required to be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, for registration not later than 4:30 pm (Hong Kong time) on Friday, 21 June 2024.

The purpose of this circular is to set out the procedures which apply to the Scrip Dividend Scheme.

PARTICULARS OF THE SCRIP DIVIDEND SCHEME

Pursuant to Article 155(D) of the articles of association of the Company, the Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid up without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment.

Under the Scrip Dividend Scheme, each Eligible Shareholder is entitled to receive the Final Dividend wholly in the form of allotment and issue of the Scrip Shares credited as fully paid up.

The number of the Scrip Shares to be allotted pursuant to the Scrip Dividend Scheme was calculated by reference to the market value of HK\$5.176 per Share, which was the average of the closing prices per Share (the “**Average Closing Price**”) as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five (5) consecutive trading days commencing from, and including, Thursday, 20 June 2024 (being the day when the Shares were first quoted ex-dividend). Accordingly, the number of the Scrip Shares which the Eligible Shareholders are entitled to receive in respect of the existing Shares registered under their names as at the Record Date will be calculated as follows:

$$\begin{array}{rcl} \text{Number of the Scrip} & & \text{Final Dividend per Share (i.e. HK\$0.57)} \\ \text{Shares to be} & = & \text{Average Closing Price per Share} \\ \text{received}^* & \text{Number of existing} & \text{(i.e. HK\$5.176)} \\ & \text{Shares held on the} & \\ & \text{Record Date} & \end{array} \times$$

* *Rounded down to the nearest whole number*

The number of the Scrip Shares to be issued to each Eligible Shareholder will be rounded down to the nearest whole number. Fractional entitlements to the Scrip Shares will be disregarded and the benefit thereof will accrue to the Company.

LETTER FROM THE BOARD

The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the existing Shares, except that they will not be entitled to the Final Dividend.

The Scrip Shares will be allotted by way of capitalisation of the Company's reserves or profits, and when allotted, are not renounceable. No new class of Shares will be issued under the Scrip Dividend Scheme.

As at 5 July 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares, as the case may be.

ODD LOT MATCHING SERVICE

Odd lots of the Shares (of fewer than a board lot of 1,000 Shares) may arise out of the issuance of Scrip Shares. In order to facilitate the trading of odd lots (if any) of the Shares, the Company has, at its own costs, appointed Hantec Securities Co., Limited (the "**Matching Agent**") as the matching agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of the Shares from Thursday, 18 July 2024 to Thursday, 17 October 2024 (both dates inclusive), to the Eligible Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their odd lots of the Shares.

Eligible Shareholders who wish to utilise this service may contact the Matching Agent at 12/F, South China Building, 1-3 Wyndham Street, Central, Hong Kong or by phone at (852) 2501 3261 during trading hours (i.e. 9:30 am to 4:00 pm) of the abovementioned period. Eligible Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Eligible Shareholders are recommended to consult their professional advisers if they are in doubt about this service.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The directors of the Company (the "**Directors**") consider that the Scrip Dividend Scheme will enable the Eligible Shareholders to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company as such cash which would otherwise be paid to Eligible Shareholders in the form of cash dividends will be retained by the Company for the Group's business development and operational needs. Accordingly, the Directors consider that the Scrip Dividend Scheme would enhance the trading liquidity in the Shares and the Group's continuous growth, maintain the financial stability and reduce the financing costs of the Group, and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 1,176,631,296 Shares in issue on the Record Date, not more than 129,574,930 Scrip Shares will be issued by the Company under the Scrip Dividend Scheme, representing approximately 11.01% of the existing issued share capital of the Company as at the Record Date and approximately 9.92% of the then issued share capital of the Company as enlarged by the allotment and issue of the Scrip Shares.

Shareholders or beneficial owners of Shares should note that the Scrip Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). **Shareholders or beneficial owners of Shares who are in any doubt as to whether these provisions would affect them as a result of the distribution of the Final Dividend in the form of the Scrip Shares are recommended to seek their own professional advice. Shareholders or beneficial owners of Shares who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

This circular will not be registered or filed under the securities laws or equivalent legislation of any jurisdiction. No Shareholder or beneficial owner of Shares receiving a copy of this circular in any territory outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless in the relevant territory such invitation could lawfully be made to that Shareholder or beneficial owner of Shares without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. Shareholders or beneficial owners of Shares residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular for information only.

Based on the Register of Members as at the Record Date, there were thirty-seven (37) Shareholders with registered addresses in jurisdictions outside Hong Kong (the “**Overseas Shareholders**”), namely Australia, Canada, the People’s Republic of China, the United Kingdom, Macau, Singapore and the States of California, Illinois, Minnesota, New Jersey, New York, Texas and Washington of the United States of America, holding an aggregate of 1,704,612 Shares, representing approximately 0.14% of the total number of issued Shares as at the Record Date.

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Pursuant to Rule 13.36(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the Company has made enquiry in respect of the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges in those relevant jurisdictions for the Company to extend the Scrip Dividend Scheme to the Overseas Shareholders. On the basis of the results of such enquiry, with respect to Australia, Canada, the People’s Republic of China, the United Kingdom, Macau, Singapore and the States of California, Illinois, Minnesota, New Jersey, New York, Texas and Washington of the United States of America, the Company has been advised that there is no legal or regulatory restriction, or the Company has met the relevant exemption requirement(s), under the applicable laws and regulations of such jurisdiction(s) with respect to the offer and allotment of the Scrip Shares to the Overseas Shareholders with registered addresses located in such jurisdictions. Accordingly, Shareholders whose addresses as shown on the Register of Members on the Record Date in the relevant jurisdictions will not be excluded from receiving the Scrip Shares.

Notwithstanding the above, it is the responsibility of any Eligible Shareholder receiving the Scrip Shares to satisfy itself as to full observance of the laws, regulations and requirements of any relevant territory, including obtaining any governmental or other consents which may be required. It is also the responsibility of any Eligible Shareholder outside Hong Kong who receives the Scrip Shares to comply with any restrictions on the resale of the Scrip Shares which may apply outside Hong Kong.

United Kingdom

The communication of this circular and any other documents or materials relating to the issue of the Scrip Shares is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. Accordingly, this circular and such other documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. This circular and such other documents and/or materials are for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”)); (ii) fall within Article 43 of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). This circular and such other documents and/or materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this circular and any other documents or materials relates will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this circular or any other documents and/or materials relating to the issue of the Scrip Shares or any of their contents.

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Notice to Australian Shareholders

This circular has been prepared in compliance with the requirements of the Listing Rules and the laws of Hong Kong. This circular may not contain all the information required to be contained in disclosure documents under the laws of Australia (including the Corporations Act 2001 (Cth) (the “**Corporations Act**”). As the Company is not an Australian incorporated company or registered under the Corporations Act as a foreign company, and none of its shares are listed on any Australian stock exchange, the Company is not subject to the continuous disclosure obligations that apply to companies to which the Corporations Act or the rules of any Australian stock exchange apply.

General

This circular will not be registered or filed under the securities laws or equivalent legislation of any jurisdiction. No Shareholder or beneficial owner of Shares receiving a copy of this circular in any territory outside Hong Kong may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to that Shareholder or beneficial owner of Shares without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder or beneficial owner of Shares outside Hong Kong to comply with the laws and regulations of the relevant jurisdictions including any applicable procedures or any other similar formalities in respect of his/her/its receipt of the Scrip Shares under the Scrip Dividend Scheme. Persons who receive the Scrip Shares must also comply with any restrictions on the transfer or sale of the Shares which may apply outside Hong Kong. All the Eligible Shareholders residing outside Hong Kong should consult their professional advisers as to whether any government or other consents are required or other formalities need to be observed in order to receive the Scrip Shares.

For the avoidance of doubt, the Scrip Shares are not being offered to the public.

LISTING OF AND DEALINGS IN THE SCRIP SHARES AND DESPATCH OF SHARE CERTIFICATES

The allotment and issue of the Scrip Shares pursuant to the Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. Application has been made to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, the Scrip Shares.

It is expected that the relevant share certificates will be sent by ordinary post to the Eligible Shareholders on or about Wednesday, 17 July 2024 and at the risk of the Eligible Shareholders. Dealings of the Scrip Shares on the Stock Exchange are expected to commence on or about Thursday, 18 July 2024.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such Scrip Shares will be allotted and issued on the terms disclosed to the Shareholders in this circular and be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System (“CCASS”). Dealings in the Scrip Shares may be settled through CCASS and Shareholders should seek the advice of licensed securities dealer or registered institution in securities or professional adviser for details of these settlement arrangements and how such settlement arrangements will affect their rights and interests.

The Shares are listed on and dealt in on the Stock Exchange. Save as disclosed above, no equity or debt securities of the Company are listed on or dealt in on any other stock exchange, and no listing or permission to deal in on any other stock exchange is being or proposed to be sought.

TIMETABLE

Set out below is a summary of the events in relation to the Scrip Dividend Scheme in the form of a timetable:

| Event | Date/Time |
|---|--|
| Last day of dealings in the Shares on a cum-dividend basis..... | Wednesday, 19 June 2024 |
| Commencement of dealings in the Shares on an ex-entitlement basis | Thursday, 20 June 2024 |
| Fix the market value of a Scrip Share (five (5) consecutive trading days average of the closing prices)..... | Thursday, 20 June 2024 to Wednesday, 26 June 2024 (both dates inclusive) |
| Latest time for lodging transfer documents to qualify for entitlements to the Final Dividend | 4:30 pm on Friday, 21 June 2024 |
| Closure of the Register of Members for determining Shareholders’ entitlement to the Final Dividend | Monday, 24 June 2024 to Tuesday, 25 June 2024 (both days inclusive) |
| Record Date..... | Tuesday, 25 June 2024 |
| Expected date of despatch of share certificates for the Scrip Shares to the Eligible Shareholders..... | Wednesday, 17 July 2024 |

LETTER FROM THE BOARD

| Event | Date/Time |
|---|---------------------------|
| Expected first day of dealings in the Scrip Shares on the Stock Exchange | Thursday, 18 July 2024 |
| First date for the Matching Agent to stand in the market to provide matching service for odd lots of the Shares | Thursday, 18 July 2024 |
| Last date for the Matching Agent to stand in the market to provide matching service for odd lots of the Shares | Thursday, 17 October 2024 |

Note: References to time and dates in this circular are to Hong Kong time and dates.

Yours faithfully,
For and on behalf of the Board
Kowloon Development Company Limited
Or Wai Sheun
Chairman

The English text of this circular shall prevail over the Chinese text in case of inconsistency.