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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)**

**CONNECTED TRANSACTIONS**

**ACQUISITIONS OF THE ENTIRE ISSUED SHARE CAPITAL OF  
DYNAMIC SUMMIT LIMITED AND SUNNY PALACE LIMITED**

**THE ACQUISITIONS**

On 13 December 2024, the Vendor and the Purchaser entered into (i) the First Agreement in relation to the Dynamic Summit Acquisition at a consideration of HK\$33,060,000; and (ii) the Second Agreement in relation to the Sunny Palace Acquisition at a consideration of HK\$55,804,000. The aggregate consideration for the Acquisitions is HK\$88,864,000.

Completion took place on the same date as the date of the Agreements. Upon Completion, each of the Target Companies has become an indirect wholly-owned subsidiary of the Company and their financial results will be consolidated into the consolidated financial statements of the Company.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Vendor is ultimately wholly-owned by Mr Or, an Executive Director and the controlling shareholder of the Company, and is therefore an associate of a connected person of the Company. As such, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisitions, on an aggregated basis, exceeds 0.1% but is less than 5%, the Acquisitions are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under the Listing Rules.

## **THE AGREEMENTS**

### **Date**

13 December 2024

### **Parties to each of the Agreements**

- (1) The Vendor (as vendor); and
- (2) The Purchaser (as purchaser).

### **The Acquisitions**

Pursuant to the First Agreement:

- (1) the Vendor agreed to sell, and the Purchaser agreed to purchase, the Dynamic Summit Sale Share, representing the entire issued share capital of Dynamic Summit; and
- (2) the Vendor agreed to sell and assign, and the Purchaser agreed to purchase, the benefit of, by way of assignment, the Dynamic Summit Sale Loan, representing the aggregate amount of loans, interests (if any) and other sums and indebtedness due by Dynamic Summit to the Vendor as at 30 November 2024.

Pursuant to the Second Agreement:

- (1) the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sunny Palace Sale Share, representing the entire issued share capital of Sunny Palace; and
- (2) the Vendor agreed to sell and assign, and the Purchaser agreed to purchase, the benefit of, by way of assignment, the Sunny Palace Sale Loan, representing the aggregate amount of loans, interests (if any) and other sums and indebtedness due by Sunny Palace to the Vendor as at 30 November 2024.

### **Dynamic Summit Consideration**

The Dynamic Summit Consideration is HK\$33,060,000, which shall be apportioned as to HK\$8 for the Dynamic Summit Sale Share and as to HK\$33,059,992 for the Dynamic Summit Sale Loan. The Dynamic Summit Consideration shall be payable by the Purchaser to the Vendor on the Completion Date and was satisfied by unsecured loan from a related company of the Company under normal commercial terms.

The Dynamic Summit Consideration was determined by the parties after arm's length negotiations with reference to, among other factors:

- (a) unaudited adjusted net liability value of Dynamic Summit as at 30 November 2024, being HK\$24,583,000;

- (b) the amount of the Dynamic Summit Sale Loan as at 30 November 2024, being HK\$57,643,000;
- (c) the preliminary valuation of the Dynamic Summit Properties as at 30 November 2024, being HK\$49,310,000, assessed by an independent valuer engaged by the Company using market approach; and
- (d) the reasons for the Dynamic Summit Acquisition as mentioned in the section headed “Reasons for and Benefits of the Acquisitions” below.

Having considered the factors set out above, the Board considered that the Dynamic Summit Consideration was fair and reasonable.

### **Sunny Palace Consideration**

The Sunny Palace Consideration is HK\$55,804,000, which shall be apportioned as to HK\$5,451,000 for the Sunny Palace Sale Share and as to HK\$50,353,000 for the Sunny Palace Sale Loan. The Sunny Palace Consideration shall be payable by the Purchaser to the Vendor on the Completion Date and was satisfied by unsecured loan from a related company of the Company under normal commercial terms.

The Sunny Palace Consideration was determined by the parties after arm’s length negotiations with reference to, among other factors:

- (a) unaudited adjusted net asset value of Sunny Palace as at 30 November 2024, being HK\$5,451,000;
- (b) the amount of the Sunny Palace Sale Loan as at 30 November 2024, being HK\$50,353,000;
- (c) the preliminary valuation of the Sunny Palace Properties as at 30 November 2024, being HK\$55,710,000, assessed by an independent valuer engaged by the Company using market approach; and
- (d) the reasons for the Sunny Palace Acquisition as mentioned in the section headed “Reasons for and Benefits of the Acquisitions” below.

Having considered the factors set out above (in particular, item (a)), notwithstanding that the appraised value of the Sunny Palace Properties is lower than the Sunny Palace Consideration, the Board considered that the Sunny Palace Consideration was fair and reasonable.

### **Completion**

Completion took place on the same date as the date of the Agreements. Upon Completion, each of the Target Companies has become an indirect wholly-owned subsidiary of the Company and their financial results will be consolidated into the consolidated financial statements of the Company.

## INFORMATION ON THE PARTIES

### The Purchaser and the Group

The Purchaser is principally engaged in property investment.

The Group is principally engaged in property development, property investment and property management in Hong Kong and Mainland China. It is also engaged in financial investments and investment holding.

### The Vendor

The Vendor is principally engaged in investment holding and is ultimately wholly-owned by Mr Or.

## INFORMATION ON THE TARGET COMPANIES

### Dynamic Summit

Dynamic Summit is principally engaged in property investment, and is the legal and beneficial owner of the Dynamic Summit Properties.

According to the unaudited financial statements of Dynamic Summit which are prepared on a basis consistent with the Hong Kong Generally Accepted Accounting Principles, its financial results for each of the years ended 31 December 2022 and 31 December 2023 are as follows:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Net loss before tax	15,464	13,201
Net loss after tax	15,396	13,136

As at 30 November 2024, the adjusted net liability value of Dynamic Summit was HK\$24,583,000 based on the unaudited financial statements of Dynamic Summit.

The original acquisition cost of the Dynamic Summit Sale Share was US\$1.

## Sunny Palace

Sunny Palace is principally engaged in property investment, and is the legal and beneficial owner of the Sunny Palace Properties.

According to the unaudited financial statements of Sunny Palace which are prepared on a basis consistent with the Hong Kong Generally Accepted Accounting Principles, its financial results for each of the years ended 31 December 2022 and 31 December 2023 are as follows:

	<b>For the year ended 31 December</b>	
	<b>2022</b>	<b>2023</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	HK\$'000	HK\$'000
Net loss before tax	7,910	4,775
Net loss after tax	7,910	4,805

As at 30 November 2024, the adjusted net asset value of Sunny Palace was HK\$5,451,000 based on the unaudited financial statements of Sunny Palace.

The original acquisition cost of the Sunny Palace Sale Share was US\$1.

## INFORMATION ON THE DYNAMIC SUMMIT PROPERTIES

The Dynamic Summit Properties are located at various units on the Lot with a total saleable area of approximately 2,949 sq ft (equivalent to approximately 274 sq m). The Dynamic Summit Properties are held under a government lease for a term of 999 years commencing from 5 August 1871.

The original acquisition cost of the Dynamic Summit Properties (including stamp duty and other expenses) was HK\$72,685,000.

## INFORMATION ON THE SUNNY PALACE PROPERTIES

The Sunny Palace Properties are located at various units on the Lot with a total saleable area of approximately 6,560 sq ft (equivalent to approximately 609 sq m). The Sunny Palace Properties are held under a government lease for a term of 999 years commencing from 5 August 1871.

The original acquisition cost of the Sunny Palace Properties (including stamp duty and other expenses) was HK\$52,290,000.

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

The Company has been engaged in property investment and investment holding with the operation of its business mainly in Hong Kong since its establishment. The Target Companies are the legal and beneficial owners of the Properties, which were originally acquired by the Vendor for redevelopment purposes. Immediately after Completion, the Group (through its wholly-owned subsidiaries, including the Target Companies, as registered owners) and its business partner collectively own over 90% of the undivided shares in the Lot. On 9 December 2024, pursuant to section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), the Lands Tribunal ordered the sale of the Lot by way of public auction for the purposes of redevelopment of the Lot.

The site is located in the vicinity of Yau Tsim Mong District and the Olympic MTR Station, which is easily accessible. The Project is currently proposed to be redeveloped into a high-rise commercial/residential composite building with a gross floor area of approximately 46,700 sq ft (equivalent to approximately 4,336 sq m). The Company is of the view that the Acquisitions represent a good opportunity for the Group to replenish its landbank and create new business opportunities for future development in the Project which is in line with the Group's principal businesses and current strategies.

Based on the factors as disclosed above, the Directors (including the Independent Non-executive Directors but excluding Mr Or, Ms Ng Chi Man, Mr Or Pui Kwan and Mr Lam Yung Hei who have abstained from voting on the relevant Board resolutions as referred to below) are of the view that the terms of the Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr Or is the ultimate beneficial owner of the Vendor. Accordingly, Mr Or is considered to have a material interest in the Acquisitions and Mr Or, Ms Ng Chi Man (the spouse of Mr Or), Mr Or Pui Kwan (the son of Mr Or) and Mr Lam Yung Hei (the son-in-law of Mr Or) have abstained from voting on the Board resolutions to approve the Agreements and the transactions contemplated thereunder.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Vendor is ultimately wholly-owned by Mr Or, an Executive Director and the controlling shareholder of the Company, and is therefore an associate of a connected person of the Company. As such, the Acquisitions constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisitions, on an aggregated basis, exceeds 0.1% but is less than 5%, the Acquisitions are subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under the Listing Rules.

## DEFINITIONS

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

“Acquisitions”	the Dynamic Summit Acquisition and the Sunny Palace Acquisition;
“Agreements”	the First Agreement and the Second Agreement;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Kowloon Development Company 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: 34);
“Completion”	completion of the Acquisitions;
“Completion Date”	date of completion of the Acquisitions, being the same date as the date of the Agreements;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Dynamic Summit”	Dynamic Summit Limited, a company incorporated in the British Virgin Islands with limited liability and was a direct wholly-owned subsidiary of the Vendor prior to Completion;
“Dynamic Summit Acquisition”	the acquisition of the Dynamic Summit Sale Share and the Dynamic Summit Sale Loan by the Purchaser from the Vendor;
“Dynamic Summit Consideration”	consideration for the Dynamic Summit Acquisition;
“Dynamic Summit Properties”	five (5) units of residential and commercial properties located on the Lot;
“Dynamic Summit Sale Loan”	HK\$57,643,000, being 100% of the aggregate amount of loans, interests (if any) and other sums and indebtedness due by Dynamic Summit to the Vendor as at 30 November 2024;

“Dynamic Summit Sale Share”	one (1) ordinary share of US\$1.00 in the capital of Dynamic Summit, representing 100% of the total issued share capital of Dynamic Summit;
“First Agreement”	the sale and purchase agreement dated 13 December 2024 entered into between the Vendor and the Purchaser in relation to the Dynamic Summit Acquisition;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, 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;
“Lot”	the Remaining Portion of Sub-Section 4 of Section M of Kowloon Marine Lot No. 28;
“Mr Or”	Mr Or Wai Sheun, an Executive Director and the controlling shareholder of the Company;
“Project”	the urban redevelopment project located on the Lot known as Nos. 24, 26, 28 and 30 Fuk Chak Street, Kowloon, Hong Kong;
“Properties”	the Dynamic Summit Properties and the Sunny Palace Properties;
“Purchaser”	Best Award Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company;
“Second Agreement”	the sale and purchase agreement dated 13 December 2024 entered into between the Vendor and the Purchaser in relation to the Sunny Palace Acquisition;
“Shareholder(s)”	shareholder(s) of the Company;
“sq ft”	square feet;
“sq m”	square metre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;



“Sunny Palace”	Sunny Palace Limited, a company incorporated in the British Virgin Islands with limited liability and was a direct wholly-owned subsidiary of the Vendor prior to Completion;
“Sunny Palace Acquisition”	the acquisition of the Sunny Palace Sale Share and the Sunny Palace Sale Loan by the Purchaser from the Vendor;
“Sunny Palace Consideration”	consideration for the Sunny Palace Acquisition;
“Sunny Palace Properties”	fifteen (15) units of residential properties located on the Lot;
“Sunny Palace Sale Loan”	HK\$50,353,000, being 100% of the aggregate amount of loans, interests (if any) and other sums and indebtedness due by Sunny Palace to the Vendor as at 30 November 2024;
“Sunny Palace Sale Share”	one (1) ordinary share of US\$1.00 in the capital of Sunny Palace, representing 100% of the total issued share capital of Sunny Palace;
“Target Companies”	Dynamic Summit and Sunny Palace;
“US\$”	United States dollar, the lawful currency of the United States of America;
“Vendor”	Mighty Lion Holdings Limited, a company incorporated in the British Virgin Islands with limited liability; and
“%”	per cent.

By Order of the Board  
**Kowloon Development Company Limited**  
**Tse Wah Ting, Wendy**  
*Company Secretary*

Hong Kong, 13 December 2024

*As at the date of this announcement, the Directors of the Company are Mr Or Wai Sheun (Chairman), Mr Lai Ka Fai, Mr Or Pui Kwan and Mr Lam Yung Hei as Executive Directors; Ms Ng Chi Man and Mr Yeung Kwok Kwong as Non-executive Directors; and Mr Li Kwok Sing, Aubrey, Mr Lok Kung Chin, Hardy and Mr Hsu Duff Karman as Independent Non-executive Directors.*