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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)

INSIDE INFORMATION

AND

RESUMPTION OF TRADING

I. INSIDE INFORMATION

The board of directors (the “**Board**”) of Kowloon Development Company Limited (the “**Company**”) together with its subsidiaries, the “**Group**”) makes this announcement pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 23 November 2015, 4 December 2015 and 20 October 2017 (collectively, the “**Announcements**”), the Annual Report 2015, the Interim Report 2016, the Annual Report 2016, the Interim Report 2017 and the Annual Report 2017 of the Company, and the announcement of Polytec Asset Holdings Limited (“**Polytec Asset**”, together with its subsidiaries, the “**Polytec Asset Group**”) (Stock Code: 208), a 73.4%-owned listed subsidiary of the Company, dated 24 May 2018. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those used in the Announcements.

The Board of the Company has been informed by the directors of Polytec Asset that on 23 May 2018, the Tribunal de Ultima Instancia (終審法院) of the Macau SAR rejected the application of Final Appeal by PCL for invalidating the decision made by the Chief Executive of the Macau SAR to terminate the Concession of the Project.

According to the legal opinion obtained by Polytec Asset, it is expected that the principal application by PCL to the Tribunal Administrativo (行政法院) of the Macau SAR requesting compensation of time (by way of extension of the Concession) for the Project will cease to proceed, due to the aforesaid unfavourable judgement of the Tribunal de Ultima Instancia (終審法院) of the Macau SAR.

Based on the audited financial statements of the Group as at 31 December 2017, the carrying amount of the interests in the Project is approximately HK\$7.84 billion. However, according to the legal opinion obtained by Polytec Asset, the Board of Polytec Asset is of the view that PCL has strong legal grounds and arguments to seek compensation from the Macau SAR Government for losses and damages, including but not limited to all actual losses suffered and all loss of profit as expected to be derived upon completion of the Project, as a result of the procedural delay in granting the requisite approvals and permits for the development of the Project which caused the incompleteness of the Project before the Expiry Date. An application will be made as soon as practicable by the legal representative of PCL in this regard.

In addition, pursuant to the First Co-investment Agreement (“FCIA”) for the development of the Project, in the event that PCL fails to complete the Project under the FCIA, Polytec Holdings International Limited (“**Polytec Holdings**”), the ultimate controlling shareholder of Polytec Asset (and also the controlling shareholder of the Company), will be required to indemnify the Polytec Asset Group in respect of any loss suffered. Therefore, any loss to the Polytec Asset Group due to the repossession of the land of the Project by the Macau SAR Government will be indemnified by Polytec Holdings.

Based on the above, the Board of the Company concurs with the view of the Board of Polytec Asset that the termination of the Project should neither have any adverse effect on the financial position of the Polytec Asset Group and hence, nor on the financial position of the Group. Polytec Asset will take all necessary and appropriate actions to protect its interests.

After the Project is terminated, in addition to its existing property business in Macau, the Polytec Asset Group will keep on actively explore property development and investment opportunities elsewhere in the region, including the Pearl River Delta.

Further announcement(s) will be made to keep the market informed on the development of the case upon receipt of further information.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

II. RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been halted with effect from 1:00 p.m. on 23 May 2018. The Company has applied to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 25 May 2018.

By Order of the Board
Kowloon Development Company Limited
Or Wai Sheun
Chairman

Hong Kong, 24 May 2018

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, Mr Seto Gin Chung, John and Mr David John Shaw as Independent Non-executive Directors.