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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)**

**DISCLOSEABLE AND CONNECTED TRANSACTIONS**

**ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL  
IN NEW BASIC HOLDINGS LIMITED  
AND ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL AND RELATED  
SHAREHOLDER'S LOAN OF TOP SAIL INTERNATIONAL LIMITED**

The Board announces that on 23 August 2013, (i) the Company entered into the Huizhou Agreement with Polytec Holdings pursuant to which Polytec Holdings conditionally agreed to sell and the Company conditionally agreed to purchase the New Basic Sale Share, representing the entire issued share capital of New Basic for a consideration of HK\$1,280,249,021; (ii) Brilliant Idea, a wholly-owned subsidiary of the Company entered into the HK Agreement with Partner Talent, a wholly-owned subsidiary of Polytec Holdings, pursuant to which Partner Talent conditionally agreed to sell and Brilliant Idea conditionally agreed to purchase the Top Sail Sale Share, representing the entire issued share capital of Top Sail together with the assignment of the Top Sail Sale Loan for an aggregate consideration of HK\$368,557,890. In addition, on 22 August 2013, New Basic entered into the Co-Investment Agreement with Polytec Holdings pursuant to which New Basic has agreed to co-invest with Polytec Holdings in the Development.

As Polytec Holdings is a company which is ultimately wholly owned by Mr Or, an Executive Director and the controlling shareholder of the Company, and his family members, Polytec Holdings is therefore an associate of a connected person of the Company.

As one of the applicable percentage ratios in respect of the Huizhou Acquisition and the HK Acquisition is, on an aggregated basis, more than 5% but less than 25%, the Huizhou Acquisition and the HK Acquisition constitute discloseable and connected transactions for the Company under Chapter 14 and Chapter 14A of the Listing Rules which are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent Non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Huizhou Agreement and the HK Agreement and the transactions contemplated therein. A circular containing, amongst other things, further details relating to the Huizhou Acquisition, the Co-Investment Agreement and the HK Acquisition, the letter from the Independent Board Committee, the advice from the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders, and the notice convening the Extraordinary General Meeting is intended to be despatched to the Shareholders on or before 30 September 2013.

## **I. THE HUIZHOU AGREEMENT**

**Date:** 23 August 2013

### **Parties to the Huizhou Agreement:**

- (1) the Company; and
- (2) Polytec Holdings, a company which is ultimately wholly owned by Mr Or, an Executive Director and the controlling shareholder of the Company, and his family members. Polytec Holdings is therefore an associate of a connected person of the Company and the Huizhou Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

### **The Huizhou Acquisition**

Pursuant to the Huizhou Agreement, Polytec Holdings conditionally agreed to sell and the Company conditionally agreed to purchase the New Basic Sale Share for an aggregate consideration of HK\$1,280,249,021. The New Basic Sale Share represents the entire issued share capital of New Basic. Upon completion of the Huizhou Acquisition, New Basic will become a wholly-owned subsidiary of the Company and the accounts of which will be consolidated with the Group's accounts upon completion of the Huizhou Agreement.

### **Consideration**

The Huizhou Acquisition Consideration is HK\$1,280,249,021 which was determined after arm's length negotiations between the parties based on a preliminary valuation report on the Land prepared by DTZ, and based on New Basic's entitlement to share profits derived from the sale of Units in the Development and the anticipated cost of funding the construction of the Development.

The Huizhou Acquisition Consideration will be payable by the Company in cash in accordance with the following schedule:

- the deposit of HK\$128,024,902, has been paid by the Company to Polytec Holdings upon the signing of the Huizhou Agreement; and
- the remaining balance of the Huizhou Acquisition Consideration, equivalent to HK\$1,152,224,119, shall be payable by the Company to Polytec Holdings at completion of the Huizhou Agreement.

A late payment interest of PRIME plus 2% per annum will be charged and be payable by the Company if it fails to pay the relevant instalment of the consideration of the Huizhou Agreement when it falls and becomes due.

The Huizhou Acquisition Consideration will be satisfied by the internal resources of the Group, bank financing and/or loans from the ultimate holding company under normal commercial terms.

## Conditions

Completion of the Huizhou Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) a valuation report issued by DTZ on the Land with a value of not less than RMB1,700,000,000 (HK\$2,133,748,368) ;
- (b) completion of the due diligence investigation in relation to, including but not limited to, the financial, corporate, taxation and trading position of New Basic and the title of Polytec (Huizhou) to its assets (including without limitation, the Land), to the absolute satisfaction of the Company;
- (c) the passing of the resolution(s) by the Independent Shareholders to approve the entering into and performance of the Huizhou Agreement, the transactions contemplated thereunder and the Co-Investment Agreement in the manner as required under the Listing Rules;
- (d) all necessary consents and approvals (including those required by relevant regulatory authorities) in respect of the Huizhou Agreement, the transactions contemplated thereunder and the Co-Investment Agreement required by the Company (as the case may be) being obtained;
- (e) the obtaining of a legal opinion in form and substance satisfactory to the Company issued by a firm of lawyers qualified to practise PRC laws and addressed to the Company or New Basic in respect of the Land and such other matters which the Company may request; and
- (f) the warranties of the Huizhou Agreement being true, accurate and correct in all respects.

The Company may at any time by notice in writing to Polytec Holdings waive any of the above conditions (in whole or in part) (other than condition (c) above).

## Information on New Basic

New Basic is a company incorporated in the British Virgin Islands with limited liability on 15 May 2013 and is wholly-owned by Polytec Holdings as at the date of this announcement. It is principally engaged in the investment and financing in accordance with the Co-Investment Agreement. Based on the unaudited management accounts of New Basic as at 31 July 2013, New Basic had a net asset value of HK\$8 as at 31 July 2013 and recorded no profit or loss for the period since its incorporation and up to 31 July 2013.

New Basic does not own any assets apart from its rights and interests under the Co-Investment Agreement. New Basic has entered into the Co-Investment Agreement with Polytec Holdings with respect to its investment in and financing of the Development.

## **The Co-Investment Agreement**

Pursuant to the terms of the Co-Investment Agreement:

- (a) Polytec Holdings shall procure Polytec (Huizhou):
  - (i) to make available to New Basic all receipts, invoices, accounts and all other documents reasonably satisfactory to New Basic evidencing the incurring of the relevant expenditure of the Development and the Receipts respectively for inspection by New Basic;
  - (ii) to submit the Business Plan with respect to the Land to New Basic for approval from time to time; and
  - (iii) that the construction of the Development shall not be commenced until and unless the Business Plan has been duly approved by New Basic before the relevant construction.
- (b) during the Development Period and up to completion of the sale of all the Units, New Basic will provide funding equal to 60% to cover any shortfall in the funding for the Development as shown in the cashflow forecast to the extent that the Receipts, bank financing and other financing methods do not cover the expenditure of the Development (excluding land costs which will be borne by Polytec Holdings exclusively), provided that the remaining 40% of the shortfall shall be provided by Polytec Holdings simultaneously;
- (c) total funding provided by New Basic to Polytec Holdings is subject to an aggregate maximum amount of HK\$500,000,000 and is applied to the repayment of the expenditure incurred by Polytec Holdings in connection with the Development in the manner as set out in (b) above. Such investment amount will not be secured or guaranteed and will not be repayable until there is surplus in the cashflow forecast and mutually agreed by New Basic and Polytec Holdings;
- (d) once the aggregate maximum investment amount of HK\$500,000,000 provided by New Basic has been drawn, any additional funding required for the Development will be supplied by Polytec Holdings; and
- (e) Polytec Holdings will pay to New Basic such amount as representing 60% of the net profits from the Development according to the formula set out in the Co-Investment Agreement.

The ratio of 60% and 40%, together with the aggregate maximum investment amount were determined with reference to (1) the respective roles of Polytec Holdings as the ultimate controlling shareholders of Polytec (Huizhou), the developer and the sole legitimate owner of the Land, and New Basic as the investor to provide financing to Polytec Holdings in the Development; (2) the associated risk of New Basic as an unsecured creditor of Polytec Holdings under the Co-Investment Agreement; (3) the respective monetary commitments of New Basic and Polytec Holdings for the Development; and (4) the associated potential benefits from the Development.

Polytec (Huizhou), as the developer and sole legitimate owner of the Land, will be responsible for the quality control, marketing or sales of the Development.

New Basic, as the investor and fund provider, will be involved in cost control indirectly through approval of the business plan, design and building plan as per the provisions of the Co-Investment Agreement. Moreover, the Company will exercise financial control over the Development through joint control of the bank account into which all the Receipts are required to be deposited and approval of the sale price of the Units. The Company will also monitor the progress of the Development and protect its interest in the Development by (i) inspecting documentary evidence of all Receipts and expenditures in relation to the Development which Polytec Holdings has undertaken to collate on a monthly basis; (ii) reviewing the monthly work progress report which Polytec Holdings has agreed to procure Polytec (Huizhou) to provide containing (among other things) a breakdown of the costs and expenses incurred by Polytec (Huizhou) in connection with works to date; (iii) reviewing the monthly sales status reports to be provided by Polytec Holdings or Polytec (Huizhou); (iv) reviewing the monthly project accounts with respect to the Receipts and the expenditures which Polytec Holdings has undertaken to procure Polytec (Huizhou) to prepare and furnish on an ongoing basis; (v) requesting information on a regular basis from Polytec Holdings in accordance with its undertaking to keep New Basic informed on a timely and regular basis of the progress of the Development and sales of the Units; (vi) attending project or site meetings where appropriate; (vii) through review of such financials ensuring compliance by Polytec Holdings to procure Polytec (Huizhou) of its financial covenants under the Co-Investment Agreement including incurrence of indebtedness, extension of loans or giving of guarantees which are not related to the Development; and (viii) reviewing the final audited accounts with respect to the Receipts and expenditures to be produced after completion of the sale of the Development.

The principal obligation of Polytec Holdings is to procure Polytec (Huizhou) to complete the Development in accordance with all plans, consents, laws and regulations, and applicable restrictions, covenants and encumbrances and to maximize the gross floor area and the plot ratio of the Land according to the Land Use Rights Grant Contract, and as soon as practicable to commence the pre-sales of the Units. Apart from the covenants relating to information and accounts mentioned above, Polytec Holdings also has obligations to procure Polytec (Huizhou) to ensure that it will not incur non-development related indebtedness, extend loans or guarantees to third parties, declare dividends, make any acquisitions or change its business, unless prior written consent has been obtained from the Company and to the extent that it would not prejudice the interest of New Basic in the Development.

### **Information on the Land and the Development**

The Land comprises three parcels of nearby land located at Dongjiang North Shore Wangjiang Lot, Huizhou, Guangdong Province, the PRC (中國廣東省惠州市東江北岸望江地段) with a total site area of 146,055.7 sq. m. The land use rights of the Land have been granted for terms due to expire on 29 October 2052 for commercial use and 29 October 2082 for residential use.

### **Reasons for the Huizhou Acquisition**

The Huizhou Acquisition will enable the Company to expand its development landbank and to further strengthen its foundation. The Company believes it is a compelling investment opportunity for the following reasons:

- (1) The Land is vacant and ready for development. It is intended to be developed into a luxury residential and commercial complex in phases. The planning approval for the first phase of the development has been obtained and the presale is expected to commence in 2014.

- (2) The Land is located at a high-end residential area in Huizhou and it has a permanent natural river view at its south east side, with provincial park facilities and it only takes three minutes to travel by motor vehicle to the central business district of Dongjiang North Shore in Huizhou.
- (3) Given the potential of the Land, the project is expected to generate a satisfactory return for the Company.

According to the Co-Investment Agreement, Polytec Holdings will pay back New Basic its fund injected (in the form of investment amount for the expenditure of the Development) and investment in the cost of the Land (in the form of the Huizhou Acquisition Consideration) before the sharing of profit and loss and as soon as the final accounts in respect of the Receipts and the expenditure of the Development after completion of the sale of all the Units comprised in the Development have been finalised. During the Development Period, Polytec Holdings will pay back investment amount of New Basic whenever there is surplus in the cashflow forecasts and mutually agreed by New Basic and Polytec Holdings. It provides better cash flow to the Group and more safety to its investment.

The Directors (excluding the Independent Non-executive Directors who will express their views after considering the advice of the independent financial adviser) believe that the terms of the Huizhou Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

## **II. THE HK AGREEMENT**

**Date:** 23 August 2013

### **Parties to the HK Agreement:**

- (1) Brilliant Idea, a wholly-owned subsidiary of the Company; and
- (2) Partner Talent, a wholly-owned subsidiary of Polytec Holding which is ultimately wholly owned by Mr Or, an Executive Director and the controlling shareholder of the Company, and his family members. Partner Talent is therefore an associate of a connected person of the Company and the HK Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

### **The HK Acquisition**

Pursuant to the HK Agreement, Partner Talent has conditionally agreed to sell and Brilliant Idea has conditionally agreed to purchase the Top Sail Sale Share together with the assignment of the Top Sail Sale Loan for an aggregate consideration of HK\$368,557,890. The Top Sail Sale Share represents the entire issued share capital of Top Sail. Upon completion of the HK Acquisition, Top Sail will become an ultimate wholly-owned subsidiary of the Company and the accounts of which will be consolidated with the Group's accounts upon completion of the HK Agreement.

### **Consideration**

The HK Acquisition Consideration is HK\$368,557,890, comprising the consideration for the transfer of the Top Sail Sale Share in the sum of HK\$185,805,770 and the face value of the Top Sail Sale Loan of HK\$182,752,120, which was determined after arm's length negotiations between the parties based on a valuation report on the HK Property prepared by DTZ and is equivalent to the adjusted net asset value after the tax effect on the appreciation of the HK Property.

The HK Acquisition Consideration will be payable by Brilliant Idea in cash in accordance with the following schedule:

- 10% of the HK Acquisition Consideration, equivalent to HK\$36,855,789, has been paid by Brilliant Idea to Polytec Holdings upon the signing of the HK Agreement; and
- the remaining balance of 90% of the HK Acquisition Consideration, equivalent to HK\$331,702,101, shall be payable by Brilliant Idea at completion of the HK Agreement.

A delay payment interest of PRIME plus 2% per annum will be charged and be payable by Brilliant Idea if it fails to pay the relevant instalment of the consideration of the HK Agreement when it falls and becomes due.

The consideration of the HK Acquisition will be satisfied by the internal resources of the Group, bank financing and/or loans from the ultimate holding company under normal commercial terms.

### **Conditions**

Completion of the HK Agreement is conditional upon the fulfillment or waiver (as the case may be) of the following conditions:

- (a) the compliance by the Company, of all applicable requirements of the Listing Rules in relation to the transactions contemplated under the HK Agreement, including where necessary, the obtaining of Independent Shareholders' approval with respect to the transaction;
- (b) Brilliant Idea being satisfied with the results of the due diligence on the Top Sail Sale Share and the Top Sail Sale Loan;
- (c) the receipt to the satisfaction of Brilliant Idea a valuation report on the HK Property issued by an independent valuer with the appraised value of not less than HK\$400,000,000;
- (d) if applicable, the obtaining of all other consents, approvals and authorizations in relation to the transactions contemplated under the HK Agreement; and
- (e) the warranties of the HK Agreement being true, accurate and correct in all respects.

If the conditions specified above are not fulfilled or waived (other than condition (a) above which cannot be waived) before 30 November 2013, the HK Agreement shall forthwith become null and void and cease to have any effect whatsoever save for any antecedent breach.

### **Information on Top Sail**

Top Sail is a company incorporated in the British Virgin Islands with limited liability on 13 May 2009 and is beneficially wholly owned by Polytec Holdings as at the date of this announcement. It is principally engaged in investment holdings. The only asset of significance of Top Sail is its interest in the HK Property.

The net asset value of Top Sail was HK\$26,369,697 as at 31 July 2013 based on its unaudited management accounts. The before and after tax profits of Top Sail for the two years ended 31

December 2011 and 31 December 2012 including HK\$12,866,400 and HK\$19,045,892 gains on the revaluation of the HK Property respectively were as follows:

	<b>Year ended 31 December 2011 HK\$</b>	<b>Year ended 31 December 2012 HK\$</b>
Profit before tax	11,752,583	13,344,341
Profit after tax	11,752,583	13,344,341

As at 31 July 2013, the amount of the Top Sail Sale Loan was HK\$182,752,120, which will be assigned by Partner Talent to Brilliant Idea upon completion of the HK Agreement.

### **Information on the HK Property**

The HK Property is a site located in Aberdeen, Hong Kong, with a registered site area of approximately 738.29 sq. m. It was acquired by Top Sail during May 2010 to July 2013 comprising thirty domestic units and six shop units in three 6-storey composite buildings all completed in 1958. As at 31 July 2013, Top Sail has incurred aggregate cost and expenses on the HK Property amounted to HK\$182,688,906.

### **Reasons for the HK Acquisition**

The HK Acquisition is in line with the business activities of the Group and will enable the Group to expand its portfolio of development projects in Hong Kong. The HK Acquisition will also facilitate the Group to acquire old building units ready for redevelopment. As the HK Property is ready for the redevelopment plan and the sales programme could commence as soon as the relevant approval is obtained, the HK Acquisition not only save substantial time, but also avoid potential risks and uncertainties associated with the assembly of the old building units where the Group may not be able to acquire all the units in a potential site within a short period of time. It can also save the monies in tightening up the working capital for a long time and is thus beneficial to the Group. The Directors (excluding the Independent Non-executive Directors who will express their views after considering the advice of the independent financial adviser) believe that the Group will earn a satisfactory return from the HK Acquisition and the terms of the HK Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

### **INFORMATION ON THE COMPANY AND BRILLIANT IDEA**

The Company is principally engaged in property investment and development in Hong Kong, Macau and the PRC. Brilliant Idea is a wholly-owned subsidiary of the Company and is principally engaged in investment holding.

### **INFORMATION ON POLYTEC HOLDINGS, POLYTEC (HUIZHOU) AND PARTNER TALENT**

Polytec Holdings is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding and is ultimately wholly owned by a discretionary trust of which Mr Or is the founder and the discretionary objects of the trust include Mr Or and his family members (of which Ms Ng Chi Man and Mr Or Pui Kwan are also Directors of the Company).



Polytec (Huizhou) is a company established in the PRC with limited liability and is beneficially owned as to 90.82% and 9.18% by Polytec Holdings and an independent third party respectively as at the date of this announcement. It is the sole legal and beneficial owner of the Land.

Partner Talent is a wholly-owned subsidiary of Polytec Holdings and is principally engaged in investment holding.

## **GENERAL**

As one of the applicable percentage ratios in respect of the Huizhou Acquisition and the HK Acquisition is, on an aggregated basis, more than 5% but less than 25%, the Huizhou Acquisition and the HK Acquisition constitute discloseable and connected transactions for the Company under Chapter 14 and Chapter 14A of the Listing Rules which are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. As at the date of this announcement, Polytec Holdings is ultimately wholly owned by a discretionary trust of which Mr. Or is the founder and the discretionary objects of the trust include Mr. Or and his family members. Since Mr. Or has a material interest in the transactions contemplated under the Huizhou Acquisition and HK Acquisition; he has abstained from voting for the Board resolutions to approve the transactions under the Huizhou Acquisition and the HK Acquisition.

An Independent Board Committee comprising all the Independent Non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Huizhou Agreement and the HK Agreement and the transactions contemplated therein. A circular containing, amongst other things, further details relating to the Huizhou Acquisition, the HK Acquisition and the Co-Investment Agreement, the letter from the Independent Board Committee, the advice from the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders, and the notice convening the Extraordinary General Meeting is intended to be despatched to the Shareholders on or before 30 September 2013 as the Company requires more time to prepare the circular.

## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Brilliant Idea”	Brilliant Idea Investments Limited, a company incorporated in the British Virgin Islands with limited liability which is principally engaged in investment holding and is a wholly-owned subsidiary of the Company
“Business Plan”	the business plan in respect of the Development setting out, among others, the proposed dates for commencement of the construction, the sale of the Units and completion of the Development and the funding requirement of the Development for the financial year to which the Business Plan relates

“Co-Investment Agreement”	the co-investment agreement dated 22 August 2013 entered into between Polytec Holdings and New Basic in relation to the investment in and financing of the Development by New Basic
“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
“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
“Development”	the development to be erected on the Land as described in the paragraph headed “Information on the Land and the Development”
“Development Period”	the period during which the Development is to be carried out until and up to the completion date of the Development which is expected to be on or before the seventh anniversary of the date of the Co-Investment Agreement
“Director(s)”	the director(s) of the Company
“DTZ”	DTZ Debenham Tie Leung Limited, an independent property valuer
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Huizhou Agreement, the HK Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HK Acquisition”	the acquisition of the Top Sail Sale Share together with the assignment of the Top Sail Sale Loan pursuant to the terms of the HK Agreement
“HK Acquisition Consideration”	the consideration of the HK Acquisition pursuant to the HK Agreement
“HK Agreement”	the agreement dated 23 August 2013 entered into between Partner Talent and Brilliant Idea in relation to the HK Acquisition
“HK Property”	property situated at 1, 3, 5, 7, 9 and 11 Tang Fung Street, Aberdeen, Hong Kong held by Top Sail
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Acquisition”	the acquisition of the New Basic Sale Share pursuant to the terms of the Huizhou Agreement

“Huizhou Acquisition Consideration”	the consideration of the Huizhou Acquisition pursuant to the Huizhou Agreement
“Huizhou Agreement”	the agreement dated 23 August 2013 entered into between Polytec Holdings and the Company in relation to the Huizhou Acquisition
“Independent Board Committee”	an independent committee of the Board, comprising all the Independent Non-executive Directors appointed by the Board to advise the Independent Shareholders in relation to the Huizhou Acquisition and the HK Acquisition
“Independent Shareholders”	shareholders of the Company other than Mr Or and his associates
“Land”	three parcels of land owned by Polytec (Huizhou) as described in the paragraph headed “Information on the Land and the Development”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr Or”	Mr Or Wai Sheun, an Executive Director and the controlling shareholder of the Company
“New Basic”	New Basic Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“New Basic Sale Share”	one share in the issued share capital of New Basic, representing the entire issued share capital of New Basic
“Partner Talent”	Partner Talent Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Polytec Holdings
“Polytec Holdings”	Polytec Holdings International Limited, a company incorporated in the British Virgin Islands with limited liability
“Polytec (Huizhou)”	Polytec (Huizhou) Investments Development Limited, a company established in the PRC with limited liability and is beneficially owned as to 90.82% and 9.18% by Polytec Holdings and an independent third party respectively as at the date of this announcement
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, Taiwan and Macau
“PRIME”	the best lending rate of Hong Kong dollar loan offered by The Hongkong and Shanghai Banking Corporation Limited from time to time
“Receipts”	the sale proceeds, proceeds of any insurance policy and interest accrued thereon in relation to the Development

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“sq. m”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Sail”	Top Sail International Limited, a company incorporated in the British Virgin Islands with limited liability and registered as a non-Hong Kong company in Hong Kong
“Top Sail Sale Loan”	the amount of HK\$182,752,120 advanced by Partner Talent to Top Sail as at 31 July 2013 which will be assigned to Brilliant Idea pursuant to the terms of the HK Agreement
“Top Sail Sale Share”	one share in the issued share capital of Top Sail, representing the entire issued share capital of Top Sail
“Units”	residential units, commercial/retail units and/or parking space in the saleable part of the Development

*Unless otherwise specified in this announcement, translations of RMB into HK\$ are made in this announcement, for illustration only, at the rate of HK\$1.00 to RMB0.79672. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rates or at all.*

By Order of the Board  
**Kowloon Development Company Limited**  
**Lee Kuen Chiu**  
*Company Secretary*

Hong Kong, 23 August 2013

*As at the date of this announcement, the Directors of the Company are Mr Or Wai Sheun (Chairman), Mr Lai Ka Fai and Mr Or Pui Kwan as Executive Directors; Mr Keith Alan Holman (Deputy Chairman), 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.*