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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 TRANSACTION

**ACQUISITION OF 7.9% OF THE EQUITY INTERESTS
IN EASY LIVING CONSULTANT LIMITED**

THE ACQUISITION

The Board is pleased to announce that on 9 August 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, has acquired and the Vendors have sold the Sale Shares, representing 7.9% of the equity interests of the Target Company, at the Consideration of HK\$5,214,000.

Upon Completion, the Purchaser will hold 56.9% of the issued share capital of the Target Company. The Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting and announcement requirements.

INTRODUCTION

The Board is pleased to announce that on 9 August 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, has acquired and the Vendors have sold the Sale Shares, representing 7.9% of the equity interests of the Target Company, at the Consideration of HK\$5,214,000.

THE ACQUISITION

The principal terms of the Acquisition are summarised as follows:

Date

9 August 2019

Parties

- (i) Vendors: Vendor A, Vendor B and Vendor C
- (ii) Purchaser: Union Way Management Limited, an indirect wholly-owned subsidiary of the Company

Before Completion, the Target Company is owned as to 49%, 5%, 7.4% and 3% by the Purchaser, Vendor A, Vendor B and Vendor C respectively. Upon Completion, the Target Company will be owned as to 56.9%, 5% and 2.5% by the Purchaser, Vendor B and Vendor C respectively.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendors are Independent Third Parties and not connected persons of the Company.

Subject Matter

On 9 August 2019, the Vendors sold and the Purchaser acquired the Sale Shares at the Consideration in cash. Upon Completion, (a) the Purchaser will own 56.9% of the equity interests of the Target Company; and (b) the Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

Consideration

The Consideration for the Acquisition is HK\$5,214,000 which shall be satisfied by the Purchaser in the following manner:

- (i) A sum of HK\$3,300,000 shall be payable by the Purchaser to Vendor A in cash on Completion;
- (ii) A sum of HK\$1,584,000 shall be payable by the Purchaser to Vendor B in cash on Completion; and
- (iii) A sum of HK\$330,000 shall be payable by the Purchaser to Vendor C in cash on Completion.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms after taking into consideration of (i) the audited net asset value of the Target Company as at 31 December 2018 of approximately HK\$66,442,000; and (ii) other factors as set out in the section headed "Reasons for and Benefits of the Acquisition" in this announcement.

Completion

Completion shall take place during business hours on the Completion Date.

Upon Completion, the Target Company will become a subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Company.

INFORMATION ON THE COMPANY

The Company is principally engaged in property investment and investment holding.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated in Hong Kong with limited liability. The Target Company is principally engaged in the provision of building surveying, property management and guarding services.

Financial Information of the Target Company

For the financial years ended 31 December 2017 and 31 December 2018, the audited financial information on the Target Company was as follows:

	For the year ended 31 December	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit before tax	8,370	7,185
Net profit after tax	7,029	6,024

The net asset value of the Target Company as at 31 December 2018 was approximately HK\$66,442,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will strengthen the Group's property management business in Hong Kong and produce synergy effect with the Country House Property Management Limited, an indirect wholly-owned subsidiary of the Company, which is principally engaged in the provision of property management, security, technical and house keeping services. After acquiring the Target Company as subsidiary, the Group can provide further financial and management support with a view to realising the full potential of the Target Company.

In view of the above, the Board considers that the terms of the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules which is subject to the reporting and announcement requirements.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser;
“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”	the completion of the Acquisition;
“Completion Date”	9 August 2019;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration of HK\$5,214,000 for the Acquisition;
“Director(s)”	director(s) of the Company;
“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;
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any directors, chief executives or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates and not otherwise a connected person of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“Purchaser”	Union Way Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Sale Shares”	7,900 shares of the Target Company registered in the name of, and beneficially owned by, the Vendors, being 7.9% of the issued share capital of the Target Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Target Company”	Easy Living Consultant Limited, a company incorporated in Hong Kong with limited liability;
“Vendor A”	Li Yuk Ching, an Independent Third Party;
“Vendor B”	Shu Chin Kee, an Independent Third Party;
“Vendor C”	Lo Chun Ming, Albert, an Independent Third Party;
“Vendors”	Vendor A, Vendor B and Vendor C; and
“%”	per cent.

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

Hong Kong, 9 August 2019

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.