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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)

**(1) SPECIAL DIVIDEND IN KIND BY WAY OF DISTRIBUTION IN SPECIE OF SHARES
IN POLYTEC ASSET HOLDINGS LIMITED**

**(2) RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR
THE SPECIAL DIVIDEND IN KIND**

(3) CLOSURE OF REGISTER OF MEMBERS FOR THE INTERIM DIVIDEND IN CASH

SPECIAL DIVIDEND IN KIND

At the meeting of the Board held on 19 August 2020, the Board has resolved to declare the Special Dividend in Kind to the Qualifying Shareholders whose names appear on the Register of Members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 1 Share held.....2.67 PAH Shares

A Qualifying Shareholder will be entitled to a pro-rata number of PAH Shares, being rounded down to the nearest whole number of PAH Shares.

No fraction of a PAH Share will be distributed. Fractional entitlements to the PAH Shares and any PAH Shares left undistributed will be sold in the market and the net proceeds of such sale will be retained for the benefit of the Company. If any calculation of a Qualifying Shareholder's entitlement to the PAH Shares would result in a fraction of a PAH Share, such entitlement will be rounded down to the nearest whole number of PAH Shares.

The Special Dividend in Kind will be available to the Shareholders whose names appear on the Register of Members of the Company on the Record Date, but will not be extended to the Non-Qualifying Shareholders.

Following the Distribution in Specie, the Group will no longer have any shareholding interests in Polytec Asset and Polytec Asset will cease to be a subsidiary of the Company and its results will cease to be consolidated in the financial statements of the Company.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS FOR THE SPECIAL DIVIDEND IN KIND

For the purpose of determining Shareholders' entitlement to the Special Dividend in Kind, the Register of Members of the Company will be closed from Tuesday, 13 October 2020 to Wednesday, 14 October 2020, both dates inclusive. During the aforementioned period, no transfer of Shares will be registered. In order to qualify for the Special Dividend in Kind, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Monday, 12 October 2020. The last day for trading in Shares on the Stock Exchange with entitlement to the Special Dividend in Kind is expected to be Thursday, 8 October 2020.

The Record Date for determining a Shareholder's entitlement to the Special Dividend in Kind is Wednesday, 14 October 2020.

CLOSURE OF REGISTER OF MEMBERS FOR THE INTERIM DIVIDEND IN CASH

At the meeting of the Board held on 19 August 2020, the Board has also resolved to declare the Interim Dividend in Cash which will be payable to Shareholders on Friday, 30 October 2020.

For the purpose of determining Shareholders' entitlement to the Interim Dividend in Cash, the Register of Members of the Company will be closed from Tuesday, 13 October 2020 to Wednesday, 14 October 2020, both dates inclusive. During the aforementioned period, no transfer of Shares will be registered. In order to qualify for the Interim Dividend in Cash, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Monday, 12 October 2020.

Reference is made to the announcement of the Company dated 19 August 2020 pursuant to which, among others, the Board announced that it has resolved to declare the Interim Dividend in Cash and the Special Dividend in Kind. This announcement is made by the Company to provide Shareholders with further information in relation to the arrangements for the Interim Dividend in Cash and the Special Dividend in Kind.

SPECIAL DIVIDEND IN KIND

At the meeting of the Board held on 19 August 2020, the Board has resolved to declare the Special Dividend in Kind, to the Qualifying Shareholders whose names appear on the Register of Members of the Company on the Record Date in proportion to their then respective shareholdings in the Company on the following basis:

for every 1 Share held.....2.67 PAH Shares

A Qualifying Shareholder will be entitled to a pro-rata number of PAH Shares, being rounded down to the nearest whole number of PAH Shares.

No fraction of a PAH Share will be distributed. Fractional entitlements to the PAH Shares and any PAH Shares left undistributed (other than any PAH Shares sold for the benefit of the Non-Qualifying Shareholders as set out in the section headed “Qualifying Shareholders and Non-Qualifying Shareholders” below) will be sold in the market and the net proceeds of such sale will be retained for the benefit of the Company. If any calculation of a Qualifying Shareholder’s entitlement to the PAH Shares would result in a fraction of a PAH Share, such entitlement will be rounded down to the nearest whole number of PAH Shares.

The PAH Shares

As at the date of this announcement, the Group holds 3,142,341,682 PAH Shares, representing approximately 70.79% of the total number of issued PAH Shares. The PAH Shares are listed on the Main Board of the Stock Exchange (Stock Code: 208).

Record Date and closure of Register of Members

For the purpose of determining Shareholders’ entitlement to the Special Dividend in Kind, the Register of Members of the Company will be closed from Tuesday, 13 October 2020 to Wednesday, 14 October 2020, both dates inclusive. During the aforementioned period, no transfer of Shares will be registered. In order to qualify for the Special Dividend in Kind, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Monday, 12 October 2020. The last day for trading in Shares on the Stock Exchange with entitlement to the Special Dividend in Kind is expected to be Thursday, 8 October 2020.

The Record Date for determining a Shareholder’s entitlement to the Special Dividend in Kind is Wednesday, 14 October 2020.

Dispatch of share certificates and CCASS settlement

It is expected that share certificates for the relevant PAH Shares will be dispatched on or about Friday, 30 October 2020 by ordinary post at the own risk of the Qualifying Shareholders to their respective addresses shown on the Register of Members of the Company on the Record Date.

In the case of a joint holding of Shares, the share certificate for the PAH Shares will be posted to the address shown on the Register of Members of the Company in respect of such Shares on the Record Date.

Investors holding Shares through CCASS Participants are expected to receive the PAH Shares through their respective stockbrokers or custodians or through their CCASS Investor Participant stock accounts following the dispatch of share certificates for the PAH Shares. Such investors should seek the advice of their respective stockbrokers or other professional advisers in case of doubt.

Odd lot matching service for the PAH Shares

The Company has, at its own costs, appointed Hantec Securities Company Limited to provide matching service for sale and purchase of odd lots of the PAH Shares, on a best effort basis, to those Qualifying Shareholders entitled to the Special Dividend in Kind who wish to acquire odd lots of the PAH Shares to make up a full board lot, or to dispose of their odd lots of the PAH Shares.

Qualifying Shareholders who wish to utilise this service should contact Hantec Securities Company Limited Dealing Hotline of Hantec Securities Company Limited at (852) 2501 3262, 12/F, South China Building, 1-3 Wyndham Street, Central, Hong Kong during the period from 9:00 am on Friday, 30 October 2020 to 4:00 pm on Friday, 29 January 2021, both dates inclusive. Holders of odd lots of the PAH Shares should note that successful matching of such sale and purchase is not guaranteed.

Qualifying Shareholders and Non-Qualifying Shareholders

The Special Dividend in Kind will be available to the Shareholders whose names appear on the Register of Members of the Company on the Record Date, but will not be extended to the Non-Qualifying Shareholders.

Shareholders with registered addresses outside Hong Kong

Based on the Register of Members of the Company as at 15 September 2020, there were a total of 36 Shareholders whose addresses as shown on the Register of Members of the Company were outside Hong Kong, comprising 6 jurisdictions, including Canada, the PRC, the United Kingdom, Singapore, Australia and the United States of America, with a total shareholding of 1,624,612 Shares, representing in aggregate approximately 0.14% of the total number of issued Shares as at the close of business on 15 September 2020.

The Company had engaged legal counsels to ascertain whether or not there are any legal or regulatory requirements or restrictions which would make extending the Distribution in Specie to Shareholders whose addresses as shown on the Register of Members of the Company are located in the aforementioned jurisdictions outside Hong Kong administratively prohibitive or inexpedient. Having considered the preliminary advice provided by the legal counsels in the aforementioned jurisdictions, the Directors are of the view that:

- (i) with respect to Canada, the PRC, the United Kingdom, Singapore and Australia, the Company has been advised that there are no such legal or regulatory restrictions or the Company has met the relevant exemption requirement(s) in such jurisdiction(s) which would exempt the Company from the obtaining of approval from the relevant regulatory authorities under the applicable laws and regulations of such jurisdiction(s) for the purpose of the Distribution in Specie. The Distribution in Specie will accordingly be extended to the Shareholders whose addresses as shown on the Register of Members of the Company are in Canada, the PRC, the United Kingdom, Singapore and Australia on the Record Date; and
- (ii) with respect to the United States of America, the Company has been advised that there are applicable legal or regulatory requirements or restrictions and the Board considered that, as additional time and resources are required to ascertain the satisfaction of the relevant requirements or exemptions, it is expedient and beneficial to the Company and the Shareholders as a whole to exclude the Shareholders whose addresses as shown on the Register of Members of the Company are in the United States of America on the Record Date from receiving the PAH Shares and to regard such Shareholders as Non-Qualifying Shareholders.

Shareholders with registered addresses outside Hong Kong should consult their own professional advisers as to whether or not they are permitted to receive the Special Dividend in Kind or if any governmental or other consent is required or other formalities which need to be observed and whether there are any other restrictions in relation to the future sale of any PAH Shares so received.

Notwithstanding the arrangements with regard to Shareholders with registered addresses outside Hong Kong as described above, the Board reserves the ultimate right to exclude any Shareholder from the Distribution in Specie if it believes that the transfer of the PAH Shares to such person(s) may violate any applicable legal and/or regulatory requirements in any jurisdiction.

Arrangements for Non-Qualifying Shareholders (if any)

As the Distribution in Specie will not be extended to the Non-Qualifying Shareholders (if any), arrangements will be made for the PAH Shares which would otherwise have been transferred to any Non-Qualifying Shareholders to be sold in the market as soon as possible, on or after the date of posting of the share certificates for the PAH Shares (which date is currently expected to be on or about Friday, 30 October 2020), and any proceeds of sale, after deduction of expenses and duties, will be distributed in HK\$ to the relevant Non-Qualifying Shareholders, except that net proceeds less than HK\$100 will be retained for the benefit of the Company.

Cheques representing the net proceeds of the sale of such PAH Shares, if any, will be sent by ordinary post to the Non-Qualifying Shareholders at their own risk, within 14 days after the sale of all such PAH Shares. In the absence of bad faith or wilful default, none of the Company or any broker or agent appointed by the Company to effect the sale shall have any liability of any loss whatsoever arising as a result of the timing or the terms of any such sale.

REASONS FOR AND BENEFITS OF THE DISTRIBUTION IN SPECIE

The Board is of the view that the Distribution in Specie is in the interests of both the Company and the Shareholders. In addition to property business in Macau and the Greater Bay Area, Polytec Asset is also engaged in oil, ice manufacturing and cold storage, financial investment, etc. The business mix of Polytec Asset differs from that of the Company which has positioned itself as a leading property developer/investor in the Greater China Region. Following the Distribution in Specie, the Group will no longer have any shareholding interests in Polytec Asset and Polytec Asset will cease to be a subsidiary of the Company. By delineating Polytec Asset and its subsidiaries from the Company, the Group's business mix will be streamlined and the Company's focus on property development and investment in the Greater China Region should eliminate any discount to its market value which may have resulted from the diverse activities within Polytec Asset and its subsidiaries. The Distribution in Specie will provide the Qualifying Shareholders with an opportunity to directly hold the Company's investment in Polytec Asset coupled with the flexibility to determine the level of their participation in investing in Polytec Asset at their own discretion.

FINANCIAL EFFECTS OF THE DISTRIBUTION IN SPECIE

On the assumption that there is no change in the issued share capital of both the Company and Polytec Asset from the date of this announcement up to the Record Date and the actual number of PAH Shares subject to the Distribution in Specie is 3,142,341,682, representing approximately 70.79% of the total number of issued PAH Shares and all of the PAH Shares held by the Group. Following the Distribution in Specie, the Group will no longer have any shareholding interests in Polytec Asset and Polytec Asset will cease to be a subsidiary of the Company and its results will cease to be consolidated in the financial statements of the Company.

The profit and loss implications on the Group as a result of the distribution of the PAH Shares upon completion of the Distribution in Specie may only be ascertained following the date of settlement of the Distribution in Specie.

TENTATIVE TIMETABLE FOR THE DISTRIBUTION IN SPECIE

	On or about
Last day of dealing in the Shares on a cum-entitlement basis	Thursday, 8 October 2020
Commencement of dealing in the Shares on an ex-entitlement basis	Friday, 9 October 2020
Latest time for lodging documents for the transfer of the Shares in order to qualify for the Special Dividend in Kind	4:30 pm on Monday, 12 October 2020
Closure of Register of Members of the Company	Tuesday, 13 October 2020 to Wednesday, 14 October 2020 (both dates inclusive)
Record Date	Wednesday, 14 October 2020
Register of Members of the Company re-opens	Thursday, 15 October 2020
Dispatch of physical share certificates for the PAH Shares	Friday, 30 October 2020

Note: All times refer to Hong Kong local time. The above tentative timetable is an indication only and may be varied by the Company. Should there be any change to the tentative timetable, further announcement will be made by the Company as and when appropriate.

WAIVER FROM COMPLIANCE WITH RULE 26 OF THE TAKEOVERS CODE

As at the date of this announcement, Intellinsight is directly interested in (i) 831,047,624 Shares, representing approximately 70.63% of the entire issued share capital of the Company and (ii) 83,104,762 PAH Shares, representing approximately 1.87% of the entire issued share capital of Polytec Asset; and the Company is indirectly interested in 3,142,341,682 PAH Shares, representing approximately 70.79% of the entire issued share capital of Polytec Asset. Immediately upon completion of the Distribution in Specie, Intellinsight will be directly interested in approximately 51.86% of the entire issued share capital of Polytec Asset.

Intellinsight has applied for, and the Executive has granted a waiver of, the obligation to make a mandatory general offer for all the PAH Shares not already owned or will be acquired by Intellinsight and the parties acting in concert with it as a result of the completion of the Distribution in Specie pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code.

INFORMATION ON THE GROUP

The Group is principally engaged in investment holding, property development, property investment, property management, oil production and financial investments.

INFORMATION ON POLYTEC ASSET

Polytec Asset is a company incorporated in the Cayman Islands with limited liability. Polytec Asset and its subsidiaries are principally engaged in property investment, trading and development related activities, oil exploration and production related activities, manufacturing of ice and provision of cold storage and related services and financial investments.

CLOSURE OF REGISTER OF MEMBERS FOR THE INTERIM DIVIDEND IN CASH

At the meeting of the Board held on 19 August 2020, the Board has resolved to declare the Interim Dividend in Cash which will be payable to Shareholders on Friday, 30 October 2020.

For the purpose of determining Shareholders' entitlement to the Interim Dividend in Cash, the Register of Members of the Company will be closed from Tuesday, 13 October 2020 to Wednesday, 14 October 2020, both dates inclusive. During the aforementioned period, no transfer of Shares will be registered. In order to qualify for the Interim Dividend in Cash, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 pm on Monday, 12 October 2020.

DEFINITIONS

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

“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation;
“CCASS Participant”	any person admitted to participate in CCASS as a direct clearing participant, a general clearing participant, a custodian participant, or any CCASS Investor Participant;

“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);
“Director(s)”	director(s) of the Company;
“Distribution in Specie”	the distribution in specie of PAH Shares held by the Group to the Qualifying Shareholders in proportion to their then respective shareholdings in the Company;
“Executive”	the executive director of the Corporate Finance Division of the SFC;
“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 PRC;
“Intellinsight”	Intellinsight Holdings Limited, a company incorporated in the British Virgin Islands holding 831,047,624 Shares, representing approximately 70.63% of the total number of issued Shares as at the date of this announcement;
“Interim Dividend in Cash”	an interim dividend in cash of HK\$0.24 per Share for the six months ended 30 June 2020;
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose (respective) address(es) as shown on the Register of Members of the Company on the Record Date is/are in place(s) outside Hong Kong, and whom is/are excluded from receiving the PAH Shares in the Distribution in Specie on account of the relevant legal or regulatory requirements or restrictions by the Board out of necessity or expediency;
“PAH Share(s)”	ordinary share(s) in the capital of Polytec Asset;
“Polytec Asset”	Polytec Asset Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 208);
“PRC”	the People’s Republic of China;
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the Register of Members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s);

“Record Date”	14 October 2020, being the date fixed for determining the Shareholders’ entitlement to the Special Dividend in Kind;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Share(s)”	ordinary share(s) in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Special Dividend in Kind”	a special interim dividend by way of distribution of 3,142,341,682 PAH Shares, representing approximately 70.79% of the total number of issued PAH Shares and all of the PAH Shares held by the Group;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers; and
“%”	per cent.

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

Hong Kong, 18 September 2020

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.