
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in KRP Development Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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KRP Development Holdings Limited

嘉創房地產控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2421)

DISCLOSEABLE AND CONNECTED TRANSACTIONS DISPOSAL OF DONGGUAN CITY JIAXUNTONG

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page pages 14 to 15 of this circular.

A letter from Gransing Securities Co., Limited, the Independent Financial Adviser, containing its advice and recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

A notice convening the EGM to be held at 1st Floor, Grand Ballroom, Castfast Hotel, 12 Castfast Road, Guan Jing Tou, Feng Gang, DongGuan, GuangDong, PRC on Monday, 24 June 2024 at 11:00 a.m. is set out on pages 35 to 36 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

This circular together with the form of proxy will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.krpd.com.hk).

5 June 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings.

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors
“Closing”	the closing of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Closing Date”	the closing date of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Company”	KRP Development Holdings Limited (嘉創房地產控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2421)
“Conditions”	the conditions precedent to the Closing as stipulated under the Disposal Agreement
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of the Disposal, which is RMB19,800,000 (equivalent to approximately HK\$21,780,000)
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules and, in the context of this circular, refers to the controlling shareholder(s) of the Company
“Director(s)”	the Director(s) of the Company
“Disposal”	the disposal of the entire equity interests in the Target Company by the Vendor to the Purchaser pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 14 May 2024 entered into between the Vendor and the Purchaser in relation to the Disposal

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to consider, and if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder by the Independent Shareholders
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Disposal
“Independent Financial Adviser” or “Gransing Securities”	Gransing Securities Co., Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal
“Independent Shareholders”	the Shareholders, excluding those who are required to abstain from voting at the EGM
“Latest Practicable Date”	3 June 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ho”	Mr. Ho Cheuk Fai, the chairman, an non-executive Director and a Controlling Shareholder
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“Phase 3 of Castfast Villas”	phase 3 of our residential property located in Fenggang Town, Dongguan City, Guangdong Province

DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region, and Taiwan
“Purchaser” or “Kar Info Property”	Kar Info Property Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Mr. Ho
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company” or “Dongguan City Jiaxuntong”	Dongguan City Jiaxuntong Computer Products Limited* (東莞市嘉訊通電腦產品有限公司), a company established in the PRC with limited liability, which is a indirect wholly-owned subsidiary of the Company
“Vendor” or “KRP Development”	KRP Development Company Limited, a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company

* *for identification purpose only.*

The English names of the PRC entities (including schools), PRC laws or regulations and the PRC governmental authorities referred to in this circular are merely translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

For the purpose of this circular, the translation of RMB into HK\$ is based on the exchange rate of RMB1.0 to HK\$1.1. Such conversion shall not be construed as a representation that amounts in RMB were or may have been converted into HK\$ using such exchange rate or any other exchange rate or at all.

LETTER FROM THE BOARD



KRP Development Holdings Limited

嘉創房地產控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2421)

Executive Directors:

Mr. Ho Man Chung (*Chief Executive Officer*)
Mr. Ho Wai Hon, Brian
Ms. Yiu Yuet Fung
Mr. Zhu Nianhua

Registered Office in the Cayman Islands:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Director:

Mr. Ho Cheuk Fai (*Chairman*)

Principal place of business in Hong Kong:

Block C, 9th Floor
Southeast Industrial Building
611–619 Castle Peak Road
Tsuen Wan, New Territories
Hong Kong

Independent Non-executive Directors:

Mr. Choi Wai Hin
Mr. Ho Lai Hong
Dr. Lo Yung Fong

5 June 2024

To the Shareholders

Dear Sirs or Madams,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
DISPOSAL OF DONGGUAN CITY JIAXUNTONG**

INTRODUCTION

Reference is made to the announcement of the Company dated 14 May 2024 in relation to the Disposal.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent shareholders containing its recommendation in respect of the Disposal Agreement and the transactions contemplated thereunder; (iii) a letter from Gransing Securities to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Disposal Agreement and the transactions contemplated thereunder; and (iv) the notice of the EGM.

THE DISPOSAL AGREEMENT

On 14 May 2024, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued equity interest of the Target Company at the Consideration, subject to the terms and conditions therein.

The principal terms of the Disposal Agreement are set out below:

Date

14 May 2024

Parties

- (i) the Vendor: KRP Development Company Limited (an indirect wholly-owned subsidiary of the Company)
- (ii) the Purchaser: Kar Info Property Limited (a company wholly-owned by Mr. Ho)

Subject matter

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued equity interest of the Target Company, subject to the terms and conditions therein.

Consideration

The Consideration for the entire issued equity interest of the Target Company is RMB19,800,000 (equivalent to approximately HK\$21,780,000). The Consideration will be settled in cash by the Purchaser within 90 days of the Closing Date.

LETTER FROM THE BOARD

The Consideration was agreed after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, the net book value of the Target Company as at 30 April 2024 of approximately RMB19,183,000.

Currently, the Target Company does not have any business or operations as all units of Phase 3 of Castfast Villas have been sold and delivered. As at 30 April 2024, based on unaudited financial information of the Target Company, the total assets of the Target Company was approximately RMB56.6 million which comprised of cash and cash equivalent of approximately RMB22.1 million and trade receivables of approximately RMB34.5 million, and the total liabilities of the Target Company was RMB37.5 million which mainly comprised of sales commission to real estate agents approximately RMB3.0 million and tax payable of approximately RMB34.1 million. Since all units of Phase 3 of Castfast Villas have been sold and the assets of the Target Company only comprised of cash and cash equivalent and trade receivables, no updated valuation of the assets of the Target Company has been conducted and the Directors consider that it is appropriate and more straight forward to determine the Consideration by reference to the net book value of the Target Company instead of any valuation of the Target Company.

The trade receivables of approximately RMB34.5 million as at 30 April 2024 were the receivables from the sales of Phase 3 of Castfast Villas in respect of 16 units due from five property buyers, among which approximately RMB2.7 million in respect of 3 units from 3 property buyers have already fallen due, and the remaining approximately RMB31.8 million in respect of 13 units from two property buyers will fall due in October 2024.

Having considered the above factors as well as the Directors' assessment of the business, operation and financial conditions of the Target Company, the Directors (excluding Mr. Ho and Mr. Ho Wai Hon, Brian but including all the independent non-executive Directors) are of the view that the Consideration is fair and reasonable, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The obligations of each of the parties to effect the transactions contemplated under the Disposal Agreement at the Closing shall be subject to the fulfilment or waiver by the Purchaser (as the case may be) at or prior to Closing of the following Conditions:

- (a) the representations and warranties of the Vendor remaining true, complete and accurate in all material respects with no false or misleading statements and material omissions from the date of the Disposal Agreement until the Closing Date;

LETTER FROM THE BOARD

- (b) the Vendor having duly performed and complied with all undertakings under the Disposal Agreement with no breach of any of the provisions from the date of the Disposal Agreement until the Closing Date;
- (c) the transactions contemplated under the Disposal Agreement not being restricted, prohibited or cancelled by any PRC laws or any judgment, injunction, order or decree of any courts, arbitration or government bodies; and there exists no pending or potential litigation, arbitration, judgment, decree or injunction which may have a material adverse impact on the transactions as contemplated under the Disposal Agreement;
- (d) from the date of the Disposal Agreement until the Closing Date, there exists no events, conditions, changes or other situations or reasonably foreseeable events, conditions, changes or situations which may have a material adverse impact on the assets, financials, liabilities, technologies, profit forecast and normal operation of the Target Company;
- (e) the Purchaser has completed its financial and legal due diligence review of the Target Company, and is satisfied with the results thereof;
- (f) the shareholders of the Target Company have approved the Disposal and the board of directors of the Vendor has passed the resolutions to approve the Disposal;
- (g) the Independent Shareholders have passed the resolutions at the EGM for approving the Disposal Agreement and the transactions contemplated thereunder; and
- (h) the Target Company has completed the relevant registration and reporting procedures with the relevant PRC market regulation and commerce authorities in connection with the Disposal and the Purchaser has been duly registered as the shareholder of the entire issued equity interest of the Target Company and has been provided with relevant updated licenses, including the business operation license of the Target Company.

The Purchaser may waive in writing all the Conditions save as Conditions (c), (g) and (h). Upon the fulfilment of all the Conditions, the Vendor shall provide a confirmation in writing to the Purchaser and provide evidence of the same.

As of the Latest Practicable Date, save for condition (e) which has been fulfilled, none of the Conditions have been fulfilled or waived.

LETTER FROM THE BOARD

Closing

The Closing is scheduled to take place on the Closing Date, which is three business days after the Conditions have been fulfilled or waived (as the case may be) pursuant to the Disposal Agreement, or such other date as the Purchaser and the Vendor may agree in writing.

Following the Closing, the Purchaser will be the legal and beneficial owner of the entire issued equity interest of the Target Company.

FINANCIAL IMPACTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statement of the Group.

Based on the net carrying value of the net assets of the Target Company of approximately RMB19,183,000 as at 30 April 2024, the Group expects to realize a possible gain on Disposal of approximately RMB617,000, being the difference between the amount of Consideration and the net book value of the Target Company as mentioned above and this figure is subject to final audit to be performed by the Company's auditors.

The expected proceeds to be received by the Company from the Disposal will be used for its working capital and general corporate purposes.

INFORMATION OF THE PARTIES INVOLVED IN THE DISPOSAL

The Group

The Group is principally engaged in development and sales of residential properties in Dongguan, Huizhou and Foshan.

KRP Development and the Vendor

The Vendor is a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company. The Vendor is an investment holding company.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability which is wholly-owned by Mr. Ho. The Purchaser is an investment holding company with no operations.

LETTER FROM THE BOARD

Mr. Ho

Mr. Ho is the chairman of the Board and a non-executive Director of the Company. As at the Latest Practicable Date, Mr. Ho is interested in approximately 72.56% of the Shares in issue of the Company and is a Controlling Shareholder of the Company.

The Target Company

The Target Company is a company established in the PRC with limited liability on 7 September 2000 which is wholly-owned by the Vendor and is principally engaged in real estate development business in relation to Phase 3 of Castfast Villas. The Target Company is the project company and is the holder and owns the legal title of Phase 3 of Castfast Villas. The Target Company was also engaged in sales of computer-related electronics devices and electronic components until May 2016. Since then, it had not operated any business other than as the project company of Phase 3 of Castfast Villas.

In September 2005, the Target Company entered into the relevant land grant contract with Dongguan City Land Management Bureau (東莞市土地管理局), pursuant to which the Target Company was granted the land use right of the project land for industrial use. In December 2014, application for change of land use to residential use was approved by Dongguan City National Land Resources Bureau. Construction of Phase 3 of Castfast Villas was commenced in November 2015 and was completed between August 2018 to January 2019 with 605 residential units. Pre-sale of Phase 3 of Castfast Villas was commenced in September 2017.

The Target Company was a direct wholly-owned subsidiary of Kar Info Property since May 2016, which was in turn wholly-owned by Mr. Ho. As part of the reorganisation of the Group in preparation for the listing of the Company on the Stock Exchange, on 3 March 2022, Kar Info Property transferred 100% equity interest in the Target Company at a consideration of RMB38 million, which held 26 unsold units of Phase 3 of Castfast Villas with a total GFA of 3,685 sq.m., to KRP Development and the Target Company became an indirect wholly-owned subsidiary of the Group.

All units of Phase 3 of Castfast Villas have been sold in April 2024 and there is no unsold unit in Phase 3 of Castfast Villas. The aggregate selling price of the 26 units of Phase 3 of Castfast Villas that were sold since the Target Company became a subsidiary of the Group amounted to approximately RMB78.2 million. As at 30 April 2024, the outstanding receivables from the sale of Phase 3 of Castfast Villas were approximately RMB34.5 million.

LETTER FROM THE BOARD

Set out below is the unaudited financial information of the Target Company for the two financial years ended 31 March 2023 and the six months ended 30 September 2023:

	For the six months ended 30 September 2023	For the year ended 31 March	
		2023	2022
		<i>RMB'000</i>	
Net assets	14,179	9,292	9,179
Profit/(Loss) before tax	(102)	10,157	52,278
Profit/(Loss) after tax	(102)	113	23,251

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Target Company serves as the project company for the development of Phase 3 of Castfast Villas. Since all units of Phase 3 of Castfast Villas have been sold, the Disposal could streamline the organization structure and thereby minimizing the cost of management of the Group. Furthermore, the Disposal allows the Group to strategically reallocate its resources and concentrate its efforts on promoting Phase 4 and Phase 5 of Castfast Villas and Louvre Mansion, and developing the Foshan Project located at Hecheng Sub-district, Gaoming District, Foshan.

Currently, we are focusing on implementing our sales and marketing strategies to sell the remaining units of our projects, including conducting market and competitors analysis, such as any changes in real estate policies and market demand in the Linshen area (臨深片區), and analysing the sales strategies and properties transactions of the surrounding property development projects. We are also formulating appropriate marketing plans to promote sales of these projects, such as their sales channels, pricing, target customers positioning, promotions and offering supporting facilities for the units. Foshan Project is currently in the project planning and design stage which we are preparing for the architectural construction design and drawings and liaising with the relevant government authorities.

It is expected that, if no disposal of the Target Company, an estimated annual budget of around RMB0.6 million is required to maintain the Target Company, including but not limited to ongoing expenses of salaries for minimal staff members and professional fees for audit and tax services to maintain compliance. Moreover, the Disposal could enable the Group to reallocate its resources and concentrate on conducting construction cost budgeting and monitoring for the Foshan Project and corporate income tax and land appreciation tax computation for local tax compliance for its existing projects, thereby enhancing the overall project efficiency in its existing initiatives.

LETTER FROM THE BOARD

In view of the above, the Directors (excluding Mr. Ho and Mr. Ho Wai Hon, Brian but including all the independent non-executive Directors) are of the view that the terms of the Disposal were entered into on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more the applicable percentage ratios in respect of the Disposal is more than 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Purchaser is wholly-owned by Mr. Ho, who is a connected person of the Company by virtue of being the chairman of the Board, a non-executive Director and a Controlling Shareholder of the Company. Accordingly, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee to advise the Independent Shareholders in connection with the Disposal Agreement, and the transactions contemplated thereunder. Gransing Securities has been appointed as Independent Financial Adviser by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Disposal Agreement, and the transactions contemplated thereunder.

EGM

The Company will seek approval from the Independent Shareholders for the Disposal Agreement and the transactions contemplated thereunder at the EGM.

Mr. Ho, the chairman of the Board, a non-executive Director and a Controlling Shareholder, is considered to have material interest in the Disposal by virtue of his interests in the Purchaser. He, together with Mr. Ho Wai Hon, Brian (executive Director), have therefore abstained from voting on the relevant Board resolutions and, along with their associates (including Ms. Ho Po Chu and Mr. Ho Cheuk Ming), shall abstain from voting at the EGM in respect of the resolutions for approving the Disposal Agreement, and the transactions contemplated thereunder. As at the Latest Practicable Date, according to the information of the Company, Mr. Ho, Mr. Ho Wai Hon, Brian, Ms. Ho Po Chu and Mr. Ho Cheuk Ming (including their personal interests, family interests

LETTER FROM THE BOARD

and corporate/other interests) are interested in approximately 72.56%, 0.19%, 72.56% and 0.56% of the Shares in issue of the Company, respectively. Mr. Ho is the brother of Mr. Ho Cheuk Ming and the spouse of Ms. Ho Po Chu.

Save as disclosed above and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder and/or associate thereof has a material interest in the Disposal Agreement, or the transactions contemplated thereunder and this, no other Shareholder and/or associate thereof is required to abstain from voting on the proposed resolutions to approve the aforementioned matters.

BOOK CLOSURE FOR DETERMINING VOTING ENTITLEMENTS AT THE EGM

For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Monday, 24 June 2024 (both dates inclusive) during which period no transfer of Shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 June 2024.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in pages 29 to 34 to this circular.

RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 14 to 15 of this circular and the letter of advice from Gransing Securities to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 28 of this circular in

LETTER FROM THE BOARD

connection with the connected transactions contemplated under the Disposal Agreement, the transactions contemplated thereunder and the principal factors and reasons considered by Gransing Securities in arriving at such advice.

The Directors (excluding Mr. Ho and Mr. Ho Wai Hon, Brian but including the independent non-executive Directors whose views are set out in the section headed “Letter from Independent Board Committee” in this circular, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote for the resolution approving the Agreement and the transactions contemplated thereunder.

The Disposal is subject to certain Conditions which may or may not be fulfilled. There is therefore no assurance that the Disposal will proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

Yours faithfully,
On behalf of the Board
KRP Development Holdings Limited
Ho Wai Hon, Brian
Executive Director



KRP Development Holdings Limited

嘉創房地產控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2421)

5 June 2024

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
DISPOSAL OF DONGGUAN CITY JIAXUNTONG**

We refer to the circular of the Company dated 5 June 2024 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in this letter shall have the same meanings as in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise you and us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are set out on pages 16 to 28 of this Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendices thereto.

Having considered the benefits for and reasons of the Disposal Agreement and the transactions contemplated thereunder and taking into account the advice of the Independent Financial Adviser, we are of the opinion that despite the transactions contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms and conditions of the Disposal and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. We consider the

LETTER FROM INDEPENDENT BOARD COMMITTEE

entering of the Disposal Agreement is in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote for the resolution approving the Disposal Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Choi Wai Hin <i>Independent non-executive Director</i>	Mr. Ho Lai Hong <i>Independent non-executive Director</i>	Dr. Lo Yung Fong <i>Independent non-executive Director</i>
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LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Gransing Securities Co., Limited, the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this Circular.



Unit 4103, 41/F.,
Hopewell Centre,
183 Queen's Road East,
Wan Chai,
Hong Kong

5 June 2024

To: The Independent Board Committee and the Independent Shareholders of KRP Development Holdings Limited

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 5 June 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 14 May 2024, the Vendor, an indirectly wholly-owned subsidiary of the Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued equity interest of the Target Company at the Consideration, subject to the terms and conditions therein.

As the Purchaser is wholly-owned by Mr. Ho, who is a Controlling Shareholder of the Company holding 72.56% of the issued share capital of the Company as at the Latest Practicable Date, the chairman of the Board and a non-executive Director of the Company, the entering into the Disposal Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and subject to the reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules. Mr. Ho and Mr. Ho Wai Hon, Brian, an executive Director and the son of Mr. Ho and their associates will abstain from voting at the EGM to be

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

convened for the approval of the Disposal Agreement and the transactions contemplated thereunder. As stated in the Letter from the Board, as at the Latest Practicable Date, according to the information of the Company, Mr. Ho, Mr. Ho Wai Hon, Brian, Ms. Ho Po Chu and Mr. Ho Cheuk Ming (including their personal interests, family interests and corporate/other interests) are interested in approximately 72.56%, 0.19%, 72.56% and 0.56% of the Shares in issue of the Company, respectively. Mr. Ho is the brother of Mr. Ho Cheuk Ming and the spouse of Ms. Ho Po Chu.

Save and except for Mr. Ho, the chairman of the Board, a non-executive Director and a Controlling Shareholder and Mr. Ho Wai Hon, Brian, an executive Director and the son of Mr. Ho, none of the Directors have any material interest in the transactions contemplated under the Disposal Agreement, therefore they are not required under the Listing Rules to abstain from voting on the Board resolution approving the Disposal Agreement and the transactions contemplated thereunder.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Choi Wai Hin, Mr. Ho Lai Hong and Dr. Lo Yung Fong, being all the independent non-executive Directors has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the Disposal. Our appointment as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Advisor is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Disposal Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote on the relevant resolution in relation to the Disposal Agreement and the transactions contemplated thereunder at the EGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we do not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Advisor in relation to the Disposal, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Disposal Agreement, the Company's annual report for the financial year ended 31 March 2023 (the "**2022/2023 Annual Report**"), the Company interim report for the six months ended 30 September 2023 (the "**2023/2024 Interim Report**") and other information as set out in the Circular.

We have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information have been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not, carried out any independent verification of the information provided by the Management, nor have conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts the omission of which would make any statement herein or the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the Disposal Agreement, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to the Disposal and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors:

A. Overview of the Target Company and the Disposal

1. *The Target Company*

As stated in the letter from the Board, the Target Company is a company established in the PRC with limited liability on 7 September 2000 which is wholly-owned by the Vendor and is principally engaged in real estate development business in relation to Phase 3 of Castfast Villas. The Target Company is the project company and is the holder and owns the legal title of Phase 3 of Castfast Villas. The Target Company was also engaged in sales of computer-related electronics devices and electronic components until May 2016. Since then, it had not operated any business other than as the project company of Phase 3 of Castfast Villas.

In September 2005, the Target Company entered into the relevant land grant contract with Dongguan City Land Management Bureau (東莞市土地管理局), pursuant to which the Target Company was granted the land use right of the project land for industrial use. In December 2014, application for change of land use to residential use was approved by Dongguan City National Land Resources Bureau. Construction of Phase 3 of Castfast Villas was commenced in November 2015 and was completed between August 2018 to January 2019 with 605 residential units. Pre-sale of Phase 3 of Castfast Villas was commenced in September 2017.

The Target Company was a direct wholly-owned subsidiary of Kar Info Property since May 2016, which was in turn wholly-owned by Mr. Ho. As part of the reorganisation of the Group in preparation for the listing of the Company on the Stock Exchange, on 3 March 2022, Kar Info Property transferred 100% equity interest in the Target Company at a consideration of RMB38 million, which held 26 unsold units of Phase 3 of Castfast Villas with a total GFA of 3,685 sq.m., to KRP Development and the Target Company became an indirect wholly-owned subsidiary of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

All units of Phase 3 of Castfast Villas have been sold in April 2024 and there is no unsold unit in Phase 3 of Castfast Villas. The aggregate selling price of the 26 units of Phase 3 of Castfast Villas that were sold since the Target Company became a subsidiary of the Group amounted to approximately RMB78.2 million. As at 30 April 2024, the outstanding receivables from the sale of Phase 3 of Castfast Villas were approximately RMB34.5 million.

Set out below is the unaudited financial information of the Target Company for the two financial years ended 31 March 2023, the six months ended 30 September 2023 and as at 30 April 2024:

Table 1: Highlights of the financial results of the Target Company

	For the six months ended 30 September 2023 (RMB'000)	For the year ended 31 March 2023 2022 (RMB'000)	
Turnover	—	14,758	70,593
Profit/(Loss) before tax	(102)	10,157	52,278
Profit/(Loss) after tax	(102)	113	23,251

Table 2: Highlights of the balance sheets of the Target Company

	As at 30 April 2024 (RMB'000)
Total assets	56,643
Total liabilities	37,460
Net assets	19,183

Upon completion of the Disposal, the Target Company will cease to become subsidiary of the Company and the accounts of the Target Company will no longer be consolidated with the accounts of the Company.

As stated in the letter from the Board, currently, the Target Company does not have any business or operations as all units of Phase 3 of Castfast Villas have been sold and delivered. As at 30 April 2024, based on unaudited financial information of the Target Company, the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

total assets of the Target Company was approximately RMB56.6 million which comprised of cash and cash equivalent of approximately RMB22.1 million and trade receivables of approximately RMB34.5 million, and the total liabilities of the Target Company was RMB37.5 million which mainly comprised of sales commission to real estate agents of approximately RMB3.0 million and tax payable of approximately RMB34.1 million.

The trade receivables of approximately RMB34.5 million as at 30 April 2024 were the receivables from the sales of Phase 3 of Castfast Villas in respect of 16 units due from five property buyers, among which approximately RMB2.7 million in respect of three units from three property buyers have already fallen due, and the remaining approximately RMB31.8 million in respect of 13 units from two property buyers will fall due in October 2024.

2. *The Disposal Agreement*

On 14 May 2024 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued equity interest of the Target Company at the Consideration, subject to the terms and conditions therein.

The principal terms of the Disposal Agreement are set out below:

Date

14 May 2024

Parties

- | | |
|---------------------|--|
| (i) the Vendor: | KRP Development Company Limited (an indirect wholly-owned subsidiary of the Company) |
| (ii) the Purchaser: | Kar Info Property Limited (a company wholly-owned by Mr. Ho) |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject matter

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire issued equity interest of the Target Company, subject to the terms and conditions therein.

Consideration

The Consideration for the entire issued equity interest of the Target Company is RMB19,800,000 (equivalent to approximately HK\$21,780,000). The Consideration will be settled in cash by the Purchaser within 90 days of the Closing Date.

Conditions precedent

The obligations of each of the parties to effect the transactions contemplated under the Disposal Agreement at the Closing shall be subject to the fulfilment or waiver by the Purchaser (as the case may be) at or prior to Closing of the following Conditions:

- (a) the representations and warranties of the Vendor remaining true, complete and accurate in all material respects with no false or misleading statements and material omissions from the date of the Disposal Agreement until the Closing Date;
- (b) the Vendor having duly performed and complied with all undertakings under the Disposal Agreement with no breach of any of the provisions from the date of the Disposal Agreement until the Closing Date;
- (c) the transactions contemplated under the Disposal Agreement not being restricted, prohibited or cancelled by any PRC laws or any judgment, injunction, order or decree of any courts, arbitration or government bodies; and there exists no pending or potential litigation, arbitration, judgment, decree or injunction which may have a material adverse impact on the transactions as contemplated under the Disposal Agreement;
- (d) from the date of the Disposal Agreement until the Closing Date, there exists no events, conditions, changes or other situations or reasonably foreseeable events, conditions, changes or situations which may have a material adverse impact on the assets, financials, liabilities, technologies, profit forecast and normal operation of the Target Company;

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- (e) the Purchaser has completed its financial and legal due diligence review of the Target Company, and is satisfied with the results thereof;
- (f) the shareholders of the Target Company have approved the Disposal and the board of directors of the Vendor has passed the resolutions to approve the Disposal;
- (g) the Independent Shareholders have passed the resolutions at the EGM for approving the Disposal Agreement and the transactions contemplated thereunder; and
- (h) the Target Company has completed the relevant registration and reporting procedures with the relevant PRC market regulation and commerce authorities in connection with the Disposal and the Purchaser has been duly registered as the shareholder of the entire issued equity interest of the Target Company and has been provided with relevant updated licenses, including the business operation license of the Target Company.

The Purchaser may waive in writing all the Conditions save as Conditions (c), (g) and (h). Upon the fulfilment of all the Conditions, the Vendor shall provide a confirmation in writing to the Purchaser and provide evidence of the same.

As at the latest Practicable Date, save for condition (e) which has been fulfilled, none of the Conditions have been fulfilled or waived.

Closing

The Closing is scheduled to take place on the Closing Date, which is three business days after the Conditions have been fulfilled or waived (as the case may be) pursuant to the Disposal Agreement, or such other date as the Purchaser and the Vendor may agree in writing.

Following the Closing, the Purchaser will be the legal and beneficial owner of the entire issued equity interest of the Target Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Use of proceeds

The proceeds from the Disposal will be used by the Group for used for its working capital and general corporate purposes.

B. Reasons for Disposal

The Target Company serves as the project company for the development of Phase 3 of Castfast Villas. As stated in the letter from the Board, since all units of Phase 3 of Castfast Villas have been sold, the Directors are of the view that the Disposal could streamline the organization structure and thereby minimizing the cost of management of the Group and the Disposal allows the Group to strategically reallocate its resources and concentrate its efforts on promoting Phase 4 and Phase 5 of Castfast Villas and Louvre Mansion and developing the Foshan Project located at Hecheng Sub-district, Gaoming District, Foshan.

As stated in the letter from the Board, currently, the Group is focusing on implementing our sales and marketing strategies to sell the remaining units of the projects, including conducting market and competitors analysis, such as any changes in real estate policies and market demand in the Linshen area (臨深片區), and analysing the sales strategies and properties transactions of the surrounding property development projects. The Company is also formulating appropriate marketing plans to promote sales of these projects, such as their sales channels, pricing, target customers positioning, promotions and offering supporting facilities for the units. Foshan Project is currently in the project planning and design stage which the Company is preparing for the architectural construction design and drawings and liaising with the relevant government authorities.

It is estimated by the Company that an annual budget of approximately RMB0.6 million is required to maintain the Target Company, including but not limited to salaries and professional fees for audit and tax services. As stated in the letter from the Board, the Directors are of the view that the Disposal could enable the Group to reallocate its resources and concentrate on conducting construction cost budgeting and monitoring for the Foshan Project and corporate income tax and land appreciation tax computation for local tax compliance for its existing projects, thereby enhancing the overall project efficiency in its existing initiatives.

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C. Business of the Group

The Group is principally engaged in development and sales of residential properties in Dongguan, Huizhou and Foshan.

Set out below are the audited consolidated financial results of the Group for the two financial years ended 31 March 2023 as extracted from the 2022/2023 Annual Report.

Table 3: Highlights of the financial results of the Group

	For the year ended 31 March 2023	For the year ended 31 March 2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	700,751	775,555
Profit/(Loss) for the year	180,846	243,660

Source: 2022/2023 Annual Report

During the year ended 31 March 2023, the revenue of the Group decreased by approximately 9.6% from approximately RMB775.6 million for the year ended 31 March 2022 to approximately RMB700.8 million for the year ended 31 March 2023. The Group has recorded a decrease in net profit by approximately 25.8% from approximately RMB243.7 million for the year ended 31 March 2022 to approximately RMB180.9 million for the year ended 31 March 2023.

Set out below are highlights of the asset breakdown of the Group as at 30 September 2023. Which is extracted from the 2023/2024 Interim Report:

Table 4: Highlights of the asset breakdown of the Group

	As at 30 September 2023	Percentage to total assets
	<i>(RMB'000)</i>	<i>(%)</i>
Investment properties	115,760	7.93
Inventories and other contract costs	1,015,123	69.56
Cash and cash equivalent	204,047	13.98
Other assets	124,433	8.53
Total assets	1,459,363	100.00

Source: 2023/2024 Interim Report

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As discussed with the Management of the Company, the Target Company serves as the project company for the development of Phase 3 of Castfast Villas. Since all units of Phase 3 of Castfast Villas have been sold, the Target Company will no longer be able to contribute to the revenue of the Group.

D. Basis of Consideration

The Consideration for the entire issued equity interest of the Target Company is RMB19,800,000 (equivalent to approximately HK\$21,780,000). The Consideration will be settled in cash by the Purchaser within 90 days of the Closing Date.

The Consideration was agreed after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among other things, the net book value of the Target Company as at 30 April 2024 of approximately RMB19,183,000.

We noted that the total assets of the Target Company of approximately RMB 56.6 million as at 30 April 2024 consist of cash and cash equivalent and trade receivables and there is no unsold unit in Phase 3 of Castfast Villas. Based on the information provided by the Company, we noted that the trade receivables of approximately RMB34.5 million of the Target Company as at 30 April 2024 were the receivables from the sales of Phase 3 of Castfast Villas units and the cash and cash equivalent amounted to approximately RMB22.1 million based on the bank statements of the Target Company as at 30 April 2024 provided by the Company and hence we concur with the Directors' view that the net asset value of the Company represents a fair and reasonable reference in the negotiation and determination of the Consideration.

In light of the above, we are of the opinion that the Consideration, with reference to, among other things, the net book value of the Target Company as at 30 April 2024, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. Financial effects of the Disposal on the Group

(i) Earnings

According to the 2022/2023 Annual Report, the profit attributable to the Shareholders was approximately RMB180.8 million for the year ended 31 March 2023.

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As stated in the letter from the Board, the Group would recognised a gain on the Disposal upon completion of the Disposal of approximately RMB617,000, being the difference between the amount of Consideration and the net book value of the Target Company of approximately RMB19,183,000 as at 30 April 2024, and this figure is subject to final audit to be performed by the Company's auditors.

(ii) Net asset value

According to the 2023/2024 Interim Report, the unaudited net asset value of the Group as at 30 September 2023 was approximately RMB835.1 million.

As stated in the letter from the Board, the Group would recognised a gain on the Disposal upon completion of the Disposal of approximately RMB617,000. As such, the Disposal will have a positive impact on the net asset value of the Group.

(iii) Working capital and gearing

Based on the unaudited balance sheet of the Target Company as at 30 April 2024, the total assets of the Target Company of approximately RMB56.6 million comprised (i) cash and cash equivalent of approximately RMB22.1 million; and (ii) trade receivables of approximately RMB34.5 million. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the financial statement of the Group. As such, the cash position of the Group will be decreased by approximately RMB2.3 million, being the difference between (i) the cash and cash equivalent of the Target Company of approximately RMB22.1 million and (ii) the Consideration of RMB19.8 million which will be settled in cash by the Purchaser.

As stated in the 2023/2024 Interim Report, the Company recorded cash and bank deposits of approximately RMB204.0 million and the Company was in net cash position, hence we concur with the Directors' view that the decrease in cash position of the Group by approximately RMB2.3 million is relatively immaterial and hence will not result in adversely impact on the cashflow of the Group.

As stated in the 2022/2023 Annual Report and 2023/2024 Interim Report, the Company was in net cash position and hence the net gearing ratio (calculated based on total bank borrowing and lease liabilities less cash and bank deposits and pledged deposits divided by total equity at the end of the year multiplied by 100%) was not applicable. Upon completion of the Disposal, it is expected that the Company will remain in a net cash position.

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Based on the above, we noted that while the Disposal would have a negative effect on the Group's working capital position, it would have a positive effect on the Group's earnings and net asset value. Furthermore, the Group shall record an immediate gain on Disposal upon completion of the Disposal. Therefore, having considered the reasons for and benefits of the Disposal and the fairness and reasonableness of the Consideration, we are of the view that the financial effects of the Disposal, on an overall basis, are fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons, in particular:

- (i) the Target Company serves as the project company for the development of Phase 3 of Castfast Villas and all units of Phase 3 of Castfast Villas have been sold and there is no unsold unit in Phase 3 of Castfast Villas;
- (ii) the Disposal could streamline the organization structure and thereby minimizing the cost of management of the Group;
- (iii) the Consideration is fair and reasonable; and
- (iv) the financial effects of the Disposal are fair and reasonable,

we are of the view that: (i) the Disposal is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concern. Accordingly, we recommend: (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution to be proposed at the EGM to approve the Disposal and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Gransing Securities Co., Limited
Beverly Seeto
Director

Ms. Beverly Seeto is a Responsible Officer of Gransing Securities Co., Limited licensed under the SFO to carry out, among others Type 6 (advising on corporate finance) regulated activity and has approximately 11 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated companies (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

	Number of ordinary shares of HK\$0.01 each				Shareholding percentage
	Personal interests	Family interests	Corporate /Other interests	Total interests	
Mr. Ho Cheuk Fai	69,678,000 (Note 1)	27,587,500 (Note 1)	269,402,000 (Note 2)	366,667,500	72.56%
Mr. Ho Man Chung	1,000,000 (Note 3)	—	—	1,000,000	0.20%

	Number of ordinary shares of HK\$0.01 each				Shareholding percentage
	Personal interests	Family interests	Corporate /Other interests	Total interests	
Mr. Ho Wai Hon, Brian	942,500 (Note 4)	—	—	942,500	0.19%
Ms. Yiu Yuet Fung	930,000 (Note 5)	—	—	930,000	0.18%
Mr. Choi Wai Hin	52,500 (Note 6)	—	—	52,500	0.01%

Notes:

1. Mr. Ho Cheuk Fai's personal interest consists of 69,678,000 Shares. He is deemed to be interested in 27,587,500 Shares held by his spouse, Ms. Ho Po Chu, as beneficial owner.
2. The 269,402,000 Shares comprised (i) 121,902,000 Shares held by New Sense Enterprises Limited ("**New Sense**"); and (ii) 82,500,000 Shares held by Castfast Properties Development Co., Limited ("**Castfast Properties**"), 87% of the issued share capital of which is beneficially owned by Honford Investments Limited ("**Honford Investments**"). New Sense and Honford Investments are each wholly-owned by TMF (B.V.I.) Ltd. ("**TMF**") as trustee for a discretionary trust, the family trust of which Mr. Ho Cheuk Fai is the settlor ("**The Ho Family Trust**"), and (iii) 65,000,000 Shares held by The Wedding City Co., Limited ("**The Wedding City**"), 90% and 10% of the issued share capital of which is beneficially owned by Mr. Ho Cheuk Fai and Ms. Ho Po Chu, respectively. Mr. Ho Cheuk Fai is deemed to be interested in the 204,402,000 Shares in (i) and (ii) as founder of The Ho Family Trust and in 65,000,000 Shares in (iii) through The Wedding City. Ms. Ho Po Chu is the beneficiary of The Ho Family Trust and is thus deemed to be interested in the 204,402,000 Shares held under The Ho Family Trust. Therefore, the interests of Mr. Ho Cheuk Fai and Ms. Ho Po Chu in the 204,402,000 Shares duplicate with each other.
3. The personal interests of Mr. Ho Man Chung comprise 1,000,000 Shares.
4. The personal interests of Mr. Ho Wai Hon, Brian comprise 942,500 Shares.
5. The personal interests of Ms. Yiu Yuet Fung comprise 930,000 Shares.
6. The personal interests of Mr. Choi Wai Hin comprise 52,500 Shares.

Save as disclosed above, none of the Directors or chief executive of the Company had, or deemed to hold, any interests or short positions in any shares, underlying shares and debentures of the Company and any of its associated companies (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii)

were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, as at the Latest Practicable Date.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, so far as known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company under provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO:

	Number of ordinary shares of HK\$0.01 each				Shareholding percentage
	Personal interests	Family interests	Corporate/ Other interests	Total interests	
Mr. Ho Cheuk Fai	69,678,000 (Note 1)	27,587,500 (Note 1)	269,402,000 (Note 3)	366,667,500	72.56%
Ms. Ho Po Chu	27,587,500 (Note 2)	134,678,000 (Note 2)	204,402,000 (Note 3)	366,667,500	72.56%
New Sense	121,902,000 (Note 4)	—	—	121,902,000	24.12%
Castfast Properties	82,500,000 (Note 5)	—	—	82,500,000	16.33%
The Wedding City	65,000,000 (Note 6)	—	—	65,000,000	12.86%
Honford Investments			82,500,000 (Note 5)	82,500,000	16.33%
TMF			204,402,000 (Note 7)	204,402,000	40.45%

Notes:

1. Mr. Ho Cheuk Fai's personal interest consists of 69,678,000 Shares. He is deemed to be interested in 27,587,500 Shares held by his spouse, Ms. Ho Po Chu, as beneficial owner.
2. The personal interests of Ms. Ho Po Chu comprise 27,587,500 Shares. Ms. Ho Po Chu is also deemed to be interested in (a) 69,678,000 Shares held and 65,000,000 Shares deemed to be held by her spouse, Mr. Ho Cheuk Fai, and (b) 204,402,000 Shares referred to in Note 3 below.
3. The 269,402,000 Shares comprised (i) 121,902,000 Shares held by New Sense; and (ii) 82,500,000 Shares held by Castfast Properties, 87% of the issued share capital of which is beneficially owned by Honford Investments. New Sense and Honford Investments are each wholly-owned by TMF as trustee for a discretionary trust, The Ho Family Trust, and (iii) 65,000,000 Shares held by The Wedding City, 90% and 10% of the issued share capital of which is beneficially owned by Mr. Ho Cheuk Fai and Ms. Ho Po Chu, respectively. Mr. Ho Cheuk Fai is deemed to be interested in the 204,402,000 Shares in (i) and (ii) as founder of The Ho Family Trust and in 65,000,000 Shares in (iii) through The Wedding City. Ms. Ho Po Chu is the beneficiary of The Ho Family Trust and is thus deemed to be interested in the 204,402,000 Shares held under The Ho Family Trust. Therefore, the interests of Mr. Ho Cheuk Fai and Ms. Ho Po Chu in the 204,402,000 Shares duplicate with each other.
4. The entire issued share capital of New Sense was owned by TMF as trustee for The Ho Family Trust.
5. 87% of the issued share capital of Castfast Properties is beneficially owned by Honford Investments. The entire issued share capital of Honford Investments was owned by TMF as trustee for a discretionary trust, The Ho Family Trust. The interests of Honford Investments duplicate with those of the Castfast Properties.
6. 65,000,000 Shares were beneficially held by The Wedding City. 90% and 10% of the issued share capital of which is beneficially owned by Mr. Ho Cheuk Fai and Ms. Ho Po Chu, respectively. The interests of The Wedding City therefore duplicate with those of Mr. Ho Cheuk Fai referred to in Note 3 above.
7. TMF is deemed to be interested in these Shares held by New Sense, Castfast Properties and Honford Investments by virtue of acting as the trustee for The Ho Family Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company was aware of any other person (other than the Directors or chief executive of the Company) or corporation who had an interest or short position in the Shares or underlying Shares of the Company under provisions of Divisions 2 and 3 of Part XV of the SFO which were required to be recorded in the register kept by the Company pursuant to section 316 of the SFO.

3. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group.

4. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENTS OF THE GROUP

As at the Latest Practicable Date, save as those disclosed in the section headed "Disclosure of Interests" above and the Disposal Agreement, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date and to the best knowledge of the Directors, there was no material adverse change in the financial or trading position of the Group as a whole since 31 March 2023, being the date to which the latest published audited financial statements of the Company were made up.

7. QUALIFICATIONS OF EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice for inclusion in this circular:

Name	Qualifications
Gransing Securities Co., Limited	A licensed corporation to carry Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the SFO, being the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposal Agreement and the transactions contemplated thereunder

The above expert had given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report or opinion dated 5 June 2024 in the form and context in which it is included and the references to its name included herein in the form and context in which it appear.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 March 2023, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired, disposed or by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

The English texts of this circular shall prevail over the respective Chinese texts in case of any inconsistency.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.krpd.com.hk>) from the date of this circular to and including the date of the EGM:

- a) the Disposal Agreement;
- b) the letter from the Board, the text of which is set out on pages 4 to 13 of this circular;
- c) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 14 to 15 of this circular;
- d) the letter from Gransing Securities, the text of which is set out on pages 16 to 28 of this circular;
- e) the letter of consent from Gransing Securities referred to in the above paragraph headed “Expert and Consent” of this appendix to this circular; and
- f) this circular.

NOTICE OF EGM



KRP Development Holdings Limited

嘉創房地產控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2421)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of KRP Development Holdings Limited (the “**Company**”) will be held at 11:00 a.m. on Monday, 24 June 2024 at 1st Floor, Grand Ballroom, Castfast Hotel, 12 Castfast Road, Guan Jing Tou, Feng Gang, DongGuan, GuangDong, PRC for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

“THAT:

1. the Disposal and the entering into of the Disposal Agreement (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) be and are hereby approved, confirmed and ratified;
2. any one director and/or the company secretary of the Company be and is hereby authorised to perform all such acts, deeds and things and execute all documents as he/she considers necessary or expedient to effect and implement the Disposal Agreement and the transactions contemplated thereunder with such changes as he/she may in his/her absolute opinion deem necessary, desirable or expedient.”

NOTICE OF EGM

As at the date of this notice, the executive Directors are Mr. Ho Man Chung, Mr. Ho Wai Hon, Brian, Ms. Yiu Yuet Fung and Mr. Zhu Nianhua; the non-executive Director is Mr. Ho Cheuk Fai; the independent non-executive Directors are Mr. Choi Wai Hin, Mr. Ho Lai Hong and Dr. Lo Yung Fong.

Yours faithfully,
For and on behalf of the Board
KRP Development Holdings Limited
Ho Wai Hon, Brian
Executive Director

Hong Kong, 5 June 2024

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A member who is holding two or more shares of the Company is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the above meeting is enclosed herewith.
2. To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority must be deposited at the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude any member from attending and voting at the EGM (or any adjournment thereof) in person.
3. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the person whose name stands first in the register of members of the Company in respect of such share, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
4. The register of members of the Company will be closed from Tuesday, 18 June 2024 to Monday, 24 June 2024 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 17 June 2024.
5. In the event that a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted at 6:00 a.m. or any time after 6:00 a.m. on Monday, 24 June 2024, the EGM will be adjourned to the same time and place on the first business day after Monday, 24 June 2024.