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 TRANSACTION
LAND LEASE AGREEMENT

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The Board hereby announces that on 4 August 2025 (after trading hours), Guangdong Jialang, an indirect wholly-owned subsidiary of the Company, entered into a Lease Agreement as lessee with the Landlord in relation to the lease of the Land from the Landlord. A Theme Park, namely, Long Feng Villa* (龍鳳山莊), is currently situated on the Land which will be further developed by Guangdong Jialang. Through the operation of the Theme Park, the Group aims to diversify its income stream and business investment, enhance the values of the adjacent properties, thereby driving rental values and property sales in the area, and ultimately promoting the growth and development of the local real estate economy.

IMPLICATIONS UNDER THE LISTING RULES

In accordance with HKFRS 16 "Leases", the Group will recognise right-of-use assets in the consolidated financial statements of the Group in connection with the lease of the Land. Accordingly, the transaction contemplated under the Lease Agreement will be regarded as acquisition of assets by the Group for the purpose of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the transaction contemplated under the Lease Agreement, exceeds 5% but is less than 25%, the transaction contemplated thereunder constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules.

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LEASE AGREEMENT

The principal terms of the Lease Agreement is summarized as follows:

		Lease Agreement
Date	:	4 August 2025 (after trading hours)
Parties	:	(i) Landlord as lessor; and (ii) Guangdong Jialang as lessee.
Term	:	For a term of 235 months commencing from 1 August 2025 to 28 February 2045 (the "**Lease Term**")
Subject matter	:	Land use right of Land with a total area of 145,566.04 sq.m.
Annual rent for the Lease	:	In respect of undeveloped portion (the "**Undeveloped Land**") of the Land of 113,137.13 sq.m. (approximately 169.71 acre), the annual rent is calculated at a rate of RMB1,500 per acre, and in respect of the developed portion (the "**Developed Land**") of the Land of 32,428.91 sq.m., the annual rent is calculated at a rate of RMB4 per sq.m. per month, with the annual rent for the lease of Land totalling RMB1,901,710.31 (equivalent to approximately HK$2,091,881) (inclusive of 5% value added tax), subject to an increase in the rate of the annual rent by 10% and 5% every five years in respect of the Undeveloped Land and the Developed Land, respectively

Deposit	:	RMB1,000,000, which shall be refunded to Guangdong Jialang upon the expiration of the Lease Term or the termination of the Lease Agreement by the Landlord
Penalty	:	Guangdong Jialong will be subject to a penalty at a rate of 0.3% of the outstanding amount per day if it fails to pay any such rent due and payable under the Lease Agreement.
Termination	:	The Lease Agreement shall be terminated upon the expiration of the Lease Term unless otherwise terminated in advance during the Lease Term by the Landlord if (a) Guangdong Jialang fails to pay rent for over 90 days; (b) the Land is expropriated due to government policy or (c) any force majeure event occurs.
Right-of-use asset value *(approximately)*	:	RMB27.7 million

The value (unaudited) of the right-of-use asset to be recognised by the Group under the Lease Agreement is approximately RMB27.7 million which represents the best estimate of the aggregated present value of the total lease payments throughout the lease term under the Lease Agreement, discounted using the increment borrowing rate in accordance with HKFRS 16. Incremental borrowing rate of the lease liability is determined with reference to the prevailing interest rate of the Group's external borrowings.

REASONS FOR AND BENEFITS FROM THE LEASE

The Group is a boutique residential property developer which is mainly engaged in the development and sales of residential properties in the developing residential markets in Dongguan, Huizhou and Foshan in the PRC. Guangdong Jialang is principally engaged in the management and operation of theme parks and the provision of integrated tourism and cultural services and solutions in the PRC.

Currently, the Theme Park is situated on the Land, constituting a plot of land with a total area of 145,566.04 sq.m., and adjacent to the Group's property development projects in Dalong Industrial Zone (大龍工業區). As the Theme Park is in vicinity of the property development projects of the Group in Fenggang, Dongguan, the PRC, which forms part of the surrounding facilities around the property development projects of the Group, in particular, Phases 4 and 5 of Castfast Villas, Dongguan (東莞嘉輝豪庭第四、五期). Through the Lease, the Group plans to assume the operation of the Theme Park and further invest in and develop its amenities and facilities to enhance its attractiveness and expand its scale. The Theme Park, currently a national AAAA grade themed tourist resort, is strategically located in Fenggang, Dongguan, near Shenzhen, which is in the heart of the

Greater Bay Area. Surrounded by natural scenery, it possesses excellent natural resources that are suitable for developing a wide range of tourism products. With over a decade of operation, the Theme Park has gained significant market recognition and influence, providing a solid foundation for further upscale and diversified development. As such, the Directors believe that the Theme Park itself has a vast potential market backed by strong consumer demand and vibrant local activities in the Greater Bay Area. The Directors expects that the operation of the Theme Park will bring the following benefits to the Group:

(a) **expansion of business portfolio:** the operation of the Theme Park through a cultural-tourism (文旅) business model to generate stable income and cash flows from integrating the operations of recreation, hospitality (food and beverages and accommodation) and leisure activities. Such diversified revenue model complements the Group's core residential property development business, and serves to expand the Group's brand into the cultural-tourism market in the PRC;

(b) **appreciation of values of adjacent properties and rental values:** the integration of cultural-tourism business operations is expected to drive the growth and development of the local real estate economy. By enhancing the overall environment and amenity offerings, the values of properties adjacent to the Theme Park are expected to appreciate, thereby driving the rental values of shops and stimulating the sales of properties in the surrounding area. In particular, such upgrade of the peripheral area of Phases 4 and 5 of Castfast Villas is anticipated to stimulate their sales, which have been commenced recently;

(c) **distinctive cultural-tourism positioning:** through the operation of the Theme Park, the Group aspires to create a "tourist town", thereby positioning it as a successful cultural-tourism asset to create a branding effect of the Group's capability to develop projects embodying strong cultural and tourism elements. Such branding effect is expected to drive the Group's cultural-tourism future collaborations, such as tapping into more cultural-tourism themed projects and exploring geographical expansion opportunities of the Theme Park by way of franchising and/or managed operations; and

(d) **enhancement of competitive edge:** the successful development of the Theme Park would serve as an endorsement of the Group's capability in theme park business operations and strengthen the Group's cultural-tourism brand, on which the Group could leverage to enhance its profile to attract various high-quality cooperation in the future and tap into other regions in the PRC in order to expand the Group's business.

In view of the above, the Board is of the view that the Lease would enable the Group to expand its business portfolio, diversify its income stream and business investment, and potentially enhance and consolidate its financial performance, which is in line with the Group's overall development strategy.

The terms and conditions of the Lease Agreement, including the rates of annual rent, are arrived at after arm's length negotiation between the relevant parties with reference to (i) the attributes of the Land such as geographical location and term of the lease; and (ii) the prevailing market rent for comparable premises in the vicinity; and (iii) the fair rental opinion issued by an independent valuer, who is of the view that the rates of annual rent under the Lease Agreement is in line with the prevailing market rent of other premises in the vicinity comparable to the Land, every five-year increments in the annual rent under the Lease Agreement is reasonable. Accordingly, the Directors consider that the terms and conditions of the Lease Agreement (including the rates of annual rent) is fair and reasonable and the transaction are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company and Guangdong Jialang

The Company is an investment holding company and its subsidiaries are principally engaged in development and sales of residential properties in Dongguan, Huizhou and Foshan, the PRC. Guangdong Jialang is principally engaged in the management and operation of theme parks and the provision of integrated tourism and cultural services and solutions in the PRC.

Information on the Landlord

Landlord

The Landlord is a company established in the PRC with limited liability and is principally engaged in property leasing and investment. The Landlord is ultimately controlled by the People's Government of Fenggang, Dongguan City (東莞市鳳崗鎮人民政府) and Dongguan Fenggang Town Youganpu Holding Economic Association (東莞市鳳崗鎮油甘埔股份經濟聯合社) as to 60% and 40%, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Landlord and their respective ultimate beneficial owners are third parties independent of the Group and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

"Board"	the board of directors of the Company
"Company"	KRP Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 2421)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Guangdong Jialang"	Guangdong Jialang Cultural Tourism Development Co., Ltd.* (廣東嘉朗文化旅遊開發有限責任公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Land"	the plot of land known as the land on the back mountain adjacent to Guanjingtou Village in Dalong Industrial Zone, Fenggang Town, Dongguan City, the PRC with an area of 145,566.04 sq.m.
"Landlord"	Dongguan Longfa Industrial Investment Co., Ltd.* (東莞市龍發工業投資有限公司), a company established in the PRC with limited liability
"Lease"	the lease of the Land

"Lease Agreement"	the land lease agreement dated 4 August 2025 entered into between and Landlord as lessor and Guangdong Jialang as lessee in relation to the lease of Land
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square meters
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

* *For identification purposes only*

By Order of the Board
KRP Development Holdings Limited
Ho Wai Hon, Brian
Executive Director

Hong Kong, 4 August 2025

As at the date of this announcement, the executive Directors are Mr. Ho Man Chung, Mr. Ho Wai Hon, Brian, Ms. Yiu Yuet Fung and Mr. Zhu Nianhua; the non-executive Directors are Mr. Ho Cheuk Fai and Ms. Ho Man Yiu and the independent non-executive Directors are Mr. Choi Wai Hin, Mr. Yam Chung Shing and Ms. Leung Man Lai, Lily.

For the purposes of illustration only, any amount denominated in "RMB" in this announcement were translated into HK$ at the rate of RMB1.00 = HK$1.10. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.