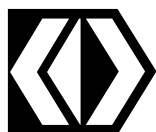


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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 34)

**ANNOUNCEMENT IN RELATION TO THE ACQUISITION OF
SHENZHEN PROPERTIES &
RESOURCES DEVELOPMENT (GROUP) LIMITED**

Reference is made to the Acquisition. The Company announces that the Purchaser has on 19 June 2008 applied to the Intermediate People's Court of Shenzhen for specific performance of the Arbitral Award by the Sellers. The Company will issue a further announcement in respect of the results of the Application.

Reference is made to the announcement of Kowloon Development Company Limited (the "**Company**") dated 6 April 2005, the circular of the Company dated 30 June 2005 (the "**Circular**"), the announcements of the Company dated 28 April 2006, 26 May 2006, 24 April 2007 and 25 April 2007 in respect of the acquisition (the "**Acquisition**") by the Purchaser of an approximately 70.3% interest in Shenzhen Properties & Resources Development (Group) Limited ("**Shenzhen Properties**"), whose A-Shares and B-Shares are listed on the Shenzhen Stock Exchange, and the announcement of the Company dated 31 October 2007 in connection with the arbitration award (the "**Arbitral Award**") granted by the China International Economic and Trade Arbitration Commission (the "**Arbitration Commission**") confirming that the Sale and Purchase Agreement is legally binding and will continue to be of effect and the Sellers are required to continue to perform their obligations of selling their interests in Shenzhen Properties to the Purchaser. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

As announced by the Company on 31 October 2007, the Arbitration Commission has granted the Arbitral Award in favour of the Purchaser. As at the date of this announcement, the Sellers have failed to perform its obligations under the Arbitral Award.

The Company announces that the Purchaser has on 19 June 2008 applied to the Intermediate People's Court of Shenzhen for specific performance of the Arbitral Award by the Sellers (the "**Application**"). The Company will issue a further announcement in respect of the results of the Application.

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

Hong Kong, 2 July 2008

As at the date of this announcement, the Board comprises Mr. Or Wai Sheun (Chairman), Ms. Ng Chi Man, Mr. Lai Ka Fai and Mr. Or Pui Kwan as Executive Directors, Mr. Keith Alan Holman (Deputy Chairman), Mr. Tam Hee Chung 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.