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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)

**ISSUE OF CONVERTIBLE BONDS
IN RELATION TO THE MAJOR TRANSACTION**

On 7 July 2008, the Company issued the Convertible Bonds in the principal amount of HK\$2,413,773,720 to China Orient. Pursuant to the terms of the Convertible Bonds issued by the Company, holders of the Convertible Bonds may exercise the conversion rights attaching to the Convertible Bonds at any time following the date of issue of the Convertible Bonds until the day before the Maturity Date.

Reference is made to the announcement of the Company dated 29 August 2007, the circular of the Company dated 18 October 2007 (the “**Circular**”) and the announcement of the Company dated 1 April 2008 and 18 April 2008 in connection with, among other things, the Acquisition and the issue of Convertible Bonds respectively. Capitalised terms used herein have the same meaning as those defined in the Circular, unless otherwise defined herein.

On 7 July 2008, the Company issued the Convertible Bonds in the principal amount of HK\$2,413,773,720 to China Orient. The principal terms of the Convertible Bonds are summarised in the Circular. As set out in the section headed “Terms of the Convertible Bonds – Conversion Period” of the Circular, holders of the Convertible Bonds may exercise the conversion rights attaching to the Convertible Bonds at any time from the date of issue of the Convertible Bonds up to seven days before the maturity date of the Convertible Bonds which falls on a date which is six months after the issue date of the Convertible Bonds (the “**Maturity Date**”). Pursuant to the terms of the Convertible Bonds issued by the Company, holders of the Convertible Bonds may exercise the conversion rights attaching to the Convertible Bonds at any time following the date of issue of the Convertible Bonds until the day before the Maturity Date.

The Board is of the view that the above change in the conversion period of the Convertible Bonds does not represent a material variation to the terms of the Convertible Bonds as the holder of the Convertible Bonds is entitled to convert the Convertible Bonds pursuant to the terms thereof and the change merely creates an insignificant timing difference by allowing the holders of the Convertible Bonds to exercise its conversion right at a later time.

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

Hong Kong, 10 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.