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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO
THE ON MARKET PURCHASE OF
SHARES IN POLYTEC ASSET HOLDINGS LIMITED**

On 17 and 18 December 2008, the Group acquired an aggregate of 48,000,000 Polytec Shares with an average price of approximately HK\$0.44 per Polytec Share (before transaction costs and levies) on market. The total consideration for the Acquisitions amounts to approximately HK\$21,166,025. As at the date of this announcement, the Group owns 3,141,064,812 Polytec Shares, representing approximately 70.76% of the issued share capital of Polytec.

The recent market price of Polytec Shares represents over 80% discount to the unaudited consolidated net asset value of Polytec of HK\$2.54 per Polytec Share as at 30 June 2008. Accordingly, the Board considers that the Acquisitions and the Previous Acquisitions are of good investment value and is of the view that they are in the interests of the Shareholders as a whole. Since the Acquisitions and the Previous Acquisitions were made on market, the Board believes that the terms of the Acquisitions and the Previous Acquisitions are fair and reasonable.

Based on the “five-test” calculation according to the Listing Rules, the applicable percentage ratios in respect of the Acquisitions together with the Previous Acquisitions in aggregate exceed 5% but are less than 25%. Therefore, the Acquisitions and the Previous Acquisitions together constitute a discloseable transaction of the Company under the Listing Rules.

A circular providing the information on the Acquisitions will be despatched to the Shareholders in accordance with the Listing Rules.

THE ACQUISITIONS

On 17 and 18 December 2008, the Group acquired an aggregate of 48,000,000 Polytec Shares with an average price of approximately HK\$0.44 per Polytec Share (before transaction costs and levies) on market. The Acquisitions represent approximately 1.08% of the issued share capital of Polytec based on Polytec’s issued share capital of 4,438,967,838 Polytec Shares as at 30 June 2008. The total consideration for the Acquisitions amounts to approximately HK\$21,166,025 (before transaction costs and levies) which was satisfied by the Group’s internal cash resources.

As at the date of this announcement, the Group owns 3,141,064,812 Polytec Shares, representing approximately 70.76% of the issued share capital of Polytec.

INFORMATION ON POLYTEC AND REASONS FOR THE ACQUISITIONS

The Group, together with the Polytec Group, is principally engaged in property development and investment and holding of investments. The Polytec Group, the Macau property investment arm of the Group, is principally engaged in property investment, development and trading, securities investment and trading and manufacturing of ice and provision of cold storage service.

As set out in the 2008 interim report of Polytec for the six month period ended 30 June 2008, the unaudited consolidated net asset value attributable to the equity holders of Polytec was approximately HK\$11,287 million. As set out in the annual report of Polytec for the year ended 31 December 2007, the audited profits before tax were approximately HK\$65 million and HK\$338 million respectively for the year ended 31 December 2006 and 2007 whereas the audited net profits attributable to the equity holders were approximately HK\$30 million and HK\$222 million respectively.

The recent market price of Polytec Shares represents over 80% discount to the unaudited consolidated net asset value of Polytec of HK\$2.54 per Polytec Share as at 30 June 2008. Accordingly, the Board considers that the Acquisitions and the Previous Acquisitions are of good investment value and is of the view that they are in the interests of the Shareholders as a whole. Since the Acquisitions and the Previous Acquisitions were made on market, the Board believes that the terms of the Acquisitions and the Previous Acquisitions are fair and reasonable.

Subject to, among other things, the market price of Polytec Shares, the Group may or may not further acquire Polytec Shares on market.

The Acquisitions will be treated as an additional interest in Polytec by the Group.

GENERAL

Based on the “five-test” calculation according to the Listing Rules, the applicable percentage ratios in respect of the Acquisitions together with the Previous Acquisitions in aggregate exceed 5% but are less than 25%. Therefore, the Acquisitions and the Previous Acquisitions together constitute a discloseable transaction of the Company under the Listing Rules.

No further announcements will be made by the Company for the Further Acquisitions if such Further Acquisitions, when aggregated with the Acquisitions and the Previous Acquisitions in accordance with Rule 14.22 of the Listing Rules, only constitute a discloseable transaction under the Listing Rules. The Company will issue an announcement and comply with the relevant Listing Rules requirement if (i) such Further Acquisitions, when aggregated with the Acquisitions and the Previous Acquisitions in accordance with Rule 14.22 of the Listing Rules, constitute a major or any other type of notifiable transaction (other than a discloseable transaction) under the Listing Rules; or (ii) such Further Acquisitions, on a stand-alone basis, constitute a discloseable transaction under the Listing Rules.

A circular providing the information on the Acquisitions will be despatched to the Shareholders in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

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| “Acquisitions” | acquisitions of Polytec Shares on market on 17 and 18 December 2008 by the Group for an aggregate of 48,000,000 Polytec Shares |
| “Board” | the board of Directors |
| “Company” | Kowloon Development Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange |
| “Directors” | directors of the Company |
| “Further Acquisitions” | further acquisitions of Polytec Shares on market by the Group following the Acquisitions |
| “Group” | the Company and its subsidiaries (excluding the Polytec Group) |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Polytec” | Polytec Asset Holdings Limited, a non wholly owned subsidiary of the 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: 208) |
| “Polytec Group” | Polytec and its subsidiaries |
| “Polytec Shares” | shares of HK\$0.10 each in the share capital of Polytec |
| “Previous Acquisitions” | acquisitions of Polytec Shares on market during the period from 28 October 2008 to 1 December 2008 (both dates inclusive) by the Group for an aggregate of 451,000,000 Polytec Shares, with a total consideration of approximately HK\$184,415,860 (before transaction costs and levies) |

“Shareholders” shareholders of the Company

“Stock Exchange” the Stock Exchange of Hong Kong Limited

By Order of the Board
Kowloon Development Company Limited
Wai Yuk Hing, Monica
Company Secretary

Hong Kong, 18 December 2008

As at the date of this announcement, the Board comprises four Executive Directors, being Mr. Or Wai Sheun (Chairman), Ms. Ng Chi Man, Mr. Lai Ka Fai and Mr. Or Pui Kwan; three Non-executive Directors, Mr. Keith Alan Holman (Deputy Chairman), Mr. Tam Hee Chung and Mr. Yeung Kwok Kwong; and four Independent Non-executive Directors, Mr. Li Kwok Sing, Aubrey, Mr. Lok Kung Chin, Hardy, Mr. Seto Gin Chung, John and Mr. David John Shaw.