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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

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

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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)**

**RE-ELECTION OF DIRECTORS**  
**AND**  
**GENERAL MANDATES TO ISSUE SHARES AND**  
**REPURCHASE SHARES**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Kowloon Development Company Limited is set out on pages 10 to 13 of this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof to the Company's share registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

28 April 2009

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## LETTER FROM THE BOARD

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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)**

*Executive Directors*

Or Wai Sheun (*Chairman*)

Ng Chi Man

Lai Ka Fai

Or Pui Kwan

*Registered Office*

23rd Floor, Pioneer Centre

750 Nathan Road

Kowloon

Hong Kong

*Non-executive Directors*

Keith Alan Holman (*Deputy Chairman*)

Tam Hee Chung

Yeung Kwok Kwong

*Independent Non-executive Directors*

Li Kwok Sing, Aubrey

Lok Kung Chin, Hardy

Seto Gin Chung, John

David John Shaw

28 April 2009

*To the Shareholders*

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS  
AND  
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES  
(collectively, the “Proposals”)  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information regarding the Proposals. Your approval of the Proposals will be sought at the annual general meeting of the Company to be held on Wednesday, 10 June 2009 (the “AGM”).

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## LETTER FROM THE BOARD

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### RE-ELECTION OF DIRECTORS

In accordance with article 105 of the Articles of Association of the Company, Mr Keith Alan Holman, Ms Ng Chi Man and Mr Or Pui Kwan (collectively, the “**Retiring Directors**”) will retire at the AGM. They, being eligible, have offered themselves for re-election. Their biographical details are set out in Appendix I to this circular.

### GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 23 April 2008, general mandates were given to the directors of the Company (the “**Directors**”) to allot, issue and deal with additional shares of nominal value of HK\$0.10 each in the share capital of the Company (“**Share(s)**”) and to exercise the powers of the Company to repurchase its own Shares. Under the Companies Ordinance and the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), these general mandates will lapse at the conclusion of the AGM.

At the AGM, ordinary resolutions as referred in items (5), (6) and (7) of the notice convening the AGM will therefore be proposed to refresh these general mandates given to the Directors, as follows:

- (a) a general mandate to allot, issue and deal with additional Shares up to a maximum of 20% of the issued share capital of the Company as at the date of passing of the relevant resolution (the “**Issue Mandate**”);
- (b) a general mandate to repurchase Shares on the stock market up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the relevant resolution (the “**Repurchase Mandate**”); and
- (c) if the Repurchase Mandate is granted, a general mandate to increase the limit of the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate.

As at 25 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular (the “**Latest Practicable Date**”), the issued share capital of the Company was 1,150,681,275 Shares. If the ordinary resolution granting the Issue Mandate to the Directors is passed at the AGM, and assuming no further Shares are issued or repurchased prior to the AGM, up to 230,136,255 Shares, representing 20% of aggregate nominal amount of the issued share capital of the Company as at the date of passing the ordinary resolution at the AGM, may be issued by the Company.

The Directors consider that the Issue Mandate provides flexibility for the allotment and issue of Shares for cash as working capital and/or for business expansion or as consideration for acquisitions as and when appropriate.

The Issue Mandate and the Repurchase Mandate may only continue in force until the conclusion of the next annual general meeting of the Company; or revoked or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first. The Directors believe that the grant of the general mandates is in the best interests of the Company.

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

Notice of the AGM is set out on pages 10 to 13 of this circular.

A form of proxy for the AGM is enclosed. Whether or not you intend to attend the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not later than 48 hours before the time appointed for holding the AGM. Completion and return of the proxy form will not preclude you from attending and voting at the AGM if you so wish.

The Chairman will demand poll voting at the AGM for all the resolutions as set out in the notice of the AGM.

### RECOMMENDATION

The Directors consider that the Proposals are in the best interests of the Company and its shareholders and recommend that you should vote in favour of all the resolutions to be proposed at the AGM.

Yours faithfully,  
By Order of the Board  
**Kowloon Development Company Limited**  
**Or Wai Sheun**  
*Chairman*

The following are particulars of the Retiring Directors (as required by the Listing Rules) proposed to be re-elected at the AGM:

1. **Mr Keith Alan HOLMAN**, aged 64, is the Deputy Chairman of the Board of Directors. He has been a Non-executive Director of the Company since January 2002. He is a director of, inter alia, Or Family Trustee Limited Inc, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), and a founding Partner of the Lantern Group which invests in U.K. property and shares. Mr Holman has an aggregate of over 35 years of experience in corporate finance, investment banking and property investment. He graduated from Oxford University in the United Kingdom and has a professional qualification as a solicitor.

Mr Holman does not hold any positions with the Company or other members of the Company’s subsidiaries other than that of a non-executive director of and consultant on project basis to the Company. Save as disclosed above, Mr Holman did not hold any other directorships in listed companies in the last three years and does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

According to the register maintained by the Company pursuant to Section 352 of the SFO, as at the Latest Practicable Date, Mr Holman was interested in 567,000 Shares and 722,000 shares of Polytec Asset Holdings Limited both in his capacity as beneficial owner. Polytec Asset Holdings Limited is the Company’s subsidiary, whose shares are listed on the Stock Exchange under stock code 208 (“**Polytec Asset**”).

There is a service contract between Mr Holman and the Company. His term as a Non-executive Director shall subject to retirement by rotation and re-election by the shareholders of the Company as and when required under the Articles of Association of the Company and the Listing Rules. Mr Holman will receive such director’s fee and other remuneration as the Board of Directors may determine from time to time pursuant to the power given to it under the Articles of Association or otherwise granted to the Board of Directors by the shareholders of the Company. In determining the director’s fee and other remuneration for Mr Holman, the Board of Directors will take into account the prevailing market practice, workload, scale and complexity of the Company’s business and the responsibility involved. Save for a director’s fee of HK\$200,000, Mr Holman did not receive other emolument from the Company for the year ended 31 December 2008.

2. **Ms NG Chi Man**, aged 56, has been an Executive Director of the Company since January 2002. Ms Ng is responsible for the development of corporate strategies, corporate planning and general management of the Company. She is a director of both Polytec Holdings International Limited and Intellinsight Holdings Limited which are substantial shareholders of the Company within the meaning of Part XV of the SFO. She is also a director of several subsidiaries of the Company. Ms Ng has over 30 years of experience in property development, industrial and financial investment business in Hong Kong, Macau and Mainland China. She is the wife of Mr Or Wai Sheun, the Chairman of the Company, and the mother of Mr Or Pui Kwan, Executive Director of the Company.

According to the register maintained by the Company pursuant to Section 352 of the SFO, as at the Latest Practicable Date, Ms Ng was deemed to be interested in an aggregate of 802,830,124 Shares (ultimately wholly-owned by a discretionary family trust of which she is a beneficiary) and 3,260,004,812 shares of Polytec Asset by virtue of her indirect interest through the above-mentioned interest in the Company.

Save as disclosed above, Ms Ng did not hold any other directorships in listed companies in the last three years and does not have any relationships with any other directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been entered into between Ms Ng and the Company. She is not appointed for a specified term but is subject to retirement by rotation and re-election by the shareholders of the Company as and when required under the Articles of Association of the Company and the Listing Rules. Ms Ng may receive such director's fee and other remuneration as the Board of Directors may determine from time to time pursuant to the power given to it under the Articles of Association or otherwise granted to the Board of Directors by the shareholders of the Company. In determining the director's fee and other remuneration for Ms Ng, the Board of Directors will take into account the prevailing market practice, workload, scale and complexity of the Company's business and the responsibility involved. Ms Ng did not receive any director's fees and emoluments from the date of appointment as Director to the year ended 31 December 2008.

3. **Mr OR Pui Kwan**, aged 30, has been an Executive Director of the Company since September 2005. He is responsible for the development of corporate strategies, corporate planning and day-to-day management of the Company. He is a director of several subsidiaries of the Company. Mr Or joined the Company in May 2003 and has attained solid working experience in various companies engaged in property development, securities investment, information technology, product research and development. He holds a Bachelor of Combined Science degree from the University College London, United Kingdom. He is the son of Mr Or Wai Sheun, the Chairman, and Ms Ng Chi Man, Executive Director of the Company.

According to the register maintained by the Company pursuant to Section 352 of the SFO, as at the Latest Practicable Date, Mr Or was interested in 43,500 Shares in his capacity as beneficial owner. He was also deemed to be interested in 802,830,124 Shares (ultimately wholly-owned by a discretionary family trust of which he is a beneficiary) and 3,260,004,812 shares of Polytec Asset by virtue of his indirect interest through the above-mentioned interest in the Company.

Save as disclosed above, Mr Or did not hold any other directorships in listed companies in the last three years and does not have any relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

There is a service contract between Mr Or and the Company. He is not appointed for a specified term but is subject to retirement by rotation and re-election by the shareholders of the Company as and when required under the Articles of Association of the Company and the Listing Rules. Mr Or may receive director's fee and other remuneration as the Board of Directors may determine from time to time pursuant to the power given to it under the Articles of Association or otherwise granted to the Board of Directors by the shareholders of the Company. In determining the director's fee and other remuneration for Mr Or, the Board of Directors will take into account the prevailing market practice, workload, scale and complexity of the Company's business and the responsibility involved. Mr Or received emoluments of totalling HK\$601,000 for the year ended 31 December 2008.

Save as disclosed herein, there is no other matters in relation to Mr Keith Alan Holman, Ms Ng Chi Man and Mr Or Pui Kwan that need to be brought to the attention of the shareholders of the Company nor information to be disclosed pursuant to the requirements of rules 13.51(2)(h) to (v) of the Listing Rules.

This appendix serves as an explanatory statement to the shareholders as required under the Listing Rules in connection with the Repurchase Mandate and also constitutes the memorandum required under Section 49BA of the Companies Ordinance.

**1. SHAREHOLDERS' APPROVAL**

The Listing Rules provides that all proposed share repurchase on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions, and the shares proposed to be purchased by the company must be fully-paid up.

**2. NUMBER OF SHARES SUBJECT TO THE REPURCHASE MANDATE**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,150,681,275 Shares. Subject to the passing of the necessary ordinary resolution and assuming that no further Shares are issued or repurchased prior to the AGM up to 115,068,127 Shares, representing 10% of the issued share capital of the Company as at the date of passing the resolution at the AGM, may be repurchased by the Company.

**3. SOURCE OF FUNDS**

The Company may only apply funds legally available for the repurchase of Shares in accordance with its Articles of Association, the Listing Rules and the applicable laws of Hong Kong. The Companies Ordinance provides that the repurchases may be made either out of distributable profits or the proceeds of a new issue of shares made for such purpose.

**4. REASONS FOR REPURCHASE**

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from the shareholders to enable the Company to repurchase shares on the stock market at any appropriate time. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such purchases will benefit the Company and its shareholders.

**5. FINANCIAL EFFECT OF REPURCHASE**

There may be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements as at 31 December 2008) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**6. GENERAL**

None of the Directors or, to their best knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules) have any present intention to sell any the Shares to the Company or its subsidiaries if the Repurchase Mandate is approved by shareholders.

The Directors have undertaken to the Stock Exchange, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell any of the Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is approved by shareholders.

If, as a result of a repurchase of the Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Code on Takeovers and Mergers (the "**Takeovers Code**"). As a result, a shareholder or a group of shareholders acting in concert could, depending on the level of increase of shareholding interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rules 26 and 32 of the Takeovers Code. As at the Latest Practicable Date, the Company's single largest registered shareholder, Intellinsight Holdings Limited (ultimately wholly-owned by a discretionary family trust of which Mr Or Wai Sheun, Ms Ng Chi Man, Mr Or Pui Kwan and their family members are beneficiaries), together with parties acting in concert with it held 802,830,124 Shares which represented approximately 69.8% of the issued share capital of the Company. In the event that the Directors exercise the power in full to repurchase Shares pursuant to the Repurchase Mandate, the shareholding of Shares held by Intellinsight Holdings Limited together with parties acting in concert would increase to approximately 77.5% of the issued share capital of the Company. Such increase would not give rise to an obligation to make a mandatory offer under rules 26 and 32 of the Takeovers Code.

In the event of an exercise of the Repurchase Mandate, public shareholding in the Company may be reduced to below 25% which will be in breach of the Listing Rules. In accordance with the aforesaid undertaking and unless otherwise approved by the Stock Exchange, the Directors will refrain from exercising the power conferred by the Repurchase Mandate if it will result in a breach of the Listing Rules.

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the previous twelve months were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2008</b>		
April	17.50	14.52
May	19.34	17.06
June	18.12	13.32
July	14.20	12.16
August	13.06	11.46
September	12.60	5.80
October	6.95	0.66
November	5.45	2.51
December	3.73	2.51
<b>2009</b>		
January	4.34	2.87
February	3.35	2.71
March	3.32	2.55
April (up to the Latest Practicable Date)	4.30	3.08

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Kowloon Development Company Limited (the “**Company**”) will be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 10 June 2009 at 11:15 a.m. for the following purposes:

### **Ordinary Business**

- (1) To receive and consider the audited accounts together with the report of the directors and auditors thereon for the year ended 31 December 2008.
- (2) To declare a final dividend for the year ended 31 December 2008.
- (3) To re-elect directors and authorise the board of directors of the Company to fix directors’ fees.
- (4) To re-appoint KPMG as auditors and authorise the board of directors of the Company to fix auditors’ remuneration.

### **Special Business**

To consider and, if thought fit, to pass with or without modification the following resolutions as ordinary resolutions:

- (5) **“THAT:**
  - (A) subject to paragraph (C) of this Resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares in the Company) which would or might require the exercise of such power be generally and unconditionally approved;
  - (B) the approval in paragraph (A) of this Resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares in the Company) which would or might require the exercise of such power after the end of the Relevant Period;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) an issue of shares upon the exercise of options granted under any share option scheme adopted by the Company, or (iii) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, or (iv) an issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any of the securities which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (D) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance and/or the Company’s Articles of Association to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by ordinary resolution of the shareholders in general meeting of the Company; and

“**Rights Issue**” means an offer of shares in the share capital of the Company open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, Hong Kong or any territory applicable to the Company).”

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## NOTICE OF ANNUAL GENERAL MEETING

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(6) **“THAT:**

- (A) subject to paragraph (B) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be generally and unconditionally approved;
- (B) the aggregate nominal amount of shares which may be repurchased on the Stock Exchange of Hong Kong or any other stock exchange on which the shares of the Company may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Code on Share Repurchases pursuant to the approval in paragraph (A) of this Resolution shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (C) for the purpose of this Resolution:

**“Relevant Period”** means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance and/or the Company’s Articles of Association to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by ordinary resolution of the shareholders in general meeting of the Company.”

- (7) **“THAT** conditional upon the passing of Resolutions (5) and (6) as set out in the notice convening this meeting, the general mandate granted to the directors of the Company pursuant to Resolution (5) as set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution (6) as set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this Resolution.”

By Order of the Board  
**Kowloon Development Company Limited**  
**Look Pui Fan**  
*Company Secretary*

Hong Kong, 28 April 2009

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. Any member entitled to attend and vote at the annual general meeting of the Company to be held on 10 June 2009 is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, the form of proxy, together with any power of attorney or other authority under which it is signed or a notarially certified copy thereof, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting thereof.
3. All resolutions set out in this notice will be decided by poll.
4. The English text of this notice shall prevail over the Chinese text.