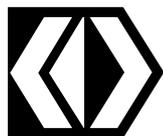


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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

MAJOR TRANSACTION

**ACQUISITION OF ALL THE ISSUED SHARES OF
WINSWORLD PROPERTIES LIMITED AND THE SALE LOAN**

On 15 October 2004, the Purchaser and the Company entered into the Agreement under which the Purchaser is to acquire all of the issued shares of the Property Co and the Sale Loan for a cash consideration of HK\$1,342,000,000. Pursuant to the Agreement, the Purchaser has the option to acquire the Property directly for the same consideration. Pursuant to the Agreement, the Purchaser has, on 1 November 2004, notified the Seller that the Purchaser has elected not to exercise the option to acquire the Property directly, but proceed to acquire all the issued shares of the Property Co and the Sale Loan. Details of the Acquisition have been included in the Announcement dated 21 October 2004.

Shareholders and investors should note that the Acquisition is subject to conditions, including that the parties satisfying all relevant requirements of the Listing Rules. The Stock Exchange has indicated concern as to whether Mexan can comply with the requirements of Rule 14.92 in respect of restrictions on disposal of assets by Mexan. Accordingly, the Acquisition may or may not complete. Shareholders should exercise caution when dealing in the Shares.

The Directors refer to the announcement of the Company dated 21 October 2004 in relation to the Acquisition (“Announcement”). Terms used in this announcement shall have the same meanings as defined in the Announcement. On 15 October 2004, the Purchaser and the Company entered into the Agreement under which the Purchaser is to acquire all of the issued shares of the Property Co and the Sale Loan for a cash consideration of HK\$1,342,000,000. The Property Co’s principal asset is the Property being the commercial and car park complex of a building known as the “Elizabeth House” located at numbers 250 to 254 of Gloucester Road, Causeway Bay, Hong Kong.

Pursuant to the Agreement, the Purchaser was granted the option to acquire the Property directly but not the issued shares of the Property Co and the Sale Loan under the same terms and conditions (including the consideration) as contained in the Agreement. The Purchaser may exercise this option within 10 working days from the date of the Agreement (i.e. by 1 November 2004) by serving a written notice on the Seller to such effect. In the event that the option is not exercised, the Purchaser will proceed with the acquisition of all the issued shares of the Property Co and the Sale Loan. Pursuant to the Agreement, the Purchaser has, on 1 November 2004, notified the Seller that the Purchaser has elected not to exercise the option to acquire the Property directly, but proceed to acquire all the issued shares of the Property Co and the Sale Loan. Accordingly, subject to the fulfillment of the conditions of the Agreement, the Purchaser intends to acquire all the issued shares of the Property Co and the Sale Loan.

Shareholders and investors should note that the Acquisition is subject to conditions, including that the parties satisfying all relevant requirements of the Listing Rules. The Stock Exchange has indicated concern as to whether Mexan can comply with the requirements of Rule 14.92 in respect of restrictions on disposal of assets by Mexan. Accordingly, the Acquisition may or may not complete. Shareholders should exercise caution when dealing in the Shares.

Directors of the Company

At the date of this announcement, the Directors are Mr. Or Wai Sheun, Mr. Keith Alan Holman, Ms. Ng Chi Man, Mr. Lai Ka Fai, the non-executive Directors are Mr. Tam Hee Chung, Mr. Yeung Kwok Kwong and the independent non-executive Directors are Mr. Chau Cham Son, Mr. Li Kwok Sing, Aubrey, Mr. Lok Kung Chin, Hardy and Mr. Seto Gin Chung, John.

By Order of the Board
KOWLOON DEVELOPMENT COMPANY LIMITED
Or Wai Sheun
Chairman

Hong Kong, 1 November 2004

Please also refer to the published version of this announcement in the South China Morning Post.