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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)

VOLUNTARY ANNOUNCEMENT

**LEGAL PROCEEDINGS INITIATED BY THE GROUP AGAINST
TIANJIN BINHAI MASS TRANSIT DEVELOPMENT CO., LTD.**

This announcement is made by Kowloon Development Company Limited (the “**Company**” together with its subsidiaries, the “**Group**”) on a voluntary basis.

References are made to the announcements of the Company dated 19 December 2006 and 16 May 2007 (the “**Announcements**”) in relation to (i) a proposed investment in a development site in Tianjin by a joint venture company (the “**Project Co**”) and (ii) the introduction of strategic investors to the Project Co in relation to the investment in Tianjin respectively and the circulars of the Company dated 7 June 2007 and 20 August 2009 regarding (i) an introduction of strategic investors to the Project Co in relation to the investment in Tianjin and (ii) disposal of 12% equity interest in the Project Co respectively. Unless otherwise defined, capitalized terms used in this announcement shall have the same respective meanings as those defined in the Announcements.

BACKGROUND INFORMATION

On 13 December 2006, the Company entered into a cooperation agreement (the “**Agreement**”) with Tianjin Binhai Mass Transit Development Co., Ltd. (the “**Defendant**”) in which (i) the Company and the Defendant jointly established the Project Co; and (ii) the Company would pay to the Defendant RMB3,500 million (the “**Consideration**”) for the interest in the composite property development site located in the intersection of Shiyijing Road and Liuwei Road, Hedong District, Tianjin City, the PRC (the “**Property**”).

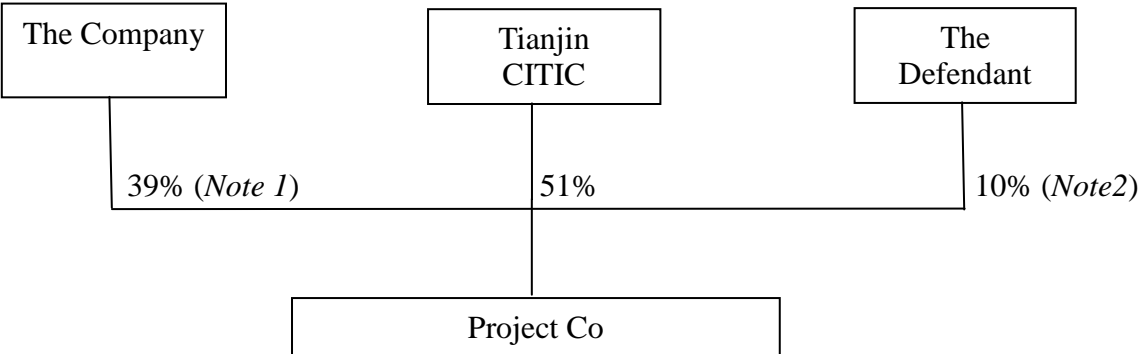
On 3 April 2007, the Project Co was formally established with a total investment amount and registered capital of US\$99 million and US\$49.50 million respectively. The Defendant contributed US\$4.95 million (representing 10% of the registered capital of the Project Co) and the Company contributed US\$44.55 million (representing 90% of the registered capital of the Project Co) to the registered capital of the Project Co.

The Agreement provided that, upon the payment of the final instalment of the Consideration by the Company, the Defendant shall transfer its 10% interest in the Project Co to the Company.

On 15 May 2007, the Company, Tianjin CITIC Real Estate Investment Co., Ltd. (天津中信地產投資有限公司) (“**Tianjin CITIC**”) and Tianjin Flying Investment Development Co., Ltd. (天津翔達投資發展有限公司) (“**Flying**”) entered into the Interest Transfer Agreement, pursuant to which the Company transferred, and Tianjin CITIC and Flying acquired, a 30% and a 9% equity interest in the Project Co respectively.

Further, on 29 July 2009, the Company, Tianjin CITIC and Flying entered into the Equity Transfer Agreement pursuant to which the Company sold to Tianjin CITIC, a 12% interest in the registered capital of the Project Co, and Flying sold to Tianjin CITIC, a 9% interest in the registered capital of the Project Co.

As such, the current shareholding structure of the Project Co is as follows:



Notes:

1. The Company is entitled to 49% of the profits generated by the Project Co pursuant to the Agreement despite the Company only owning 39% equity interest in the Project Co.
2. Although the Defendant holds 10% shares of the Project Co, it does not share in any profits of the Project Co.

On or before 1 June 2012, the Company had already fulfilled its obligations under the Agreement and paid the aggregate consideration of RMB3,500 million to the Defendant in accordance with the terms of the Agreement. However, as at the date of this announcement, the Defendant has not transferred its 10% interest in the Project Co to the Company.

THE LEGAL PROCEEDINGS

In connection with the above, the Group has initiated legal proceedings at the Higher People’s Court of Tianjin against the Defendant, claiming for, among other things, the following relief that:

- (1) the Defendant do transfer 10% of the shares in the Project Co to the Company;
- (2) the Defendant do pay the stamp duties and any taxes arising out of the share transfer pursuant to the terms of the Agreement and any laws and any regulations;

- (3) the Defendant undertakes the necessary procedures in relation to restoring the construction area of the Property; and
- (4) costs of the proceedings be awarded to the Company.

The Company will make further announcement(s) if there is any material progress in relation to the above.

By Order of the Board
Kowloon Development Company Limited
Lee Kuen Chiu
Company Secretary

Hong Kong, 24 April 2015

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