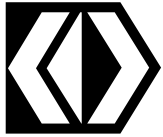


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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(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.

Under the Listing Rules, the Company was required to despatch a circular in relation to the Acquisition to the Shareholders on or before 15 November 2004. As the Company is consulting its legal advisers on the Acquisition, additional time is required to consider whether to proceed with the Acquisition. Further announcement will be made when a decision is reached on the Acquisition.

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 stated that Mexan will need to 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”) and further announcements dated 1, 9 and 15 of November 2004. 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 conditions precedent to Completion included, among others, (1) that Mexan must satisfy any and all requirements of the Stock Exchange; (2) Mexan satisfying all relevant requirements of the Listing Rules; and (3) Mexan obtaining all necessary consents of the holders of all outstanding convertible notes of Mexan to the Agreement. The Company has received notification from Mexan that (1) the Stock Exchange has stated that the Acquisition cannot fulfill the requirements of Rule 14.92 of the Listing Rules on the part of Mexan; and (2) the holders of convertible notes of Mexan have notified Mexan that they will not provide their consent to the Agreement. Mexan has notified the Company that in its opinion the Agreement is no longer of any force and effect, save for the return of the Deposits,

since three of the conditions have not been fulfilled. However, the Directors consider that the Agreement remains in force and valid. In this regard, the Directors are taking legal advice as to further course of action in respect of the Agreement.

Under the Listing Rules, the Company was required to despatch a circular in relation to the Acquisition to the Shareholders within 21 days of the publication of the Announcement, ie on or before 15 November 2004. The Company previously obtained an approval for the despatch of the Circular to take place on or before 15 December 2004, which initial extension was described by the Company in its announcement dated 15 November 2004. As the Directors consider that it is currently uncertain as to whether the Acquisition will proceed, the Company has decided not to continue preparing the Circular until further action to be taken in relation to the Acquisition can be ascertained. Further announcement will be made by the Company upon a decision being reached by the Company on the status of the Acquisition.

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 stated that Mexan will need to 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 executive Directors are Mr. Or Wai Sheun, Ms. Ng Chi Man, Mr. Lai Ka Fai, the non-executive Directors are Mr. Keith Alan Holman, 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, 15 December 2004

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