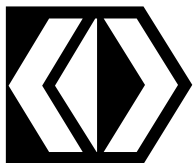


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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

DISCLOSEABLE TRANSACTION
DISPOSAL OF 20% EQUITY INTEREST IN
SOUTHERN SUCCESS CORPORATION

The Board announces that on 31 March 2006, Atlantic Capital Limited (擴銘有限公司), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Global Retail Incorporated whereby Atlantic Capital Limited (擴銘有限公司) agreed to dispose of its entire 20% equity interest in the issued share capital of Southern Success Corporation to Global Retail Incorporated for a total consideration of US\$11,600,000 (equivalent to approximately HK\$90,480,000). Completion has taken place forthwith upon signing of the Agreement.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, Global Retail Incorporated together with its beneficial owners, are Independent Third Parties.

The Disposal contemplated under the Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Disposal will be sent to the shareholders of the Company as soon as practicable and in any event within 21 days after the date of publication of this announcement.

SALE AND PURCHASE AGREEMENT

1. Date of Execution : 31 March 2006

2. Parties : (a) Purchaser: Global Retail Incorporated, a limited liability company incorporated under the laws of the British Virgin Islands.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, Global Retail Incorporated together with its beneficial owners, are Independent Third Parties.

(b) Vendor: Atlantic Capital Limited (擴銘有限公司), a limited liability company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of the Company.

3. Relevant Interests to be Disposed of

200 shares of US\$1.00 each, representing 20% equity interest in the issued share capital of SSC, being the entire interests held by the Vendor immediately prior to the Disposal.

The carrying value of the Relevant Interests in SSC in the audited consolidated accounts of the Company was HK\$44,687,000 as at 31 December 2005. On this basis, the gain on the Disposal expected to accrue to the Group is approximately HK\$45,793,000.

4. Consideration

The Consideration of US\$11,600,000 (equivalent to approximately HK\$90,480,000) was agreed on normal commercial terms between the parties after arm's length negotiations. Having regard to the unaudited management account of SSC as at 31 January 2006, the Consideration represents a premium of approximately 90% to the Vendor's attributable interest in SSC's consolidated net asset value.

5. Payment Terms and Date of Completion

The Consideration of US\$11,600,000 (equivalent to approximately HK\$90,480,000) is required to be paid by the Purchaser to the Vendor by way of a cashier order on completion, which took place forthwith after signing of the Agreement.

INFORMATION ON THE PARTIES

The Group is principally engaged in property development and investment, property management, financial services and investments in Hong Kong and Macau as well as local and overseas financial investments and the Vendor is a wholly-owned subsidiary of the Company.

The Purchaser is a company incorporated in the British Virgin Islands with limited liability. The Purchaser and its subsidiaries are principally engaged in sales and distributions of apparel, shoes and accessories. Immediately prior to the Disposal, the Purchaser holds 80% equity interest in the issued share capital of SSC, being the only shareholder of SSC other than the Vendor. The beneficial owner of the Purchaser is Mr. Fang, Fang Jeffrey.

INFORMATION ON SSC

SSC is an investment holding company incorporated in the Cayman Islands and its subsidiaries are principally engaged in sales and distributions of apparel, shoes and accessories. To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the substantial shareholder of SSC, being the Purchaser, and its beneficial owners, are Independent Third Parties, and thus the Disposal does not constitute a connected transaction.

The Group acquired the Relevant Interests around late 2000. SSC is treated as an associated company of the Group, and the investment in SSC is accounted for using the equity method in the consolidated financial statements of the Company.

Below is the relevant financial information of SSC:

	Unaudited consolidated management accounts for the year ended 31 January 2006 (HK\$ million)	Audited consolidated accounts for the year ended 31 January 2005 (HK\$ million)
Total Assets	802.81	596.64
Net Asset Value	238.90	189.28
Turnover	809.83	649.21
Profits before Taxation	77.08	57.75
Profits after Taxation	56.25	43.85

REASON FOR THE DISPOSAL

The Group is principally engaged in property development and investment, property management, financial services and investments in Hong Kong and Macau as well as local and overseas financial investments. SSC and its subsidiaries are principally engaged in sales and distributions of apparel, shoes and accessories, which is a non-core business of the Group. Therefore the Disposal will facilitate the Group to concentrate on its core business of property development and investment, property management, financial services and investments in Hong Kong, Macau and China. The Directors consider that the terms of the Disposal are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Upon completion of the Disposal, the Company will not hold any interest directly or indirectly in SSC.

INTENDED APPLICATION OF THE SALE PROCEEDS

The net sale proceeds of the Disposal are intended to be used for general working capital.

GENERAL INFORMATION

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Disposal will be sent to the shareholders of the Company as soon as practicable and in any event within 21 days after the date of publication of this announcement.

DEFINITIONS

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

“Agreement”	a sale and purchase agreement dated 31 March 2006 and entered into between Global Retail Incorporated and Atlantic Capital Limited (擴銘有限公司) relating to the Disposal;
“Board”	the board of directors of the Company;
“Company”	Kowloon Development Company Limited (九龍建業有限公司), a company incorporated in Hong Kong, the shares of which are listed on The Stock Exchange of Hong Kong Limited;

“Consideration”	the consideration for the Disposal, being a sum of US\$11,600,000 (equivalent to approximately HK\$90,480,000);
“Directors”	directors of the Company;
“Disposal”	the disposal of 200 shares of US\$1.00 each, representing 20% equity interest in the issued share capital of Southern Success Corporation pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“Independent Third Parties”	third parties independent of and not connected with the Company and its subsidiaries and connected persons (as defined in the Listing Rules) of the Company and its subsidiaries;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Purchaser”	Global Retail Incorporated, a limited liability company incorporated under the laws of the British Virgin Islands;
“Relevant Interests”	20% equity interest in the issued share capital of Southern Success Corporation, which was legally and beneficially owned by The Vendor immediately prior to the Disposal;
“SSC”	Southern Success Corporation;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“Vendor”	Atlantic Capital Limited (擴銘有限公司), a limited liability company incorporated under the laws of Hong Kong, which is a wholly-owned subsidiary of the Company.

Unless otherwise specified in this announcement, translation of HK\$ into US\$ is at the exchange rate of US\$1.00 = HK\$7.80.

By Order of the Board
Kowloon Development Company Limited
Or Wai Sheun
Chairman

Hong Kong, 31 March 2006

As at the date of this announcement, the Board comprises of 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. Chau Cham Son, Mr. Li Kwok Sing, Aubrey, Mr. Lok Kung Chin, Hardy and Mr. Seto Gin Chung, John.

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