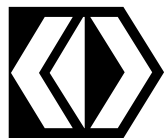


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九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 34)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD**

Reference is made to the announcement (the “Announcement”) of the Company dated 19 December 2006 in relation to, among other things, the Rights Issue and Capital Increase. Capitalised terms used herein shall have the same meaning as those defined in the Announcement unless the context otherwise requires.

Set out below is an indicative timetable for the Rights Issue. **The timetable is subject to the results of the EGM and other changes in accordance with the Underwriting Agreement. The Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.**

2007

Last day of dealing in Shares on a cum-rights basis	Thursday, 11 January
First day of dealing in Shares on an ex-rights basis	Friday, 12 January
Latest time for lodging transfers of Shares for entitlement to the Rights Issue	4:00 p.m. on Monday, 15 January
Register of members closes	Tuesday, 16 January to Thursday, 18 January (both dates inclusive)
Record Date	Thursday, 18 January
EGM	4:00 p.m. on Thursday, 18 January
Despatch of Prospectus Documents	Friday, 19 January
Register of members re-opens	Friday, 19 January
First day of dealings in nil-paid Rights Shares	Tuesday, 23 January
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Friday, 26 January
Last day of dealings in nil-paid Rights Shares	Wednesday, 31 January
Latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Monday, 5 February

Underwriting Agreement becomes unconditional4:00 p.m. on Thursday, 8 February
Announcement of results of the Rights Issue expected to be made on newspaper .. Monday, 12 February
Refund cheques in respect of wholly or partially unsuccessful applications for
excess Rights Shares expected to be posted on or before Monday, 12 February
Share certificate(s) for the Rights Shares to be despatched on or before Monday, 12 February

Notes:

- (i) Dealings in the fully-paid Rights Shares will commence as soon as the Qualified Shareholders receive the share certificates for the Rights Shares.
- (ii) All times in this announcement refer to Hong Kong time.
- (iii) Effect of bad weather on the latest time for acceptance of and payment for Rights Shares:

The latest time for acceptance of and payment for Right Shares will not take effect if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on 5 February 2007. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 5 February 2007. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take effect on 5 February 2007, the dates mentioned above may be affected. A press announcement will be made by the Company in such event.

To qualify for the Rights Issue, Shareholders must at the close of business on the Record Date (i) be registered members of the Company and (ii) whose addresses as shown in the register of members of the Company are in Hong Kong .

The Prospectus Documents will not be registered and/or filed under the securities or equivalent legislation of any jurisdiction other than the applicable laws in Hong Kong. Based on the register of members of the Company as at 30 November 2006, there were 30 Overseas Shareholders holding of 1,637,550 Shares in aggregate, whose registered addresses as shown in the register of member of the Company are outside of Hong Kong and include Australia, Canada, the PRC, Singapore and the United States of America. The Company has made enquiry with foreign legal advisers in the respective jurisdictions regarding the legality and feasibility of extending the Rights Issue to such Overseas Shareholders and whether this would contravene the applicable securities legislation or the requirements of the relevant regulatory body or stock exchange without having the Prospectus Documents registered or filed in the aforesaid jurisdictions. After making such enquiries with the respective jurisdictions, the Directors consider that it would not be expedient for the Company to conduct the Rights Issue in the aforesaid jurisdictions in accordance with the relevant laws and regulations. Accordingly, the Rights Issue will not be extended to the aforesaid Overseas Shareholders whose registered addresses are in Australia, Canada, the PRC, Singapore and the

United States of America. The Prospectus will be sent to the Excluded Shareholders for information only, but no PAL or EAF will be sent to the Excluded Shareholders.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of HK\$100 or more will be paid to the Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for the benefit of the Company.

Shareholders should note that the Shares will be dealt in on an ex-rights basis from 12 January 2007. The Rights Shares in their nil-paid form will be dealt in from 23 January 2007 to 31 January 2007 (both dates inclusive).

Any dealing in the Shares before the Underwriting Agreement becomes unconditional and the Rights Shares in their nil-paid form from 23 January 2007 to 31 January 2007 will bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating selling or acquiring Shares and/or Rights Shares in their nil-paid form up to the Settlement Date will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

By Order of the Board
Kowloon Development Company Limited
Wai Yuk Hing, Monica
Company Secretary

Hong Kong, 29 December 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, being Mr. Keith Alan Holman (Deputy Chairman), Mr. Tam Hee Chung and Mr. Yeung Kwok Kwong; and three independent non-executive Directors, being 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.