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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)

**ANNOUNCEMENT IN RELATION TO
THE ACQUISITION
OF SHENZHEN PROPERTIES & RESOURCES
DEVELOPMENT (GROUP) LIMITED**

Reference is made to the acquisition of an approximately 70.3% interest in Shenzhen Properties. On receiving the Notice from the Sellers addressing to the Purchaser, an 85% owned subsidiary of the Company, unilaterally purporting to terminate the Sale and Purchase Agreement, the Company is now seeking legal advice on whether the Notice has been given in accordance with the terms of the Sale and Purchase Agreement and ways to protect its interests. The Company will make further announcement on the course of action to be taken as and when appropriate in compliance with the requirements of the Listing Rules.

Shareholders of the Company and investors are reminded to exercise caution when dealing in the shares of the Company.

Reference is made to the announcement of Kowloon Development Company Limited (the “**Company**”) dated 6 April 2005, the circular of the Company dated 30 June 2005 (the “**Circular**”) and the announcements dated 28 April 2006 and 26 May 2006 in relation to the acquisition of an approximately 70.3% interest in Shenzhen Properties & Resources Development (Group) Limited (“**Shenzhen Properties**”), whose A-Shares and B-Shares are listed on the Shenzhen Stock Exchange. Terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Purchaser and the Sellers have entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”) on 1 April 2005 in relation to the acquisition of an approximately 70.3% interest in Shenzhen Properties (the “**Acquisition**”). As announced by the Company on 26 May 2006, the Purchaser has been advised by the CSRC that the examination of the general offer for the remaining issued shares in Shenzhen Properties has been temporarily suspended pending verification of certain issues by the State Council State-owned Assets Supervision and Administration Commission. The verification process was completed in February 2007 and no further progress on the examination and approval in respect of the general offer has been made since then. A notice

dated 19 April 2007 (the “**Notice**”) was received from the Sellers addressing to the Purchaser, an 85% owned subsidiary of the Company, unilaterally purporting to terminate the Sale and Purchase Agreement. The Sellers have not specified clearly in the Notice the reasons of the purported termination. The Company is now seeking legal advice on whether the Notice was given in accordance with the terms of the Sale and Purchase Agreement and ways to protect the Company’s interests and will make further announcement on the course of action to be taken as and when appropriate in compliance with the requirements of the Listing Rules.

As at 31 December 2006, the Purchaser has paid in aggregate HK\$345,743,000, representing deposits paid for the Acquisition and the general offer to be made on all the shares not subject to the Acquisition, which are fully refundable in the event the Sale and Purchase Agreement is terminated.

In the event that the Purchaser and the Sellers cannot reach mutual agreement on the disposition of the Sale and Purchase Agreement, the Directors do not consider that there will be any material adverse effect on the Group’s operations and financial position taken into consideration the assets, revenue and profits of Shenzhen Properties in relation to the Group and that Shenzhen Properties has not made any contribution to the financial results of the Group.

Shareholders of the Company and investors are reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 April 2007

As at the date of this announcement, the Board comprises 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.