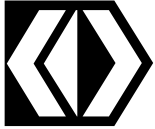


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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares.



九龍建業有限公司
KOWLOON DEVELOPMENT COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

(Stock code: 34)

MAJOR TRANSACTION

AND

RESUMPTION OF TRADING

On 22 August 2007, the Purchaser, a wholly owned subsidiary of the Company, the Company and China Orient entered into the following agreements, pursuant to which the Purchaser conditionally agreed to acquire the Assets from China Orient and to set up the Joint Venture.

The Acquisition

On 22 August 2007, the Purchaser, a wholly owned subsidiary of the Company, the Company and China Orient entered into the Assets Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire from China Orient the Assets for a consideration of RMB2,190,000,000 (equivalent to approximately HK\$2,251,320,000), which will be satisfied by (i) cash; or (ii) the issue of Convertible Bonds in the principal amount equivalent to RMB2,190,000,000 (approximately HK\$2,251,320,000) to China Orient; or (iii) the issue of the Consideration Shares, as determined and advised by China Orient within 90 days from the date of the Assets Transfer Agreement becoming effective.

The Joint Venture

On 22 August 2007, the Purchaser, the Company and China Orient entered into the Joint Venture Agreement pursuant to which the Purchaser and China Orient agreed to establish the Joint Venture. The total investment of the Joint Venture will be RMB8,800,000,000 (approximately HK\$9,046,400,000) and the registered capital of the Joint Venture will be RMB3,000,000,000 (approximately HK\$3,084,000,000). The registered capital of the Joint Venture will be held as to 75.10% by the Purchaser and as to 24.90% by China Orient.

The Purchaser's contribution to the Joint Venture will be in the form of (1) the Assets of value of RMB2,190,000,000 (equivalent to approximately HK\$2,251,320,000) acquired under the Acquisition and (2) cash in the sum of RMB4,420,000,000 (approximately HK\$4,543,760,000), of which RMB2,253,000,000 (approximately HK\$2,316,084,000) will be accounted as capital and RMB4,357,000,000 (approximately HK\$4,478,996,000) will be accounted as an interest-free shareholder's loan to the Joint Venture. China Orient will contribute non-performing loan assets valued at RMB2,190,000,000 (approximately HK\$2,251,320,000), of which RMB747,000,000 (approximately HK\$767,916,000) will be accounted as capital and the balance of RMB1,443,000,000 (approximately HK\$1,483,404,000) will be accounted as an interest-free shareholder's loan to the Joint Venture.

The Acquisition and the establishment of the Joint Venture are inter-conditional and constitute a major transaction for the Company under the Listing Rules and is subject to the approval by the Shareholders at a general meeting of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder is required to abstain from voting for the resolution to approve the Acquisition and the establishment of the Joint Venture, the Company accepted a written certificate given by Intellinsight, which is beneficially interested in 689,649,124 Shares, representing approximately 59.93% of the issued share capital of the Company, on 24 August 2007 in respect of its approval of the Acquisition and the establishment of Joint Venture in lieu of a resolution to be passed at a general meeting pursuant to Rule 14.44 of the Listing Rules.

Despatch of Circular

A circular containing, amongst others, details of the Acquisition and the Joint Venture and the terms of the Convertible Bonds, will be sent to the Shareholders as soon as practicable.

Resumption of Trading

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 23 August 2007, pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 30 August 2007.

On 22 August 2007, the Purchaser, a wholly owned subsidiary of the Company, the Company and China Orient entered into the following agreements, pursuant to which the Purchaser conditionally agreed to acquire the Assets from China Orient and to establish the Joint Venture. Details of the Assets Transfer Agreement and the Joint Venture Agreement are set out below.

THE ACQUISITION

Date of the Assets Transfer Agreement

22 August 2007

Parties

- (1) The Purchaser;
- (2) The Company; and
- (3) China Orient.

China Orient is an assets management company approved by the State Council and the People's Bank of China established in Beijing. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of China Orient and its ultimate beneficial owner is an independent third party not connected with the Company or its connected persons.

Assets to be acquired

Pursuant to the Assets Transfer Agreement, the Purchaser will acquire from China Orient the Assets for a consideration of RMB2,190,000,000 (equivalent to approximately HK\$2,251,320,000). The Assets are non-performing loans and comprise 50% of the non-performing loans of China Orient in Guangdong and Hainan provinces (the "**Non-performing Loans Package**") that China Orient had put up for tender on 30 April 2007. The Assets include all the rights to the outstanding non-performing loans and any rights to the collaterals thereon. China Orient warrants that the Assets do not include non-performing loans where (a) the debtor or the guarantor is a state organisation, (b) the debtor is a State-owned enterprise that has been liquidated in accordance with the reform policy approved by the State Council of the PRC, (c) the debtor or the guarantor is involved in a sector which falls under the "prohibited" category of the Catalogue for the Guidance of Foreign Investment Industries and (d) the debts involve State security or military that concerns sensitive information and State security and other debts which are prohibited or restricted from being assigned.

The Non-performing Loans Package, of which the Assets accounted for 50% and the assets in the amount of RMB2,190,000,000 (equivalent to approximately HK\$2,251,320,000) to be contributed by China Orient to the Joint Venture accounted for the remaining 50%, comprises about 5,224 loans with an outstanding principal amount of approximately RMB35,546,120,000 (equivalent to approximately HK\$36,541,411,360) together with interests thereon and delay interests valued as at 31 March 2007. These non-performing loans are primarily commercial loans extended to enterprises in Guangdong and Hainan provinces which have defaulted on their payment obligations. These loans are secured by various assets and/or corporate guarantees. The majority of the loans have on average been outstanding for a period of over 7 years and to the best knowledge of the Directors, China Orient has not received any interest income from the borrowers of the Non-performing Loans Package for the two years ended 31 December 2006.

Consideration

The consideration for the Acquisition is RMB2,190,000,000 (equivalent to approximately HK\$2,251,320,000), which is determined after arm's length negotiation with reference to the latest average asset recovery ratio of approximately 24.20% for non-performing loans reported by China Banking Regulatory Commission on the 4 largest assets management corporations in the PRC up to 31 March 2006 and after legal due diligence conducted by the Company on the Non-performing Loans Package. As the consideration was determined

with reference to the average asset recovery ratio reported by the 4 largest assets management corporations, and the consideration of the Assets together with the value of the assets in the amount of RMB2,190,000,000 (equivalent to approximately HK\$2,251,320,000) to be contributed by China Orient to the Joint Venture represents approximately 12.32% of the principal outstanding amount of the non-performing loans under the Non-performing Loans Package, which is lower than the average asset recovery ratio of 24.20% reported by the 4 largest assets management corporations, the Directors (including the independent non-executive Directors) are of the view that the consideration is fair and reasonable so far as the Company and the Shareholders are concerned.

The consideration will be satisfied by the Company in one of the following manners, as determined by China Orient within 90 days from the date of the Assets Transfer Agreement becoming effective:

- (a) by cash; or
- (b) by the issue of 6-month zero coupon convertible bonds in the principal amount of equivalent to RMB2,190,000,000 (approximately HK\$2,251,320,000) to China Orient. The conversion price will be 105% of the average closing price per Share for the 5 business days (as defined in the Listing Rules) immediately preceding the date of the Assets Transfer Agreement becoming effective, subject to a maximum conversion price of HK\$18.50 per Share (the “**Maximum Conversion Price**”). The parties also subsequently agreed on a minimum conversion price of HK\$14.50 per Share (the “**Minimum Conversion Price**”).

The Maximum Conversion Price of HK\$18.50 represents (i) a premium of about 13.50% to the closing price of HK\$16.30 per Share as quoted on the Stock Exchange on 22 August 2007, being the last trading day of the Shares prior to the release of this announcement; and (ii) a premium of about 18.74% to the average closing price per Share of HK\$15.58 as quoted on the Stock Exchange for the last 5 trading days ended 22 August 2007, being the last trading day before this announcement.

The Minimum Conversion Price of HK\$14.50 represents (i) a discount of about 11.04% to the closing price of HK\$16.30 per Share as quoted on the Stock Exchange on 22 August 2007, being the last trading day of the Shares prior to the release of this announcement; and (ii) a discount of about 6.93% to the average closing price per Share of HK\$15.58 as quoted on the Stock Exchange for the last 5 trading days ended 22 August 2007, being the last trading day before this announcement.

China Orient has the right to demand redemption of the outstanding amount under the Convertible Bonds in the following events: (a) the Shares have been suspended for trading for any reasons (temporary suspension in compliance with the requirements of the Listing Rules excepted), (b) there exists a material litigation or threatened litigation against the Company which would adversely affect the execution of the Assets Transfer Agreement and/or the Joint Venture Agreement in a material way; and (c) there is a change of control in the Company.

Assuming full conversion of the Convertible Bonds at the Maximum Conversion Price, the Convertible Bonds will be convertible into approximately 121,692,972 Shares, representing approximately 10.58% of the existing issued share capital of the Company and approximately 9.56% of the issued share capital of the Company as enlarged by the Conversion Shares. Assuming full conversion of the Convertible Bonds at the Minimum Conversion Price, the Convertible Bonds will be convertible into approximately 155,263,448 Shares, representing approximately 13.49% of the existing issued share capital of the Company and approximately 11.89% of the issued share capital of the Company as enlarged by the Conversion Shares; or

- (c) by the issue of the Consideration Shares to China Orient at an issue price per share equivalent to the average closing price per Share for the 5 business days (as defined in the Listing Rules) immediately preceding the date of the Assets Transfer Agreement becoming effective, subject to a maximum issue price of HK\$18.50 per Share (the “**Maximum Issue Price**”). The parties also subsequently agreed on a minimum issue price of HK\$14.50 per Share (the “**Minimum Issue Price**”).

The Maximum Issue Price of HK\$18.50 represents (i) a premium of about 13.50% to the closing price of HK\$16.30 per Share as quoted on the Stock Exchange on 22 August 2007, being the last trading day of the Shares prior to the release of this announcement; and (ii) a premium of about 18.74% to the average closing price per Share of HK\$15.58 as quoted on the Stock Exchange for the last 5 trading days ended 22 August 2007, being the last trading day before this announcement.

The Minimum Issue Price of HK\$14.50 represents (i) a discount of about 11.04% to the closing price of HK\$16.30 per Share as quoted on the Stock Exchange on 22 August 2007, being the last trading day of the Shares prior to the release of this announcement; and (ii) a discount of about 6.93% to the average closing price per Share of HK\$15.58 as quoted on the Stock Exchange for the last 5 trading days ended 22 August 2007, being the last trading day before this announcement.

Assuming the Consideration Shares are issued at the Maximum Issue Price, a total of 121,692,972 Shares will be issued, representing approximately 10.58% of the existing issued share capital of the Company and approximately 9.56% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares, and assuming that the Consideration Shares are issued at the Minimum Issue Price, a total of 155,263,448 Shares will be issued, representing approximately 13.49% of the existing issued share capital of the Company and approximately 11.89% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

Based on the closing price of the Shares of HK\$16.30 on 22 August 2007, the last trading day of the Shares prior to the release of this announcement, the Consideration Shares at the Maximum Issue Price and the Minimum Issue Price would have a market value of HK\$1,983,595,443 and HK\$2,530,794,202, respectively.

The Assets Transfer Agreement will only become effective upon approval by the PRC Examination and Approval Authorities. As the exact number of Shares to be issued as Consideration Shares or as Conversion Shares upon the conversion of the Convertible Bonds cannot be determined until the issue price or the conversion price has been fixed, the Company will make announcement on the final payment method elected and the issue price or the conversion price (as the case may be) determined under the Assets Transfer

Agreement if either the issue of Consideration Shares or Convertible Bonds is involved. Such Consideration Shares or the Conversion Shares to be issued upon the exercise of the conversion rights attached to the Convertible Bonds will be issued under the general mandate approved by the Shareholders at the annual general meeting of the Company held on 26 April 2007. No shares have been issued under such general mandate.

The detailed terms of the Convertible Bonds will be disclosed in the circular to be dispatched to the Shareholders. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares or the Conversion Shares, as the case may be (if applicable). If cash is finally being elected to settle the consideration, the Company plans to satisfy such cash requirement through its own internal resources and/or by bank borrowing.

Conditions

Completion of the Acquisition is conditional upon fulfillment of the following conditions:

- (1) the representations and warranties provided in the Assets Transfer Agreement remain materially true and accurate as at Completion;
- (2) each of the parties to the Assets Transfer Agreement has performed its respective obligations thereunder;
- (3) the Assets Transfer Agreement has been approved by the PRC Examination and Approval Authorities;
- (4) the PRC Examination and Approval Authorities have approved the Joint Venture Agreement and the establishment of the Joint Venture;
- (5) the relevant PRC Examination and Approval Authorities have issued the Joint Venture with its business license;
- (6) the transactions contemplated by the Joint Venture Agreement and the issue of the Convertible Bonds or the Consideration Shares have been approved by the Shareholders at a general meeting of the Company (or the Stock Exchange has accepted the written approval issued by Intellinsight pursuant to Rule 14.44 of the Listing Rules in lieu of a resolution to be passed at a general meeting of the Company); and
- (7) the Listing Committee of the Stock Exchange has granted the listing of, and the permission to deal in, the Consideration Shares, or the Conversion Shares upon the conversion of the Convertible Bonds.

If the Assets Transfer Agreement and the Joint Venture Agreement are not approved by the PRC Examination and Approval Authorities within 180 days from the execution of the agreements or the conditions set out above are not fulfilled within 90 days from the agreements becoming effective, unless extended by the parties, then each party to the Assets Transfer Agreement may by written notice to the other parties terminate the Assets Transfer Agreement. The Assets Transfer Agreement will be terminated and ceased to be of further effect upon the receipt of the termination notice by the other parties.

Completion

Completion will take place on or before the 15th Business Day following the satisfaction of the conditions set out in the Assets Transfer Agreement.

THE JOINT VENTURE AGREEMENT

Date of the Joint Venture Agreement

22 August 2007

Parties

- (1) The Purchaser;
- (2) The Company; and
- (3) China Orient.

Co-operation

Pursuant to the Joint Venture Agreement, the Purchaser and China Orient agreed to establish the Joint Venture in Zhuhai to engage in assets management, financial consulting services, valuation and agency services and other business as permitted by the PRC Examination and Approval Authorities.

The Joint Venture has a term of 5 years and subject to agreement between the Purchaser and China Orient, the Joint Venture may apply to the PRC Examination and Approval Authorities for the renewal of the term of the Joint Venture 6 months before the expiry of its term.

The establishment of the Joint Venture is subject to approval by the PRC Examination and Approval Authorities and the Shareholders having approved the transactions contemplated under the Joint Venture Agreement in a general meeting or the Stock Exchange accepting a written certificate given by Intellinsight, which is interested in 689,649,124 Shares, representing approximately 59.93% of the issued share capital of the Company, approving the Acquisition and/or the establishment of the Joint Venture in lieu of a resolution to be passed at a general meeting pursuant to Rule 14.44 of the Listing Rules.

Capital commitments

The total investment of the Joint Venture will be RMB8,800,000,000 (approximately HK\$9,046,400,000) and the registered capital of the Joint Venture will be RMB3,000,000,000 (approximately HK\$3,084,000,000). The registered capital of the Joint Venture will be held as to 75.10% by the Purchaser and as to 24.90% by China Orient.

The Purchaser's contribution to the Joint Venture will be in the form of (1) all the rights to the Assets acquired under the Acquisition and (2) cash in the sum of RMB4,420,000,000 (approximately HK\$4,543,760,000), of which RMB2,253,000,000 (approximately HK\$2,316,084,000) will be accounted as capital and RMB4,357,000,000 (approximately HK\$4,478,996,000) will be accounted as an interest-free shareholder's loan to the Joint Venture. China Orient will contribute assets valued at RMB2,190,000,000 (approximately HK\$2,251,320,000), of which RMB747,000,000 (approximately HK\$767,916,000) will be accounted as capital and the balance of RMB1,443,000,000 (approximately HK\$1,483,404,000) will be accounted as an interest-free shareholder's loan to the Joint Venture.

The capital commitments were agreed after arm's length negotiations between the parties based on the estimated capital requirements of the Joint Venture. The Purchaser shall contribute cash in the amount of RMB600,000,000 (approximately HK\$616,800,000) to the registered capital of the Joint Venture within 15 Business Days from the date of establishment of the Joint Venture. A further contribution of RMB400,000,000 (approximately HK\$411,200,000) shall be made to the registered capital of the Joint Venture within 180 days from the date of establishment of the Joint Venture. The shareholder's loan in the amount of RMB3,420,000,000 (approximately HK\$3,515,760,000) to be provided by the Purchaser shall be delivered to the Joint Venture not later than 720 days from the date of establishment of the Joint Venture or in accordance with the needs of the Joint Venture. The Purchaser shall also contribute the Assets to the Joint Venture within 90 days from the date of establishment of the Joint Venture. China Orient shall contribute non-performing loan assets valued at RMB2,190,000,000 (approximately HK\$2,251,320,000) to the Joint Venture within 180 days from the date of establishment of the Joint Venture.

The Purchaser and China Orient shall share the profits and bear the losses of the Joint Venture in accordance with their respective contribution (including capital and shareholder's loan) to the Joint Venture at the time of distribution.

Board composition of the Joint Venture

The board of the Joint Venture shall comprise 9 directors, of which 3 will be appointed by China Orient and 6 will be appointed by the Purchaser. The Purchaser shall have the right to nominate one of its appointees as the chairman of the board of the Joint Venture and China Orient shall have the right to nominate one of its appointees as the deputy chairman of the board of the Joint Venture.

After its establishment, the Joint Venture will be accounted for as a subsidiary of the Company.

As the Acquisition and the establishment of the Joint Venture are subject to approval and may or may not proceed, Shareholders and the public investors should exercise caution when dealing in the securities of the Company.

REASONS FOR THE ACQUISITION AND THE ESTABLISHMENT OF THE JOINT VENTURE

The Board believes that assets management is an area that has good development potential in the PRC and is in line with the Group's business activities in financial services and investments. Given that the management of non-performing loans is relatively underdeveloped in the PRC market, the Board considers the Acquisition is a good opportunity for the Group to enter into this market. The Board also considers

that the establishment of the Joint Venture would be a good opportunity for the Group to partner with an experienced assets management company in the PRC to develop the assets management business in the PRC. The Directors (including the independent non-executive Directors) consider that the Acquisition and the establishment of the Joint Venture have been made on normal commercial terms and are in the interest of the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY UPON THE ISSUE OF THE CONSIDERATION SHARES OR THE FULL CONVERSION OF THE CONVERTIBLE BONDS

Shareholders	Issued share capital of the Company before the issue of the Consideration Shares or the Conversion Shares		Issued share capital of the Company after the issue of the Consideration Shares or the Conversion Shares at the Maximum Issue Price or the Maximum Conversion Price		Issued share capital of the Company after the issue of the Consideration Shares or the Conversion Shares at the Minimum Issue Price or the Minimum Conversion Price	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Intellinsight	689,649,124	59.93	689,649,124	54.20	689,649,124	52.81
Directors (<i>Note</i>)	3,505,500	0.31	3,505,500	0.28	3,505,500	0.27
China Orient	—	—	121,692,972	9.56	155,263,448	11.89
Other shareholders	457,526,651	39.76	457,526,651	35.96	457,526,651	35.03
	<u>1,150,681,275</u>	<u>100.00</u>	<u>1,272,374,247</u>	<u>100.00</u>	<u>1,305,944,723</u>	<u>100.00</u>

Note: Other than the Shares interest attributable to three Directors (Mr. Or Wai Sheun, Ms. Ng Chi Man and Mr. Or Pui Kwan) by a discretionary trust which is the ultimate beneficiary owner of Intellinsight.

Shareholders should be aware of the dilution effect to their shareholding upon the issue of the Consideration Shares or the conversion of the Conversion Shares.

Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

FUND RAISING ACTIVITIES CONDUCTED BY THE COMPANY IN THE PAST 12 MONTHS

Set out below is a summary of the fund raising activities conducted by the Group in the past 12 months from the date of this announcement:

Date of announcement	Capital raising activities	Net proceeds	Use of proceeds as set out in the announcement	Actual use of proceeds
15 September 2006	Top-up placing of 87,000,000 Shares at HK\$13.25 per Share	Approximately HK\$1,133 million	Approximately HK\$1,133 million for the expansion of the Company's property investment and development business in the PRC	Used in property investment and development business in the PRC
19 December 2006	Rights issue on the basis of 1 rights share for every 2 Shares held at HK\$13.80 per rights share	Approximately HK\$3,003 million after offsetting HK\$2,256 million loan from the ultimate holding company	Approximately HK\$1,100 million for the acquisition of a property development site in Tianjin, the PRC and approximately HK\$1,903 million for investments and further acquisition of property projects in the PRC and as general working capital	Actual net proceeds from the rights issue was HK\$3,035 million. Approximately HK\$501 million used in the investment in a property development site in Tianjin, the PRC Approximately HK\$1,935 million used for general working capital and property projects in the PRC; and The remaining balance of approximately HK\$599 million is reserved for future payments for the investment in the property development site in Tianjin, the PRC

GENERAL

The Group is principally engaged in property development and investment, property management, financial services and investments in Hong Kong, Macau and the PRC.

The Acquisition and the establishment of the Joint Venture are inter-conditional and constitute a major transaction for the Company under the Listing Rules and is subject to the approval by the Shareholders at

a general meeting of the Company. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder is required to abstain from voting for the resolution to approve the Acquisition and the establishment of the Joint Venture, the Company has accepted a written certificate given by Intellinsight, which is beneficially interested in 689,649,124 Shares, representing approximately 59.93% of the issued share capital of the Company, on 24 August 2007 in respect of its approval of the Acquisition and the establishment of Joint Venture in lieu of a resolution to be passed at a general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst others, details of the Acquisition and the Joint Venture and the terms of the Convertible Bonds, will be sent to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING OF THE SHARES

At the request of the Company, trading in the Shares has been suspended at 9:30 a.m. on 23 August 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:30 a.m. on 30 August 2007.

DEFINITIONS

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

“Acquisition”	the acquisition of the Assets;
“Assets”	the non-performing loans to be acquired by the Purchaser pursuant to the Assets Transfer Agreement;
“Assets Transfer Agreement”	the agreement dated 22 August 2007 entered into between the Purchaser, the Company and China Orient in relation to the acquisition by the Purchaser of the Assets;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Business Day”	a day excluding Saturday, Sunday and statutory holiday in the PRC;
“China Orient”	中國東方資產管理公司 (China Orient Asset Management Corporation), a company established in the PRC;
“Company”	Kowloon Development Company Limited, a company incorporated in Hong Kong, the securities of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;

“Consideration Shares”	the new Shares that may be allotted and issued to China Orient as consideration of the Acquisition;
“Convertible Bonds”	the convertible bonds in the principal amount equivalent to RMB2,190,000,000 (approximately HK\$2,251,320,000) that may be issued to China Orient as consideration of the Acquisition;
“Conversion Shares”	new ordinary Shares to be issued upon the conversion of the Convertible Bonds;
“Director(s)”	the director(s) of the Company;
“Completion”	completion of the transfer of the Assets pursuant to the Assets Transfer Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Intellinsight”	Intellinsight Holdings Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of the Company;
“Joint Venture”	the Chinese-foreign joint venture to be established by the Purchaser and China Orient pursuant to the Joint Venture Agreement;
“Joint Venture Agreement”	the joint venture agreement dated 22 August 2007 entered into between the Purchaser, the Company and China Orient in relation to the establishment of the Joint Venture;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“PRC Examination and Approval Authorities”	the PRC Governmental Departments, including but not limited to the National Development and Reform Commission (國家發展和改革委員會) and the Ministry of Commerce (商務部), responsible for approving the transactions contemplated under the Assets Transfer Agreement and the Joint Venture Agreement;
“Purchaser”	Major Aim Developments Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company;

“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholder(s)”	holder(s) of Shares;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1 = HK\$1.028.

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

Hong Kong, 29 August 2007

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