



九龍建業有限公司  
KOWLOON DEVELOPMENT COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 34)**

**APPROVAL OF THE ACQUISITION AND ESTABLISHMENT OF THE JOINT VENTURE  
AND  
VARIATION TO TERMS OF MAJOR TRANSACTION**

Reference is made to the Announcement and the Circular in relation to the Acquisition and the establishment of the Joint Venture.

The Company has been notified by China Orient on 31 March 2008 that the Assets Transfer Agreement and the establishment of the Joint Venture have received in-principle approval from the PRC Examination and Approval Authorities. China Orient has not yet determined how the consideration in relation to the Assets Transfer Agreement will be satisfied.

The parties have also agreed to revise the total capital commitment to the Joint Venture from RMB8,800,000,000 (approximately HK\$9,776,800,000) to RMB5,380,000,000 (approximately HK\$5,977,180,000) and to revise the term of the Joint Venture from 5 years to 3 years.

Reference is made to the announcement of the Company dated 29 August 2007 (the “**Announcement**”) and the circular of the Company dated 18 October 2007 (the “**Circular**”) in relation to the Acquisition and the establishment of the Joint Venture. Save as otherwise provided in this announcement, capitalised terms used herein shall have the same meanings as used in the Circular.

**THE ASSETS TRANSFER AGREEMENT**

The Company has been notified by China Orient on 31 March 2008 that the Assets Transfer Agreement and the establishment of the Joint Venture have received in-principle approval from the PRC Examination and Approval Authorities.

Pursuant to the terms of the Assets Transfer Agreement, the consideration in relation to the Acquisition will be satisfied by the Company in one of the following manners, as determined by China Orient:

- (a) by cash; or
- (b) by the issue of the Convertible Bonds; or
- (c) by the issue of the Consideration Shares.

As at the date of this announcement, China Orient has not yet advised the Company on the settlement method for the consideration to the Acquisition. The Company will publish further announcement once such information has been received from China Orient.

## THE JOINT VENTURE AGREEMENT

The parties have also agreed provisionally on 20 January 2008, to revise the total capital commitment to the Joint Venture from RMB8,800,000,000 (approximately HK\$9,776,800,000) to RMB5,380,000,000 (approximately HK\$5,977,180,000) and to revise the term of the Joint Venture from 5 years to 3 years. Such provisional changes took effect on 26 March 2008, the date of approval of the proposed changes by the PRC Examination and Approval Authorities. The registered capital of the Joint Venture will remain unchanged at RMB3,000,000,000 (approximately HK\$3,333,000,000) and will be held as to 75.10% by the Purchaser and as to 24.90% by China Orient.

Pursuant to the revised arrangement, 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 valued at RMB2,190,000,000, (approximately HK\$2,433,090,000) of which RMB1,253,000,000 (approximately HK\$1,392,083,000) will be accounted as capital and the balance of RMB937,000,000 (approximately HK\$1,041,007,000) will be accounted as an interest-free shareholder's loan to the Joint Venture, and (2) cash in the sum of RMB1,000,000,000 (approximately HK\$1,111,000,000), all of which will be accounted as capital of the Joint Venture (reduced from RMB4,420,000,000 (approximately HK\$4,910,620,000) in the original Joint Venture Agreement, of which RMB1,000,000,000 (approximately HK\$1,111,000,000) would be accounted as capital and RMB3,420,000,000 (approximately HK\$3,799,620,000) would be accounted as an interest-free shareholder's loan). The contribution of China Orient to the Joint Venture will remain unchanged and it will contribute assets valued at RMB2,190,000,000 (approximately HK\$2,433,090,000) to the Joint Venture, of which RMB747,000,000 (approximately HK\$829,917,000) will be accounted as capital and the balance of RMB1,443,000,000 (approximately HK\$1,603,173,000) will be accounted as an interest-free shareholder's loan to the Joint Venture.

The revisions were made after arm's length negotiations between the parties and taking into consideration the projected cash requirements of the Joint Venture. The Directors do not consider the reduction in the cash commitment by the Company to the Joint Venture would result in any material adverse impact on its planned operation.

Save for the above changes, all other material terms and conditions of the Joint Venture Agreement will remain unchanged.

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

Hong Kong, 1 April 2008

*For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1 = HK\$1.111.*

*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.*