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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)

CLARIFICATION ANNOUNCEMENT
CORPORATE GUARANTEE FOR A JOINT VENTURE COMPANY

Reference is made to the announcement of the Company dated 2 January 2009. The Company would like to clarify that the provision of the Guarantee when aggregated with the guarantee already provided by the Company to the Joint Venture constitutes a discloseable and non-exempted connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Lender and CITIC South China are not interested in any shares of the Company and no Shareholder is interested in the Guarantee Agreement and is required to abstain from voting for the resolution to approve the Guarantee Agreement, the Company has applied to the Stock Exchange for a waiver from the requirement to hold a general meeting in accordance with Rule 14A.43 of the Listing Rules on the basis of a written certificate given by Intellinsight, which is beneficially interested in 802,830,124 Shares, representing approximately 69.77% of the issued share capital of the Company, to approve the provision of the Guarantee.

A circular containing, amongst other things, further details relating to the Guarantee, the letter from the Independent Board Committee and the advice from the independent financial adviser will be despatched to the Shareholders as soon as practicable.

Reference is made to the announcement of the Company dated 2 January 2009 (the “**Announcement**”). Save as otherwise provided, capitalised terms used herein shall have the same meanings as those used in the Announcement.

The Company would like to clarify that the provision of the Guarantee when aggregated with the guarantee already provided by the Company to the Joint Venture constitutes a discloseable and non-exempted connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Lender and CITIC South China are not interested in any shares of the Company and no Shareholder is interested in the Guarantee Agreement and is required to abstain from voting for the resolution to approve the Guarantee Agreement, the Company has applied to the Stock Exchange for a waiver from the requirement to hold a general meeting in accordance with Rule 14A.43 of the Listing Rules on the basis of a written certificate dated 5 January 2009 given by Intellinsight Holdings Limited (“**Intellinsight**”), which is beneficially interested in 802,830,124 Shares, representing approximately 69.77% of the issued share capital of the Company, to approve the provision of the Guarantee.

A circular containing, amongst other things, further details relating to the Guarantee, the letter from the independent committee of the Board (the “**Independent Board Committee**”) and the advice from the independent financial adviser will be despatched to the Shareholders as soon as practicable.

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

Hong Kong, 5 January 2009

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, Mr. Keith Alan Holman (Deputy Chairman), Mr. Tam Hee Chung and Mr. Yeung Kwok Kwong; and four Independent Non-executive Directors, Mr. Li Kwok Sing, Aubrey, Mr. Lok Kung Chin, Hardy, Mr. Seto Gin Chung, John and Mr. David John Shaw.