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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)

CORPORATE GUARANTEE FOR A JOINT VENTURE COMPANY

The board of Directors of the Company announces that on 24 July 2008, the Board approves to provide a joint and several guarantee in favour of a PRC financial institution in respect of a RMB200 million loan lent to a Sino-foreign joint venture company, which is also an associate of a connected person of the Group, subject to the compliance with the Listing Rules.

The provision of the Guarantee by the Company constitutes a financial assistance of the Company under Rule 14A.13(2)(a)(ii) of the Listing Rules. As the relevant percentage ratios in respect of the Guarantee exceed 0.1% but are less than 2.5%, the Guarantee is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules but is exempted from independent shareholders' approval under Rule 14A.66(2) of the Listing Rules.

The board of Directors of the Company announces that on 24 July 2008, the Board approves to provide the following Guarantee in favour of the Lender, a PRC financial institution, for the Borrower which is also an associate of a connected person of the Group.

GUARANTEE

- Borrower : CITIC Polytec Property (Foshan) Company Limited
- Lender : 佛山市南海區農村信用合作聯社里水信用社
- Guarantors : The Company and CITIC South China
- Loan : A loan facility of up to RMB200,000,000 made available by a PRC financial institution for a period of 5 years. Provision of land use rights of the Joint Venture as security is required by the Lender.

The terms of the loan agreement in respect of the Loan are on normal commercial terms and that the interest rate thereon is comparable to the prevailing market rate. The Loan is repayable by instalments before expiry of the loan agreement.

- Guarantee Amount : The Company and CITIC South China will separately provide a joint and several guarantee for the full amount of the Loan. In case the Borrower fails to repay the Loan and any interest thereon or expenses related thereto under the loan agreement, the Company and CITIC South China will be jointly and severally liable to repay such amount under the Guarantee and other relevant interest, damages and expenses under the loan agreement. There are no fees or commission payable by the Joint Venture to the Company for the provision of the Guarantee.
- Mutual Indemnification : The Company has entered into a mutual indemnification agreement with CITIC South China and the Borrower on 24 July 2008, under which the Company and CITIC South China shall indemnify each other on a 50:50 basis from any loss which may be incurred by either of the Company or CITIC South China in connection with or arising from the provision of the Guarantee as a result of any default of the Loan and any interest thereon and expenses related thereto by the Borrower. Also pursuant to the mutual indemnification agreement, if one of the co-guarantors performs its obligations and has not been indemnified by the other co-guarantor, the Borrower may use any profit distributable to the other co-guarantor to indemnify the co-guarantor that has performed the guarantee obligations until it is fully indemnified.

REASONS FOR THE TRANSACTION

The purpose of the Guarantee provided by the Company is to enable the Borrower to obtain financing from the Lender in particular the Loan needed for its normal business operations in the property development project in Foshan. This project was acquired by the Joint Venture in 2006 and the development works for phase 1 has already commenced.

The Group is of the view that the terms of the Guarantee provided by the Company as requested by the Lender are similar to those required by other banks and reflect fair and normal commercial practice in the banking industry in the PRC. In view of the above and the execution of the mutual indemnification agreement with CITIC South China and the Borrower, the Directors (including the independent non-executive directors of the Company) are of the view that the terms of the Guarantee are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

CITIC South China is a holding company of Tianjin CITIC Real Estate Investment Co., Ltd, a substantial shareholder holding 30% interest of Polytec CITIC Property (Tianjin) Co., Ltd., a 51% equity interest owned subsidiary of the Company. Each of the Company and CITIC South China holds a 50% interest in the Borrower. By holding an interest in both the non-wholly owned subsidiary of the Company and in the Borrower, CITIC South China is a connected person of the Company. The Borrower is an associate of CITIC South China.

The Guarantee provided by the Company for the full amount of the Loan constitutes a financial assistance of the Company under Rule 14A.13(2)(a)(ii) of the Listing Rules. As the relevant percentage ratios in respect of the Guarantee exceed 0.1% but are less than 2.5%, the Guarantee is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules but is exempted from independent shareholders' approval under Rule 14A.66(2) of the Listing Rules.

GENERAL

The Group is principally engaged in real estate investment and development in Hong Kong, Macau and the PRC. The Company has jointly formed the Joint Venture with CITIC South China for the purpose of developing 7 plots of land located in Nanhai District, Foshan, the PRC.

DEFINITIONS

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

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| “associate” | has the meanings ascribed thereto in the Listing Rules; |
| “Board” | the board of directors of the Company; |
| “CITIC South China” | 中信華南(集團)有限公司 (CITIC South China (Group) Co., Ltd.) a domestic company incorporated in the PRC. It is principally engaged in property development in the PRC; |
| “Company” | Kowloon Development Company Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange; |
| “Director(s)” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Guarantee” | a guarantee dated 24 July 2008 in favour of a PRC financial institution in respect of a RMB200,000,000 loan lent to the Joint Venture; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Joint Venture” or “Borrower” | CITIC Polytec Property (Foshan) Company Limited, a Sino-foreign equity joint venture company jointly established and operated by CITIC South China and the Company, each of which is holding a 50% interest in it; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Loan” | A loan facility of up to RMB200,000,000; |
| “PRC” | the People's Republic of China; |

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| “RMB” | Renminbi, the lawful currency of the PRC; |
| “Shareholder(s)” | the shareholder(s) of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; and |
| “%” | per cent. |

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

Hong Kong, 24 July 2008

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.