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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

The crude oil production of the South Alibek Oilfield of Caspi Neft TME, a wholly-owned subsidiary of Polytec Asset, in Kazakhstan has been temporary suspended since 1 January 2013.

Reference is made to the announcement by Polytec Asset Holdings Limited (“**Polytec Asset**”) (Stock Code: 208), a 73.4%-owned listed subsidiary of Kowloon Development Company Limited (the “**Company**”), dated 3 January 2013 for the temporary suspension of crude oil production of the South Alibek Oilfield of Caspi Neft TME, a wholly-owned subsidiary of Polytec Asset, in Kazakhstan since 1 January 2013.

The board of directors (the “**Board**”) of the Company are informed by the directors of Polytec Asset that the crude oil production of the South Alibek Oilfield of Caspi Neft TME in Kazakhstan has been temporary suspended since 1 January 2013, as the gas flaring permit for the South Alibek Oilfield was expired on 31 December 2012. Caspi Neft TME has applied to the Kazakhstan Government for the gas flaring permit for 2013 in October 2012. Up to now, the approval has not yet been obtained. It is expected that feedbacks from the Kazakhstan Government will be received within one month. The production will be resumed immediately after the permit is obtained.

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

Hong Kong, 3 January 2013

As at the date of this announcement, the Directors of the Company are 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) 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.