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POLYTEC ASSET HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

Executive Directors:

Or Wai Sheun (*Chairman*)

Yeung Kwok Kwong

Wong Yuk Ching

Lam Chi Chung, Tommy

Chio Koc Ieng

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Directors:

Lai Ka Fai

Anthony Francis Martin Conway*

Liu Kwong Sang*

Siu Leung Yau*

Principal Place of Business

in Hong Kong:

23/E, Pioneer Centre

750 Nathan Road

Kowloon

Hong Kong

* *Independent Non-executive Directors*

24 April 2009

To the shareholders of the Company:

Dear Sir or Madam,

RE-ELECTION OF DIRECTORS AND GENERAL MANDATES TO ISSUE NEW SHARES AND TO REPURCHASE ITS OWN SHARES

I. INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the re-election of directors of the Company (the “**Director(s)**”); and (ii) the proposed granting of general mandates to the Directors to issue and allot ordinary shares of the Company and to exercise the power of the Company to repurchase its own ordinary shares. Such proposals will be considered at the forthcoming annual general meeting of the Company to be held on Wednesday, 10 June 2009 at 10:00 a.m. (the “**AGM**”).

II. RE-ELECTION OF DIRECTORS

In accordance with articles 108(A) and (B) and 112 of the articles of association of the Company (the “**Articles**”), Mr. Or Wai Sheun, Ms. Chio Koc Ieng and Mr. Lai Ka Fai will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. The following are the particulars of Mr. Or Wai Sheun, Ms. Chio Koc Ieng and Mr. Lai Ka Fai:

- (a) **Mr. Or Wai Sheun**, aged 57, joined the Company in April 2006 as the Chairman of the Board of Directors. Mr. Or has over 25 years’ experience in property development, industrial and financial investment business in Hong Kong, Macau and the Mainland China. Mr. Or is responsible for the development of corporate strategies, corporate planning and general management of the Company. Mr. Or is also the chairman of the board of directors of Kowloon Development Company Limited (“**KDC**”) (stock code: 34), Intellinsight Holdings Limited, Polytec Holdings International Limited and a director of Marble King International Limited and Or Family Trustee Limited Inc., all five companies being controlling shareholders of the Company.

As at 21 April 2009, being the latest practicable date prior to the printing of this circular (the “**Latest Practicable Date**”), Mr. Or is deemed to be interested in 802,830,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust and 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein, representing a total of 69.79% of the existing issued ordinary shares capital of KDC, and is also deemed to be interested in 3,260,004,812 ordinary shares in the Company, representing 73.44% of the existing issued ordinary shares capital of the Company, through his interest in KDC.

Mr. Or has no service contract with the Company and does not receive any remuneration from the Company. Mr. Or will be subject to retirement by rotation and will be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles.

Save as disclosed herein, in relation to the re-election of Mr. Or, there are no other matters that need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”) and there is no other information that needs to be disclosed pursuant to any of the requirements of rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

- (b) **Ms. Chio Koc Ieng**, aged 42, joined the Group in December 2004 and was appointed as Executive Director in April 2006. Ms. Chio has attained 20 years working experience in various prominent and well-established property development companies in Macau. Ms. Chio is responsible for development of corporate strategies, corporate planning and general management of the Group.

As at the Latest Practicable Date, Ms. Chio holds 270,000 ordinary shares in the Company, representing 0.01% of the existing issued ordinary shares capital of the Company, and 210,000 ordinary shares in KDC, representing 0.02% of the existing issued ordinary shares capital of KDC.

Ms. Chio has a service contract with the Company and she will be subject to retirement by rotation and will be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles. Ms. Chio is currently entitled to a basic salary of HK\$1,040,000 per annum, other benefits in kind and a discretionary bonus to be determined by the remuneration committee of the Company with reference to her performance, duties and responsibilities, the performance of the Company and prevailing market conditions.

Save as disclosed herein, in relation to the re-election of Ms. Chio, there are no other matters that need to be brought to the attention of the Shareholders and there is no other information that needs to be disclosed pursuant to any of the requirements of rule 13.51(2) of the Listing Rules.

- (c) **Mr. Lai Ka Fai**, aged 44, joined the Company in September 2000 as Executive Director, and was re-designated as Non-executive Director in January 2002. Prior to joining the Company, Mr. Lai worked for a large international accountancy firm and also held managerial and director positions in a number of large companies. Mr. Lai has over 20 years of experience in finance, accounting, financial and operational management, and corporate planning. Mr. Lai graduated from the University of East Anglia in the United Kingdom with a bachelor's degree in science. Mr. Lai is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Lai is also an executive director of KDC and a director of Marble King International Limited and Intellinsight Holdings Limited, all three companies being controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Lai holds 430,000 ordinary shares in the Company, representing 0.01% of the existing issued ordinary shares capital of the Company, and 701,000 ordinary shares in KDC, representing 0.06% of the existing issued ordinary shares capital of KDC.

There is no service contract between the Company and Mr. Lai. Mr. Lai's fees, currently HK\$120,000 per annum, is determined by reference to his duties and responsibilities with the Company and the prevailing market conditions. Mr. Lai will be subject to retirement by rotation and will be eligible for re-election at future annual general meetings of the Company in accordance with the provisions of the Articles.

Save as disclosed herein, in relation to the re-election of Mr. Lai, there are no other matters that need to be brought to the attention of the Shareholders and there is no other information that needs to be disclosed pursuant to any of the requirements of rule 13.51(2) of the Listing Rules.

III. GENERAL MANDATES

1. General Mandate to Repurchase Shares

A resolution will be proposed at the AGM to grant a general mandate to the Directors to exercise the powers of the Company to undertake repurchases of the Company's fully paid up ordinary shares representing up to a maximum of 10% of the issued ordinary share capital of the Company as at the date of passing the relevant resolution (the "**Repurchase Mandate**"). The Repurchase Mandate will be expired or lapsed at the earliest of:

- (i) the conclusion of the 2010 Annual General Meeting of the Company;
- (ii) the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting; and
- (iii) the expiration of the period within which the 2010 Annual General Meeting of the Company is required by the Articles or the laws of the Cayman Islands to be held.

An explanatory statement required to be sent to you in compliance of the requirements under the Listing Rules is contained in Appendix I to this circular.

2. General Mandate to Issue Shares

At the annual general meeting of the Company held on 23 April 2008, approval was given by the Shareholders for the granting of, inter alia, the general mandate to the Directors to allot, issue and otherwise deal with ordinary shares up to 20% of the issued ordinary share capital of the Company as at the date of passing the relevant resolution (the "**Previous Issue Mandate**"). In accordance with the terms of the approval, the Previous Issue Mandate will expire at the conclusion of the AGM. To keep in line with the current corporate practice, the grant of a fresh general mandate for the same purpose is being sought from the Shareholders. The Directors consider that the fresh general mandate will provide flexibility to the Directors to allot, issue and deal with ordinary shares in the Company when it is appropriate. Up to the Latest Practicable Date, no shares have been issued pursuant to the Previous Issue Mandate.

A resolution will be proposed at the AGM to grant the Directors a general mandate to allot, issue and otherwise deal with ordinary shares up to 20% of the issued ordinary share capital of the Company as at the date of passing the relevant resolution (the “**Issue Mandate**”). As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 4,438,967,838 fully paid ordinary shares of HK\$0.1 each. Subject to the passing of the relevant resolution at the AGM, the Company would be allowed under the Issue Mandate to allot, issue and otherwise deal with a maximum of 887,793,567 ordinary shares of HK\$0.1 each on the basis that no further ordinary shares will be issued or repurchased prior to the date of the AGM. In addition, a resolution will also be proposed to authorise the extension of the Issue Mandate, which would increase the limit of the Issue Mandate by adding to it the number of ordinary shares repurchased by the Company under the Repurchase Mandate. The Issue Mandate will be expired or lapsed at the earliest of:

- (i) the conclusion of the 2010 Annual General Meeting of the Company;
- (ii) the revocation or variation of the Issue Mandate by an ordinary resolution of the Shareholders in a general meeting; and
- (iii) the expiration of the period within which the 2010 Annual General Meeting of the Company is required by the Articles or the laws of the Cayman Islands to be held.

IV. AGM

A notice convening the AGM is set out in Appendix II to this circular. A form of proxy for use at the AGM is also enclosed herewith. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM. Completion and delivery of the form of proxy will not prevent you from attending and voting at the AGM.

V. RECOMMENDATION

The Directors believe that the re-election of Directors and the granting of the Issue Mandate and the Repurchase Mandate to the Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of the resolutions to be proposed at the AGM in respect thereof.

VI. GENERAL

Your attention is drawn to the Appendices to this circular.

Yours faithfully,
By Order of the Board
Polytec Asset Holdings Limited
Or Wai Sheun
Chairman

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the proposed Repurchase Mandate.

REASONS FOR SHARE BUYBACK

Although the Directors have no present intention of repurchasing any shares of the Company, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and the Shareholders. At any time in the future when shares of the Company are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those Shareholders who retain their investment in the Company since the earnings per share and their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company. Repurchases will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

SHARE CAPITAL

As at the Latest Practicable Date, the issued ordinary share capital of the Company comprised 4,438,967,838 fully paid ordinary shares of HK\$0.1 each. Subject to the passing of the relevant resolution at the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 443,896,783 ordinary shares of HK\$0.1 each on the basis that no further ordinary shares will be issued or repurchased prior to the date of the AGM.

FUNDING OF REPURCHASES

The Directors propose that repurchases of ordinary shares under the Repurchase Mandate in these circumstances would be financed from the Company's distributable profits and proceeds of a fresh issue of shares. In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2008) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

The Directors are not aware of any consequences which will arise under The Hong Kong Code on Takeovers and Mergers (the “Code”) as a result of any purchases to be made under the Repurchase Mandate. However, if as a result of a repurchase the proportionate interest in the voting rights of the Company of a Shareholder increases, such increase will be treated as an acquisition for the purposes of the Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

As at the Latest Practicable Date, Marble King International Limited held 3,260,004,812 ordinary shares in the issued ordinary share capital of the Company, representing approximately 73.44% of the Company’s issued ordinary share capital. If the powers of the Company to make purchases under the Repurchase Mandate is exercised in full, the total interest of Marble King International Limited would be increased to approximately 81.60% of the issued ordinary share capital of the Company. Accordingly, Marble King International Limited would not have any obligation to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intend to sell shares to the Company or its subsidiaries under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any shares of the Company, or that they have undertaken not to sell any shares held by them to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

SHARES PURCHASES MADE BY THE COMPANY

No purchase of shares of the Company has been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

MARKET PRICES

The highest and lowest prices at which ordinary shares of the Company have been traded on the Stock Exchange during each of the previous twelve months from April 2008 to March 2009 and the period from 1 April 2009 to the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2008		
April	1.940	1.640
May	2.310	1.720
June	2.350	1.800
July	1.970	1.260
August	1.480	1.270
September	1.500	0.600
October	0.950	0.200
November	0.490	0.340
December	0.580	0.380
2009		
January	0.660	0.455
February	0.510	0.350
March	0.400	0.325
April (up to the Latest Practicable Date)	0.550	0.335

**POLYTEC ASSET HOLDINGS LIMITED**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

NOTICE IS HEREBY GIVEN that the 2009 Annual General Meeting of Polytec Asset Holdings Limited (the “**Company**”) will be held at Island Ballroom, Level 5, Island Shangri-La Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Wednesday, 10 June 2009 at 10:00 a.m. for the following business:

As Ordinary Business

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company and its subsidiaries for the year ended 31 December 2008.
2. To declare a final dividend for the year ended 31 December 2008.
3. To re-elect retiring directors of the Company.
4. To authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the directors.
5. To re-appoint Messrs. KPMG as Auditors and to authorise the Board to fix their remuneration.

As Special Businesses

To consider and, if thought fit, pass with or without amendments, each of the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTIONS

6. “**THAT**
 - (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase ordinary shares in the capital of the Company subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

- (b) the total nominal amount of the ordinary shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the ordinary share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the ordinary shareholders of the Company in general meeting; and
 - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the laws of the Cayman Islands to be held.”

7. **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and otherwise deal with additional ordinary shares in the capital of the Company and to make or grant offers, agreements and options which would or might require ordinary shares of the Company to be allotted, issued or otherwise deal with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of ordinary share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) the exercise of options granted under any option scheme adopted by the Company, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20% of the total nominal amount of the ordinary share capital of the Company in issue as at the date of passing this Resolution and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the ordinary shareholders of the Company in general meeting; and
- (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the laws of the Cayman Islands to be held, and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holding of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

8. “**THAT** the general mandate granted to the directors of the Company pursuant to Resolution 7 above and for the time being in force to exercise the powers of the Company to issue, allot or otherwise deal with additional ordinary shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of ordinary shares in the capital of the Company repurchased by the Company since the granting of such general mandate referred to in the above Resolution 6 pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the ordinary share capital of the Company in issue as at the date of passing this Resolution.”

By Order of the Board
Polytec Asset Holdings Limited
Lau Sui Cheung
Company Secretary

Notes:

1. The register of members of the Company will be closed from Friday, 5 June 2009 to Wednesday, 10 June 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to attend the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 June 2009.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy so appointed.
3. The instrument appointing a proxy must be signed by the appointor or his/her attorney duly authorised in writing, or, in case of a corporation, must be either under its common seal or under the hand of an officer, attorney or other person duly authorised to sign the same.
4. In the case of joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such joint registered holders be present at the meeting, either personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof to the exclusion of the votes of the other joint registered holders.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.