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POLYTEC ASSET HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the “**Board**”) of Polytec Asset Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2009.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2009 <i>HK\$’000</i>	2008 <i>HK\$’000</i>
TURNOVER	2	1,034,405	2,592,538
Cost of sales		<u>(99,792)</u>	<u>(2,207,262)</u>
Gross profit		934,613	385,276
Other operating income		31,868	77,147
Selling and distribution costs		(4,286)	(8,316)
Administrative expenses		(28,723)	(17,006)
Other operating expenses		<u>(28,607)</u>	<u>(46,643)</u>
PROFIT FROM OPERATIONS		904,865	390,458
Loss arising from change in fair value of investment properties		(14,000)	(50,000)
Unwinding cost for contingent forward transactions		—	(485,068)
Loss on disposal of available-for-sale financial investments		—	(506,655)
Share of results of jointly controlled entity		4,701	(48,186)
Finance costs		<u>(4,729)</u>	<u>(34,077)</u>
PROFIT/(LOSS) BEFORE TAX	3	890,837	(733,528)
Income tax expenses	4	<u>(3,725)</u>	<u>3,232</u>
PROFIT/(LOSS) FOR THE YEAR		<u>887,112</u>	<u>(730,296)</u>

		2009	2008
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ATTRIBUTABLE TO			
— Equity holders of the Company		885,763	(527,549)
— Minority interests		1,349	(202,747)
		<u>887,112</u>	<u>(730,296)</u>
EARNINGS/(LOSS) PER SHARE			
— basic/diluted	5	<u>19.95 HK cents</u>	<u>(11.88 HK cents)</u>
DIVIDEND PER SHARE	6	<u>2.30 HK cents</u>	<u>1.90 HK cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	887,112	(730,296)
OTHER COMPREHENSIVE INCOME:		
(Loss)/gain on fair value changes of interests in property development	(134,112)	768,437
Loss in respect of fair value changes of available-for-sale financial investments	—	(506,655)
Transfer to income statement upon recognition from interests in property development	(872,639)	(506,760)
Transfer to income statement upon disposal of available-for-sale financial investments	—	506,655
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>(1,006,751)</u>	<u>261,677</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(119,639)</u>	<u>(468,619)</u>
ATTRIBUTABLE TO		
— Equity holders of the Company	(120,988)	(265,872)
— Minority interests	1,349	(202,747)
	<u>(119,639)</u>	<u>(468,619)</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		32,725	35,055
Prepaid lease payments		102,937	105,757
Investment properties		86,000	100,000
Interest in jointly controlled entity		370,226	365,525
Interests in property development		10,116,880	10,251,062
Goodwill		16,994	16,994
		10,725,762	10,874,393
CURRENT ASSETS			
Amount due from jointly controlled entity		174,693	196,004
Held for trading investments		8,385	28,688
Derivative financial instrument		7,800	—
Inventories		525,753	461,152
Interests in property development		—	1,601,329
Trade and other receivables	7	36,032	32,234
Prepaid lease payments		2,820	2,820
Margin deposits		—	17,847
Cash and cash equivalents		280,241	394,437
		1,035,724	2,734,511
CURRENT LIABILITIES			
Trade and other payables	8	607,505	540,969
Amount received from interests in property development		—	1,613,516
Derivative financial instruments		—	19,903
Bank loans		—	36,700
Current taxation		92,257	92,744
Amount due to minority shareholder		—	1,622
		699,762	2,305,454
NET CURRENT ASSETS		335,962	429,057
TOTAL ASSETS LESS			
CURRENT LIABILITIES		11,061,724	11,303,450

	<i>Note</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Bank loan		60,000	—
Amount due to immediate holding company		291,807	263,185
Amount due to ultimate holding company		566,374	686,497
Deferred taxation		38,748	38,195
		<u>956,929</u>	<u>987,877</u>
NET ASSETS		<u>10,104,795</u>	<u>10,315,573</u>
CAPITAL AND RESERVES			
Share capital		443,897	443,897
Reserves		9,646,546	9,856,313
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		10,090,443	10,300,210
MINORITY INTERESTS		<u>14,352</u>	<u>15,363</u>
TOTAL EQUITY		<u>10,104,795</u>	<u>10,315,573</u>

Notes:

1. ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS(s)”, which term collectively includes Hong Kong Accounting Standards (“HKAS(s)”) and Interpretations) that are effective for the current accounting period of the Group. The adoption of these new or revised HKFRSs has no material impact on the Group’s financial statements, excepted that the adoption of HKAS 1 (revised 2007) “Presentation of Financial Statements”, HKFRS 7 (Amendments) “Financial Instruments: Disclosures” and HKFRS 8 “Operating Segments” has resulted in new or amended presentations and disclosures in the financial statements.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the year arising from transactions with equity holders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in these financial statements.

As a result of the adoption of HKFRS 7 (Amendments), the financial statements include expanded disclosures about the fair value measurement of the Group’s financial instruments, categorising these fair value measurements into three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

HKFRS 8 requires segment disclosures to be based on the way that the Group’s top management regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s top management for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group’s financial statements into segments based on related products and services and on geographical areas. However, the adoption of HKFRS 8 does not result in any change in reportable segments of the Group.

As a result of the application of HKAS 1 (revised 2007) “Presentation of Financial Statements” and HKFRS 8 “Operating Segments”, certain comparative information has been restated to conform with current presentation.

2. SEGMENT INFORMATION

The Group had three (2008: three) operating segments for the year which included properties investment, trading and development related activities (“Properties”), manufacturing of ice and provision of cold storage and related services (“Ice and Cold Storage”) and financial investment and related activities (“Financial Investments”). As all segments of the Group are operating in the People’s Republic of China, including Hong Kong and Macau, no geographical information has further been disclosed.

	Properties <i>HK\$'000</i>	Ice and Cold Storage <i>HK\$'000</i>	Financial Investments <i>HK\$'000</i>	2009 Total <i>HK\$'000</i>
Turnover	<u>887,282</u>	<u>51,157</u>	<u>95,966</u>	<u>1,034,405</u>
Segment result	879,953	13,701	30,442	924,096
Corporate portion				<u>(19,231)</u>
Profit from operations				904,865
Loss arising from change in fair value of investment properties	(14,000)	—	—	(14,000)
Share of results of jointly controlled entity	4,701	—	—	4,701
Finance costs				<u>(4,729)</u>
Profit before tax				<u>890,837</u>
Segment assets	10,755,229	163,518	8,385	10,927,132
Interest in and amount due from jointly controlled entity	544,919	—	—	544,919
Corporate assets				<u>289,435</u>
				<u>11,761,486</u>
Capital expenditure incurred	—	716	—	720
Gain arising from change in fair value of derivative financial instruments, net	—	—	19,903	19,903
Depreciation and amortisation	7	5,817	—	5,870
Gain arising from change in fair value of held for trading investments	—	—	4,785	4,785

	Properties <i>HK\$'000</i>	Ice and Cold Storage <i>HK\$'000</i>	Financial Investments <i>HK\$'000</i>	2008 Total <i>HK\$'000</i>
Turnover	<u>533,678</u>	<u>51,133</u>	<u>2,007,727</u>	<u>2,592,538</u>
Segment result	523,126	14,786	(139,443)	398,469
Corporation portion				<u>(8,011)</u>
Profit from operations				390,458
Loss arising from change in fair value of investment properties	(50,000)	—	—	(50,000)
Unwinding cost for contingent forward transactions	—	—	(485,068)	(485,068)
Loss on disposal of available-for-sale financial investments	—	—	(506,655)	(506,655)
Share of results of jointly controlled entity	(48,186)	—	—	(48,186)
Finance costs				<u>(34,077)</u>
Loss before tax				<u>(733,528)</u>
Segment assets	12,439,467	165,686	46,886	12,652,039
Interest in and amount due from jointly controlled entity	561,529	—	—	561,529
Corporate assets				<u>395,336</u>
				<u>13,608,904</u>
Capital expenditure incurred	—	1,032	—	1,174
Gain arising from a change in fair value of derivative financial instruments, net	—	—	44,502	44,502
Depreciation and amortisation	7	5,563	—	5,610
Loss arising from change in fair value of held for trading investments	—	—	17,739	17,739
Impairment loss on inventories	3,657	—	—	3,657

3. PROFIT/LOSS BEFORE TAX

Profit/loss before tax is arrived at after charging:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Depreciation of property, plant and equipment	3,050	2,790
Amortisation of prepaid lease payments	2,820	2,820
	<u> </u>	<u> </u>

4. INCOME TAX EXPENSES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax	1,054	1,771
— Overseas income tax	2,118	3,403
— Under provision in respect of prior years	—	1,011
	<u> </u>	<u> </u>
	3,172	6,185
Deferred tax	553	(9,417)
	<u> </u>	<u> </u>
	<u>3,725</u>	<u>(3,232)</u>

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the year. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdiction.

5. EARNINGS/LOSS PER SHARE

The calculation of the basic and diluted earnings/loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<i>Earnings/(loss)</i>		
Earnings/(loss) for the purposes of basic and diluted earnings/loss per share	<u>885,763</u>	<u>(527,549)</u>
<i>Number of shares</i>		
Number of ordinary shares for the purpose of basic and diluted earnings/loss per share	<u>4,438,967,838</u>	<u>4,438,967,838</u>

6. DIVIDENDS

Dividends payable to equity holders of the Company attributable to the year:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.008 per ordinary share (2008: HK\$0.007)	35,512	31,073
Final dividend proposed after the balance sheet date of HK\$0.015 per ordinary share (2008: HK\$0.012)	66,584	53,267
	102,096	84,340

7. TRADE AND OTHER RECEIVABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Ageing analysis of trade receivables:		
Within 30 days	1,187	2,174
31 days to 60 days past due	1,756	820
61 days to 90 days past due	1,101	505
Over 90 days past due	479	426
Amounts past due	3,336	1,751
Trade receivables	4,523	3,925
Other receivables	31,509	28,309
	36,032	32,234

The Group has established different credit policies for each of the Group's businesses and allows a credit period of not more than 90 days to its trade customers.

8. TRADE AND OTHER PAYABLES

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Ageing analysis of trade payables:		
Within 30 days	—	12,249
31 days to 60 days	—	1,527
61 days to 90 days	—	1,940
Over 90 days	31,825	9,420
	<hr/>	<hr/>
Trade payables	31,825	25,136
Deposits received from sale of properties	532,196	486,695
Other payables	43,484	29,138
	<hr/>	<hr/>
	607,505	540,969
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

The Group's net profit attributable to shareholders amounted to HK\$886 million for the year ended 31 December 2009 compared to a net loss of HK\$528 million in 2008.

Excluding revaluation adjustments of investment properties net of deferred tax, the underlying net profit rose to HK\$910 million for 2009 from a loss of HK\$424 million for 2008. The underlying earnings per share for 2009 amounted to 20.5 HK cents.

The Board of Directors has proposed the payment of a final dividend of 1.5 HK cents per share for the year ended 31 December 2009. Together with the interim dividend of 0.8 HK cent per share and subject to the shareholders' approval of the final dividend at the annual general meeting of the Company, the full year dividend per share for 2009 will amount to 2.3 HK cents, representing an increase of 21% over 2008.

The final dividend will be payable on 28 May 2010 to the shareholders whose names appear on the register of members of the Company on 18 May 2010.

Business Review

The Group's earnings for 2009 included the final income distribution from the Group's investment in Villa de Mer, one of the Macau development projects in the Orient Pearl District which is 80% owned by the Group. The final profit recognised from this project amounted to HK\$873 million.

On 7 December 2009, the Group entered into a call option with Ufex Advisors Corp. ("Ufex"), a company incorporated in the British Virgin Islands. The option gives the Group the right to acquire Ufex's interests in its wholly owned subsidiary, Caspi Neft TME, an oil and gas company operating in Kazakhstan, at a cash consideration of approximately US\$139 million, at any time till 7 April 2010.

Property Development

As of 31 December 2009, the Group has an interest in a development landbank in Macau of approximately 922,400 sq. m. gross floor area of which approximately 730,000 sq. m. was attributable to the Group. The majority of the sites are located adjacent to the Hong Kong-Zhuhai-Macau Bridge. The status of our major projects under development in Macau is as follows.

Pacifica Garden, Taipa

Pacifica Garden is the Group's 58% owned residential and commercial project in Taipa, Macau, with a gross floor area of 35,900 sq. m.. It has been developed as two towers, with a total of 295 residential units and retail shops on the ground floor. The residential units have already been wholly pre-sold. The construction work has been completed and it is expected that the occupation permit will be obtained shortly.

Lote P, The Orient Pearl District

Lote P, which is an 80% owned development project, covers an aggregate site area of approximately 68,000 sq. m. and will be developed by phases into various luxury residential towers, together with a large shopping arcade, a club house and numerous car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The master plan of the development has been approved and the building plan has been submitted to the relevant government authorities for approval.

Lotes T & T1, The Orient Pearl District

Lotes T & T1 combined covers an aggregate site area of approximately 17,900 sq. m.. This project, in which the Group owns an 80% interest, will be developed into a number of high-end residential blocks with retail shops and car parking spaces, having an aggregate gross floor area of approximately 186,800 sq. m.. The master plan of the development project has been approved by government with final approvals being processed.

Property Investment

The Group's gross rental income generated from its investment properties rose to HK\$36.6 million for the year ended 31 December 2009, an increase of 5.7% over the corresponding period of 2008.

Ice and Cold Storage

The ice manufacturing and cold storage business recorded an operating profit of HK\$13.7 million for 2009, a decline of 7.3% over the same period in 2008. While the decline in operating profit was mainly due to a sharp fall in total revenue in the cold storage business in the first half because of a slowing Hong Kong economy amid the financial crisis, the business has picked up considerably in the second half of 2009 with total segment operating profit rising slightly after a significant decline in the first half of 2009.

Finance and Investments

The Group's finance and investment activities recorded a segment operating profit of HK\$30 million in 2009 compared with a loss of HK\$1,131 million in 2008 when the meltdown on the global financial markets significantly impaired the Group's then financial investment portfolio.

As of 31 December 2009, the total value of the Group's financial investments was HK\$8.4 million compared with HK\$28.7 million at end-2008, and the Group did not have any commitments under forward agreements at end-December 2009 compared with HK\$106 million at end-December 2008. The Group will cease its non-strategic financial investment activities and will in future concentrate its resources and efforts on its property development and oil and gas businesses.

Financial review

As of 31 December 2009, total asset value of the Group amounted to HK\$11,761 million and net asset value amounted to HK\$10,105 million, with cash and cash equivalents of HK\$280 million mainly denominated in Hong Kong dollars.

As of 31 December 2009, the major current liabilities of the Group consisted of deposits received from the pre-sale of properties at Pacifica Garden of HK\$532 million which represented deferred revenue of the Group and will not have any cash outflow effect on the Group.

In March 2009, the Group obtained new banking facilities in the total amount of HK\$195 million, secured by the Group's interest in certain properties. These new banking facilities bear interest at the prevailing market rates and have a three-year term. As of 31 December 2009, the Group had utilised part of these banking facilities to the extent of HK\$60 million.

The amounts due to holding companies include (a) the outstanding balance of HK\$566 million owed to the ultimate holding company which balance is unsecured, bears interest at bank lending rates and is repayable only when the liquidity position of the Group permits, and (b) a working capital advance of HK\$292 million from the immediate holding company of the Company, which is unsecured, bears interest at prevailing market rates and has no fixed repayment terms.

The Group's gearing ratio, expressed as a percentage of total borrowings, which include total bank borrowings and the total amounts due to the holding companies of the Company, over the equity attributable to equity holders of the Company, fell to 9.1% at end-2009 from 9.6% at end-2008.

Prospects

Following a noticeable contraction in the first half of 2009, the Macau economy has been recovering rapidly in the second half, with gross domestic product growing at a rate of 8.2% in the third quarter last year. The economic rebound in Macau has been largely attributable to a significant improvement in the Asian economy after governments around the globe cut their respective interest rates to exceptionally low levels and launched unprecedented fiscal stimulus packages and liquidity programs to revive their economies during the worst financial crisis over decades.

There are some positive fundamentals supporting Macau growth prospects for 2010. First of all, the performance of the gaming industry, the main driving force of economic growth, has been encouraging, with gross gaming revenue picking up strongly in the second half of 2009 following a contraction in the first six months of last year. In addition, the local property market also appears to have rebounded strongly, with property transaction volume and housing prices returning to the pre-crisis levels since the third quarter last year.

We believe the property market will benefit from an anticipated pickup in investment in some large development projects in the gaming industry and the government's various planned mega infrastructure projects. With the Group's sizeable undeveloped landbank located adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge, the Group's property development business is well positioned to take advantage of Macau's prosperity.

We have pre-sold 100% of the residential units of Pacifica Garden and the profit from which will be booked in the first half of 2010. The master layout plans of the Group's two other large new development projects in the Orient Pearl district have been approved and we are expecting other formalities to be cleared by the relevant government authorities in the next few months.

Following our successful record of quality and profitable development, including the most recent Villa de Mer project, we are confident we will continue to create value for our shareholders as we develop our land resources in Macau.

After reviewing the effect of the financial turbulence of 2008 on the results of the Company's financial investment activities, it has been decided to cease its non-strategic financial investment activities in order to avoid unforeseeable risks to the Group's future profitability.

The ultimate holding company of the Company has been engaged in the oil sector for some years. This activity is managed by an experienced team of professionals including veterans from Asia and North America. As mentioned in our interim report published in September last year, the Group has decided, with the assistance of the ultimate holding company, to expand its business to the oil and gas sector. The credit crunch has thrown up a number of opportunities to acquire assets in this sector at competitive prices.

In December last year, the Group made its first deal in the oil and gas sector by entering into a call option over the interests in Caspi Neft TME described above. It is expected that the option will be exercised by the Group as soon as the necessary approvals have been granted by the Kazakhstan government. If the option is exercised, detailed information will be provided to shareholders in compliance with Listing Rules requirements.

Looking forward, we will continue to explore more merger and acquisition opportunities in the oil and gas sector. With the full support of the ultimate holding company, we have confidence we will secure more projects in this area.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 May 2010 to Tuesday, 18 May 2010 (both days inclusive) in order to determine entitlements of shareholders to the final dividend in respect of the year ended 31 December 2009. In order to qualify for the entitlement of the final dividend, the shareholders must ensure that all share transfers accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:30 p.m. on Friday, 14 May 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual financial statements of the Group for the year ended 31 December 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2009, save for the following exception.

Code Provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company do not have a specific term of appointment, but subject to rotation in accordance with article 108(A) of the articles of association of the Company. As the non-executive directors of the Company are subject to rotation in accordance with the articles of association of the Company, the Board considers that the non-executive directors so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the Code.

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

Hong Kong, 1 March 2010

As at the date of this announcement, Mr. Or Wai Sheun (Chairman), Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching, Mr. Lam Chi Chung, Tommy and Ms. Chio Koc Ieng are executive directors of the Company, Mr. Lai Ka Fai is a non-executive director of the Company and Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang are independent non-executive directors of the Company.