

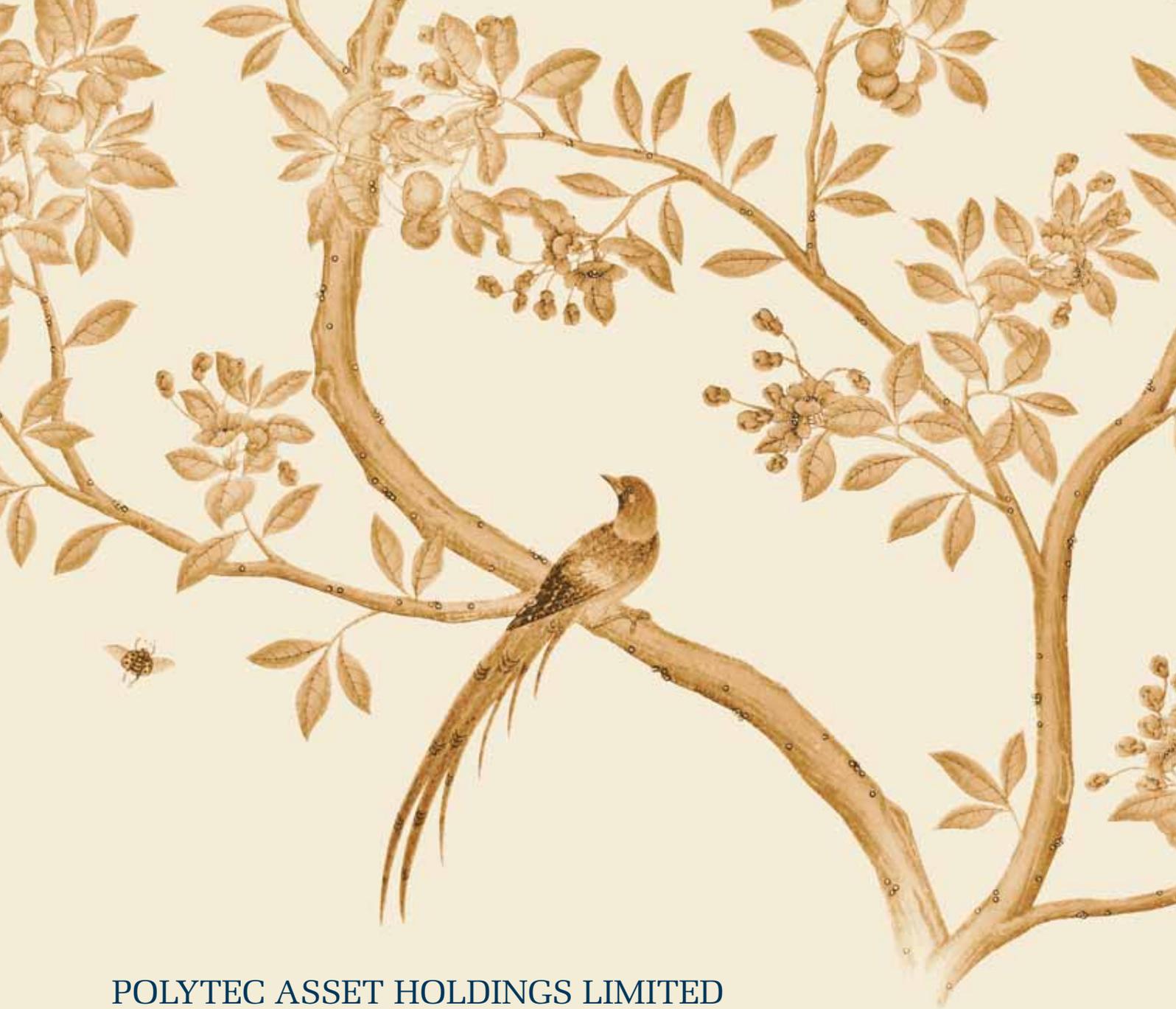


POLYTEC ASSET HOLDINGS LIMITED
保利達資產控股有限公司

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 208)
(於開曼群島註冊成立之有限公司) (股份代號: 208)

INTERIM REPORT
中期報告 2013





POLYTEC ASSET HOLDINGS LIMITED

保利達資產控股有限公司

Polytec Asset Holdings Limited (Stock Code: 208) currently focuses on the property market in Macau. In 2004, the Group started to invest in the Macau property market and acquired certain property interests, including a 50%-owned investment property in the central district, The Macau Square. In 2006, the Group acquired 80% interest in three property development projects in Oriental Pearl District of Macau, with its total attributable GFA of the remaining two property projects currently under development exceeding 700,000 sq. m.. The Group has become one of the leading property developers in Macau since then. The Group currently also engages in the oil business in Kazakhstan and the ice and cold storage business in Hong Kong.

保利達資產控股有限公司（股份代號：208）現時其核心業務集中於澳門地產。本集團於二零零四年開始投資於澳門之地產市場，並收購若干物業權益，包括其擁有50%權益位於市中心之投資物業澳門廣場。於二零零六年，本集團收購了位於澳門東方明珠區三個發展物業項目之80%權益，現時剩餘之兩個發展物業項目之集團應佔總建築面積超過700,000平方米。本集團自此成為澳門其中一個有領導地位之地產發展商。本集團亦在哈薩克斯坦經營石油業務及在香港經營製冰及冷藏業務。

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Chairman's Statement

Group Results and Dividends

For the six months ended 30 June 2013, the Group's unaudited net profit attributable to shareholders amounted to HK\$58 million compared to HK\$127 million in the corresponding period of 2012. The basic interim earnings per share for 2013 amounted to 1.32 HK cents compared to 2.85 HK cents over the same period in 2012.

Excluding revaluation gains for the Group's investment properties net of deferred taxes, the underlying net loss for the first six months of 2013 amounted to HK\$37.5 million, compared to net profit HK\$87.0 million for the corresponding period in 2012. The underlying interim loss per share for 2013 was 0.84 HK cent compared to the underlying interim earnings per share of 1.96 HK cents over the same period in 2012.

The Board of Directors has proposed the payment of an interim dividend of 0.9 HK cent per share for the six months ended 30 June 2013 (2012: 0.9 HK cent). The interim dividend will be payable on 11 October 2013 to the shareholders whose names appear on the register of members of the Company on 3 October 2013.

Business Review

For the period under review, the Group's underlying net loss was mainly attributable to operating loss in the Group's oil business, with the segment's operating loss amounting to HK\$29.8 million for the first six months of 2013 compared to an operating profit of HK\$73.2 million during the corresponding period in 2012.

Property Development

As of 30 June 2013, the development landbank in Macau attributable to the Group amounted to approximately 716,000 sq. m. gross floor area. All of the Group's existing development sites are favourably situated adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge. The status of the Group's major projects under development in Macau is set out below.

Pearl Horizon, The Oriental Pearl District

Pearl Horizon, 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 mall, a club house and numerous car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The architectural plan was approved and construction work is expected to commence when we obtain the necessary approval from the relevant government authority.

Lotes T+T1, The Oriental 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 and some retail shops with car parking facilities, having an aggregate gross floor area of approximately 195,600 sq. m.. The required amendments made to accommodate certain design modifications have been recently granted and published in the Official Gazette of Macau at end-June 2013. The Group has submitted the application for work commencement and the foundation work is expected to commence shortly.



Property Investment

For the first six months of 2013, the Group's share of gross rental income generated from its investment properties rose to HK\$24.3 million, an increase of 13.1% over the same period in 2012. The increase in total rental income was mainly due to an improvement in overall rental rate for both the retail and office portion of The Macau Square, the Group's 50%-owned investment property in Macau, with rental income of the property attributable to the Group rising 14.3% to HK\$21.9 million in the first half of 2013.

Oil

For the six months ended 30 June 2013, the segment recorded an operating loss of HK\$29.8 million compared to an operating profit of HK\$73.2 million over the same period in 2012. The loss in operation was due to the temporary suspension in normal production of the Group's South Alibek oilfield in Kazakhstan since 1 January 2013, pending approval of a gas flaring permit from the government. The management has been taking all necessary steps to obtain the permit for the oilfield as soon as possible. The temporary disruption in oil production will further affect the Group's earnings from this segment in the second half of 2013.

Ice and Cold Storage

During the period under review, total operating profit for the combined cold storage and ice manufacturing segment amounted to HK\$6.2 million compared to HK\$9.6 million in the first six months of 2012. The decrease in operating profit was mainly attributable to the decline in demand for ice due to cooler than usual weather conditions during the first half of 2013 and the temporary increase in operating expenses because of expansion of ice activities.

Financial Review

As of 30 June 2013, total book value of the Group's assets amounted to HK\$13,220 million as compared with HK\$13,038 million at end-2012. Net asset value of the Group amounted to HK\$10,730 million as of 30 June 2013, with cash and cash equivalents of HK\$251 million, denominated mainly in Hong Kong dollars.

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, slightly increased to 20.0% at mid-2013 from 19.7% at end-2012. As of 30 June 2013, the amount due to the immediate holding company of HK\$689 million and due to the ultimate holding company of HK\$1,457 million are both unsecured, denominated in Hong Kong dollars, bearing interest at prevailing market rates and with no fixed terms of repayment. The Group also has unutilized bank facilities of HK\$180 million which are secured by the Group's land and buildings, denominated in Hong Kong dollars and bearing interest at prevailing market rates and subject to review from time to time.

As of 30 June 2013, certain assets of the Group, with total book value of approximately HK\$122 million, were pledged to secure the banking facilities to the Group.

As of 30 June 2013, the Group's capital commitments, mainly for its ice and cold storage business, amounted to HK\$3 million. These capital commitments are expected to be financed by the internal resources of the Group.

Chairman's Statement

In view of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in the Kazakhstan Tenge ("KZT"), the local currency of Kazakhstan. While the majority of the operating expenses, as well as capital expenditure, of the Group's oil business are denominated in the KZT, over 80% of its revenue is denominated in USD. Due to the currency mismatch between its revenues and expenditures in Kazakhstan, the Group is closely monitoring the fluctuation in the KZT and evaluating the impact on its financial position. The Group will use appropriate currency hedging to minimize the currency risks associated with this business if necessary.

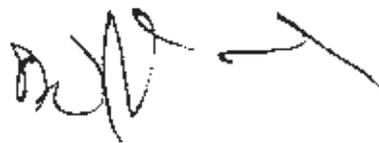
Prospects

The Macau economy has gradually regained its strong momentum since the start of the year, with the GDP growing at 10.8% in the first quarter of 2013, the first double-digit growth rate in the past four quarters. Total tourist arrivals rose at an average of 4.2% during the first six months of 2013 compared to a decline of 1.7% in the last two quarters of 2012. Gross gaming revenues increased at an average of 15.2% in the first half of 2013 compared to an average of increase of 8% in the second half of 2012. It is expected that with the existing new mega infrastructure projects as well as casino projects, the dynamics of the Macau economy will be well supported and will continue to buoy up its property market healthily over the medium and long term.

The Macau government has introduced new laws on property sale activities since 1 June 2013. The new laws have substantially affected sale activities since its implementation, with overall transaction volumes of both primary and secondary residential markets plummeting. The new laws will also adversely affect the Group's future presale plans as it is now required to obtain presale consents before re-launching the presale of the Group's two development projects in the Oriental Pearl District.

Nevertheless, for the first five months of 2013, the presale activities for Pearl Horizon and Lotes T+T1, which are the Group's 80%-owned mega luxury residential and commercial development projects in the Oriental Pearl District, have been encouraging, with the combined presales for two projects exceeding HK\$10 billion. However, profits from presales of Pearl Horizon and Lotes T+T1 will not be distributed to the Group until 2016/2017. Therefore there will be an earnings shortfall in property sales for the next 3-4 years. The management continues to explore new investment opportunities that can generate near-term earnings for the Group.

I would like to take this opportunity to express my gratitude to my fellow directors for their support and all staff for their dedication.



Or Wai Sheun
Chairman

Hong Kong, 28 August 2013



Unaudited Consolidated Income Statement

	Note	For the six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
TURNOVER	2	57,087	296,224
Cost of sales		(14,587)	(95,554)
Gross profit		42,500	200,670
Other income		4,553	12,758
Selling and distribution costs		(13,266)	(86,501)
Administrative expenses		(33,407)	(30,289)
Other operating expenses		(28,601)	(17,688)
(LOSS)/PROFIT FROM OPERATIONS		(28,221)	78,950
Finance costs		(14,760)	(14,733)
Share of results of joint venture		116,923	56,650
PROFIT BEFORE TAX	2	73,942	120,867
Income tax expenses	3	(14,589)	7,100
PROFIT FOR THE PERIOD	4	59,353	127,967
ATTRIBUTABLE TO:			
Equity holders of the Company		58,454	126,635
Non-controlling interests		899	1,332
		59,353	127,967
EARNINGS PER SHARE – Basic/diluted	5	1.32 HK cents	2.85 HK cents

Unaudited Consolidated Statement of Comprehensive Income

	For the six months ended 30 June	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
PROFIT FOR THE PERIOD	59,353	127,967
OTHER COMPREHENSIVE INCOME:		
Gain on fair value changes of interests in property development	112,165	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	112,165	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	171,518	127,967
ATTRIBUTABLE TO:		
Equity holders of the Company	170,619	126,635
Non-controlling interests	899	1,332
	171,518	127,967

Unaudited Consolidated Balance Sheet

	<i>Note</i>	30 June 2013 HK\$'000	31 December 2012 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		1,419,580	1,405,308
Oil exploitation assets		108,822	109,014
Interests in property development	6	10,310,423	10,198,258
Interest in joint venture		847,041	730,118
Deferred taxation		28,010	41,014
Goodwill		16,994	16,994
		12,730,870	12,500,706
CURRENT ASSETS			
Amount due from joint venture		60,562	78,358
Held for trading investments		8,370	9,825
Inventories		116,992	120,693
Trade and other receivables	7	52,189	61,646
Cash and cash equivalents		250,523	267,057
		488,636	537,579
CURRENT LIABILITIES			
Dividend payable		66,586	–
Other payables	8	171,898	211,340
Bank loans		–	80,000
Current taxation		41,551	39,978
		280,035	331,318
NET CURRENT ASSETS		208,601	206,261
TOTAL ASSETS LESS CURRENT LIABILITIES		12,939,471	12,706,967

Unaudited Consolidated Balance Sheet

	30 June 2013	31 December 2012
<i>Note</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Amount due to immediate holding company	688,661	1,170,611
Amount due to ultimate holding company	1,456,552	842,884
Other payables	44,584	48,731
Deferred taxation	19,780	19,780
	2,209,577	2,082,006
NET ASSETS	10,729,894	10,624,961
CAPITAL AND RESERVES		
Share capital	443,897	443,897
Reserves	10,272,008	10,167,974
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10,715,905	10,611,871
NON-CONTROLLING INTERESTS	13,989	13,090
TOTAL EQUITY	10,729,894	10,624,961

Unaudited Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company					Non-	Total
	Share				Total	controlling	equity
	Share capital	premium account	Fair value reserve	Retained profits		interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	443,897	5,912,600	2,902,258	1,353,116	10,611,871	13,090	10,624,961
Profit for the period	-	-	-	58,454	58,454	899	59,353
Other comprehensive income for the period	-	-	112,165	-	112,165	-	112,165
Total comprehensive income for the period	-	-	112,165	58,454	170,619	899	171,518
Dividends paid to equity holders of the Company (note 9)	-	-	-	(66,585)	(66,585)	-	(66,585)
At 30 June 2013	443,897	5,912,600	3,014,423	1,344,985	10,715,905	13,989	10,729,894
At 1 January 2012	443,897	5,912,600	2,894,981	1,171,661	10,423,139	11,970	10,435,109
Profit for the period and total comprehensive income for the period	-	-	-	126,635	126,635	1,332	127,967
Dividends paid to equity holders of the Company (note 9)	-	-	-	(66,585)	(66,585)	-	(66,585)
At 30 June 2012	443,897	5,912,600	2,894,981	1,231,711	10,483,189	13,302	10,496,491

Unaudited Condensed Consolidated Cash Flow Statement

	For the six months ended 30 June	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
NET CASH INFLOW/(OUTFLOW) FROM		
– OPERATING ACTIVITIES	(44,617)	133,841
– INVESTING ACTIVITIES	(9,674)	(82,723)
– FINANCING ACTIVITIES	37,757	(87,306)
DECREASE IN CASH AND CASH EQUIVALENTS	(16,534)	(36,188)
Cash and cash equivalents at beginning of period	267,057	288,694
CASH AND CASH EQUIVALENTS AT END OF PERIOD	250,523	252,506

Notes to the Unaudited Interim Financial Statements

1. Accounting Policies

These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as applicable to condensed interim financial statements and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies used in these unaudited interim financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 December 2012, except as described below.

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 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 the following areas.

As a result of the adoption of HKFRS 10 “Consolidated Financial Statements”, the Group has changed its accounting policy with respect to determining whether an investee should be consolidated, by focusing on whether the Group has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

As a result of the adoption of HKFRS 11 “Joint Arrangements”, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group divides joint arrangements into joint operations and joint ventures by determining the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator’s interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group’s consolidated financial statements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 13 “Fair Value Measurement” replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in these unaudited interim financial statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

Notes to the Unaudited Interim Financial Statements

2. Segment Information

The Group had four operating segments which included properties investment, trading and development related activities ("Properties"), oil exploration and production related activities ("Oil"), manufacturing of ice and provision of cold storage and related services ("Ice and Cold Storage") and other miscellaneous operations ("Others").

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Turnover		
– Properties	190	1,734
– Oil	19,009	259,637
– Ice and Cold Storage	37,888	34,853
– Others	–	–
	57,087	296,224
	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Profit/(loss) before tax		
– Properties	2,726	3,705
– Oil	(29,839)	73,182
– Ice and Cold Storage	6,185	9,578
– Others	(1,344)	(1,583)
	(22,272)	84,882
– Share of results of joint venture	116,923	56,650
– Corporate portion	(20,709)	(20,665)
	73,942	120,867

Notes to the Unaudited Interim Financial Statements

2. Segment Information *(continued)*

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Assets		
– Properties	10,421,848	10,309,694
– Oil	1,427,130	1,432,869
– Ice and Cold Storage	175,469	168,699
– Others	8,470	9,825
	12,032,917	11,921,087
– Interest in and amount due from joint venture	907,603	808,476
– Corporate portion	278,986	308,722
	13,219,506	13,038,285

3. Income Tax Expenses

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Current tax		
– Hong Kong Profits Tax	661	1,090
– Overseas income tax	924	1,053
Deferred tax	13,004	(9,243)
	14,589	(7,100)

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the six months ended 30 June 2013. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdiction.

Notes to the Unaudited Interim Financial Statements

4. Profit for the Period

Profit for the period is arrived at after charging:

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Depreciation and amortisation	13,388	48,925
Interest on borrowings	13,970	13,709

5. Earnings Per Share

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

	For the six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
<i>Earnings</i>		
Earnings for the purposes of calculating basic and diluted earnings per share	58,454	126,635
<i>Number of shares</i>		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	4,438,967,838	4,438,967,838

6. Interests in Property Development

	30 June	31 December
	2013 HK\$'000	2012 HK\$'000
At 1 January	10,198,258	10,190,981
Change in fair value recognised in other comprehensive income	112,165	7,277
At 30 June/31 December	10,310,423	10,198,258

Interests in property development represent the Group's interests in the development of various properties in Macau under two co-investment agreements with two wholly owned subsidiaries of the ultimate holding company respectively.

Notes to the Unaudited Interim Financial Statements

7. Trade and Other Receivables

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	7,254	3,668
31 days to 60 days past due	3,670	2,808
61 days to 90 days past due	930	1,944
Over 90 days past due	530	1,169
Amounts past due	5,130	5,921
Trade receivables	12,384	9,589
Other receivables	39,805	52,057
	52,189	61,646

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. Other Payables

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Government fees and levies	52,078	104,445
Other payables	119,820	106,895
	171,898	211,340

9. Dividends

	For the six months ended 30 June 2013	2012
Interim dividend per share	0.90 HK cent	0.90 HK cent

Notes to the Unaudited Interim Financial Statements**9. Dividends (*continued*)**

Subsequent to the balance sheet date, the Board of Directors has declared an interim dividend of 0.90 HK cent (2012: 0.90 HK cent) per ordinary share, totalling HK\$39,951,000 (2012: HK\$39,951,000), in respect of the six months ended 30 June 2013.

During the six months ended 30 June 2013, a final dividend of 1.50 HK cents (2012: 1.50 HK cents) per ordinary share, totalling HK\$66,585,000 (2012: HK\$66,585,000), attributable to the previous financial year was approved.

10. Related Party Transactions

The Group had the following transactions with related parties:

- (a) The amount due to immediate holding company was unsecured, interest bearing at a premium over the Hong Kong Interbank Offering Rates ("HIBOR") and with no fixed repayment terms. During the six months ended 30 June 2013, interest of HK\$8,055,000 (2012: HK\$8,457,000) was payable to the immediate holding company.
- (b) The amount due to the ultimate holding company was unsecured and bearing interest at a premium over the HIBOR. During the six months ended 30 June 2013, interest of HK\$5,906,000 (2012: HK\$4,511,000) was payable to the ultimate holding company.

11. Oil Production Assets and Oil Exploitation Assets

As at 30 June 2013, the Group has oil production assets of HK\$1,278,272,000 (2012: HK\$1,266,977,000) (included in property, plant and equipment) and oil exploitation assets of HK\$108,822,000 (2012: HK\$109,014,000). Oil production assets and oil exploitation assets are stated at cost less accumulated depreciation/amortisation and impairment losses.

The normal production of crude oil of the South Alibek Oilfield of Caspi Neft TME, a wholly-owned subsidiary of the Company, in Kazakhstan has been temporarily suspended since 1 January 2013, as the gas flaring permit for the South Alibek Oilfield expired on 31 December 2012. Caspi Neft TME applied to the Kazakhstan Government for the gas flaring permit for 2013 in October 2012. During the period, Caspi Neft TME provided the information as requested by the Kazakhstan Government. Up to the date of approval of these unaudited interim financial statements, the Kazakhstan Government was still reviewing the application and the gas flaring permit has not yet been obtained. Caspi Neft TME has been taking all necessary steps to obtain the permit and is currently considering several alternatives to sort out the flaring issue permanently, including obtaining approvals from the relevant authorities of the Kazakhstan Government and active communication with other external parties in order to substantiate the alternatives. Based on advice received from its technical experts and external legal advisor and the alternatives under consideration, the Group considers that there is no indication that the gas flaring permit will not be renewed. Normal production will be resumed as soon as practicable upon obtaining the permit.

As at 30 June 2013, the Group assessed the value of the oil production assets and oil exploitation assets. As the calculated recoverable amounts of the oil production assets and oil exploitation assets exceeded their carrying values, no impairment loss is considered necessary.

Notes to the Unaudited Interim Financial Statements

12. Fair Value Measurement

At the balance sheet date, the Group has the following financial instruments measured at fair value across the three levels of fair value hierarchy based on the degree to which fair value is observable:

	30 June 2013 HK\$'000	31 December 2012 HK\$'000
Assets		
Level 1 (Notes)		
– Held for trading investments	8,370	9,825
Level 3 (Notes)		
– Interests in property development	10,310,423	10,198,258

Notes:

Level 1: Assets/liabilities carrying at fair values measured using unadjusted quoted prices in active markets for identical financial instruments

Level 2: Assets/liabilities carrying at fair values using quoted prices in active markets for similar financial instruments or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: Assets/liabilities carrying at fair values measured using valuation techniques in which any significant input is not based on observable market data

Interests in property development are measured using a discounted cash flow model. Any unrealised gains/losses from the remeasurement of the interests in property development are recognised in fair value reserve in other comprehensive income. The discounted cash flow model has been prepared based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements. The key unobservable market data used in the model includes estimated selling prices of the underlying properties which are derived from observable market data, including average market price of residential properties in Macau, varied with certain adjustments to reflect the impacts of those factors on the development. The adjustments on the selling price range from -10% to +10%.

The fair value measurement is positively correlated to adjustments on selling price of the underlying properties. At 30 June 2013, it is estimated that an increase/decrease of 5% in the adjustments on selling price of the underlying properties, with all other variables held constant, would increase/decrease the Group's fair value reserve by HK\$888,868,000/HK\$888,892,000.

The Group has a team reporting to the top management which performs the valuation of the interests in property development required for financing reporting purposes. Discussions of valuation processes and results are held between the top management and the team at least once every six months, in line with the Group's half-yearly reporting dates.

Other Information

Interests and Short Positions in Shares, Underlying Shares and Debentures

Directors and Chief Executives

As at 30 June 2013, the interests and short positions of the Directors and Chief Executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

Long positions in shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital (Note 1)
Mr. Or Wai Sheun (Notes 2 and 7)	Founder and beneficiary of a trust	3,260,004,812	73.44%
Mr. Yeung Kwok Kwong	Personal	2,000,000	0.05%
Ms. Wong Yuk Ching	Personal	6,655,000	0.15%
Mr. Lam Chi Chung, Tommy	Personal	230,000	0.01%
Ms. Chio Koc Ieng	Personal	270,000	0.01%
Mr. Lai Ka Fai	Personal	430,000	0.01%
Ms. Or Pui Ying, Peranza (Notes 3 and 7)	Beneficiary of a trust	3,260,004,812	73.44%

Other Information

Interests and Short Positions in Shares, Underlying Shares and Debentures
(continued)

Directors and Chief Executives (continued)

Long positions in shares of associated corporation

– Kowloon Development Company Limited (“KDC”)

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital (Note 10)
Mr. Or Wai Sheun (Note 2)	Founder and beneficiary of a trust	830,770,124 (Note 8)	72.20%
	Corporate	277,500	0.02%
Mr. Yeung Kwok Kwong	Personal	180,000	0.02%
Ms. Wong Yuk Ching	Personal	1,170,000	0.10%
Mr. Lam Chi Chung, Tommy	Personal	17,000	0.00%
Ms. Chio Koc Ieng	Personal	225,000	0.02%
Mr. Lai Ka Fai	Personal	751,000	0.07%
Ms. Or Pui Ying, Peranza (Notes 3 and 8)	Beneficiary of a trust	830,770,124	72.20%

– Ors Holdings Limited

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital
Mr. Or Wai Sheun (Note 9)	Founder and beneficiary of a trust	1	100.00%
Ms. Or Pui Ying, Peranza (Note 9)	Beneficiary of a trust	1	100.00%

Save as disclosed above, as at 30 June 2013, none of the Directors and Chief Executives had registered an interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations which were recorded in the register required to be kept under section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the six months ended 30 June 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in or any other body corporate.

Other Information

Interests and Short Positions in Shares, Underlying Shares and Debentures
(continued)

Other persons

As at 30 June 2013, the interests and short positions of the persons, other than the Directors and Chief Executives, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary share capital (Note 1)
Ors Holdings Limited (Notes 4 and 7)	Corporate	3,260,004,812	73.44%
HSBC International Trustee Limited (Notes 5 and 7)	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited (Notes 6 and 7)	Corporate	3,260,004,812	73.44%

Save as disclosed above, as at 30 June 2013, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

Notes:

- As at 30 June 2013, the total number of issued shares in the Company was 4,438,967,838 ordinary shares.
- Mr. Or Wai Sheun was deemed to be interested in 830,770,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust. Mr. Or Wai Sheun was also deemed to be interested in 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein.

Mr. Or Wai Sheun was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through his interest in KDC.
- Ms. Or Pui Ying, Peranza was deemed to be interested in 830,770,124 ordinary shares in KDC as one of the beneficiaries of a discretionary family trust.

Ms. Or Pui Ying, Peranza was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through her interest in KDC.
- Ors Holdings Limited holds 830,770,124 ordinary shares in KDC (being 72.20% of the issued ordinary share capital of KDC) and, therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
- Based on information available to the Company, HSBC International Trustee Limited holds 831,731,474 ordinary shares in KDC (being 72.28% of the issued ordinary share capital of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
- According to the register of the Company, as at 30 June 2013, KDC was interested in 3,245,004,812 ordinary shares in the Company (being 73.10% of the issued ordinary share capital of the Company). On specific enquiries made, KDC has confirmed that as at 30 June 2013, it was interested in 3,260,004,812 ordinary shares in the Company. There is a difference of 15,000,000 ordinary shares between the actual number of shares interested in of KDC and the number of shares interested in as disclosed by KDC because KDC does not have any obligations pursuant to the SFO to disclose such interest in 15,000,000 ordinary shares of the Company.

Other Information

Interests and Short Positions in Shares, Underlying Shares and Debentures (continued)

Notes: (continued)

7. The interest in 3,260,004,812 ordinary shares in the Company as disclosed above by Mr. Or Wai Sheun, Ms. Or Pui Ying, Peranza, KDC, Ors Holdings Limited and HSBC International Trustee Limited respectively are the same interests in the Company.
8. The interest in 830,770,124 ordinary shares in KDC as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively are the same interests in KDC.
9. The interest in 1 ordinary share in Ors Holdings Limited as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively are the same interests in Ors Holdings Limited.
10. As at 30 June 2013, the total number of issued shares in KDC was 1,150,681,275 ordinary shares.

Purchase, Redemption or Sale of Listed Securities

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. On specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2013.

Audit Committee

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2013.

Employees

As at 30 June 2013, the total number of employees of the Group was about 360. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

Other Information

Compliance with the Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2013, except for the deviations of the followings.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Non-executive Directors 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 Non-executive Directors are subject to rotation in accordance with the articles of association of the Company, the Board of Directors 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 Corporate Governance Code.

The second sentence of Code Provision A.6.7 stipulates independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An independent Non-executive Director was unable to attend the annual general meeting of the Company held on 26 June 2013 as he was overseas at the time.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 2 October 2013 to Thursday, 3 October 2013 (both days inclusive) in order to determine entitlements of shareholders to the interim dividend. In order to qualify for the entitlement of the interim 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 Monday, 30 September 2013.

Directors

As at the date of this report, Mr. Or Wai Sheun, Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching, Mr. Lam Chi Chung, Tommy and Ms. Chio Koc Ieng are Executive Directors, Mr. Lai Ka Fai and Ms. Or Pui Ying, Peranza are Non-executive Directors and Mr. Liu Kwong Sang, Mr. Siu Leung Yau, Dr. Tsui Wai Ling, Carlye and Prof. Dr. Teo Geok Tien Maurice are Independent Non-executive Directors.



POLYTEC ASSET HOLDINGS LIMITED
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