POLYTEC ASSET HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "**Board**") of Polytec Asset Holdings Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2011.

UNAUDITED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
TURNOVER	*2*	**103,845**	801,260
Cost of sales		**(35,747)**	(421,923)
Gross profit		**68,098**	379,337
Other income		**50,073**	15,675
Selling and distribution costs		**(8,591)**	(11,306)
Administrative expenses		**(31,633)**	(17,085)
Other operating expenses		**(22,010)**	(13,513)
PROFIT FROM OPERATIONS		**55,937**	353,108
Gain arising from change in fair value of investment properties		**600**	—
Finance costs		**(11,600)**	(4,126)
Share of results of jointly controlled entity		**122,550**	11,133
PROFIT BEFORE TAX	*2*	**167,487**	360,115
Income tax expenses	*3*	**(11,478)**	(33,927)
PROFIT FOR THE PERIOD		**156,009**	326,188

UNAUDITED CONSOLIDATED INCOME STATEMENT *(Continued)*

		For the six months ended 30 June	
		2011	2010
	Note	***HK$'000***	*HK$'000*
ATTRIBUTABLE TO:			
Equity holders of the Company		**142,066**	194,503
Non-controlling interests		**13,943**	131,685
		156,009	326,188
EARNINGS PER SHARE — Basic/diluted	*4*	**3.20 HK cents**	4.38 HK cents
DIVIDEND PER SHARE	*5*	**0.90 HK cent**	0.90 HK cent

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**156,009**	326,188
OTHER COMPREHENSIVE INCOME:		
Gain on fair value changes of interests in property development	**12,942**	—
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**12,942**	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**168,951**	326,188
ATTRIBUTABLE TO:		
Equity holders of the Company	**155,008**	194,503
Non-controlling interests	**13,943**	131,685
	168,951	326,188

UNAUDITED CONSOLIDATED BALANCE SHEET

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**1,246,428**	1,203,558
Oil exploitation assets	**122,088**	123,144
Investment properties	**5,600**	56,000
Interest in jointly controlled entity	**556,590**	434,040
Interests in property development	**10,186,346**	10,173,404
Other deposit	**—**	2,527
Deferred taxation	**1,145**	2,195
Goodwill	**16,994**	16,994
	12,135,191	12,011,862
CURRENT ASSETS		
Amount due from jointly controlled entity	**132,663**	149,984
Held for trading investments	**12,090**	13,095
Inventories	**115,037**	125,138
Trade and other receivables	**50,292**	33,588
Cash and cash equivalents	**319,235**	329,979
	629,317	651,784
CURRENT LIABILITIES		
Dividend payable	**66,585**	—
Trade and other payables	**197,428**	151,748
Bank loans	**375,000**	180,000
Current taxation	**140,837**	127,401
	779,850	459,149
NET CURRENT (LIABILITIES)/ASSETS	**(150,533)**	192,635
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,984,658**	12,204,497

UNAUDITED CONSOLIDATED BALANCE SHEET *(Continued)*

	30 June 2011	31 December 2010
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Amount due to immediate holding company	**581,713**	1,152,822
Amount due to ultimate holding company	**881,605**	627,901
Other payables	**46,981**	46,872
Deferred taxation	**19,469**	22,608
	1,529,768	1,850,203
NET ASSETS	**10,454,890**	10,354,294
CAPITAL AND RESERVES		
Share capital	**443,897**	443,897
Reserves	**9,952,120**	9,863,697
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**10,396,017**	10,307,594
NON-CONTROLLING INTERESTS	**58,873**	46,700
TOTAL EQUITY	**10,454,890**	10,354,294

Notes:

1. Accounting policies

These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS(s)**") 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 2010.

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	
	2011	2010
	HK$'000	*HK$'000*
Turnover		
– Properties	**49,420**	777,102
– Oil	**27,333**	—
– Ice and Cold Storage	**27,092**	24,158
– Others	**—**	—
	103,845	801,260

	For the six months ended 30 June	
	2011	2010
	HK$'000	*HK$'000*
Profit/(loss) before tax		
– Properties	**84,908**	358,165
– Oil	**(29,123)**	–
– Ice and Cold Storage	**7,597**	6,240
– Others	**(821)**	3,273
	62,561	367,678
– Gain arising from change in fair value of investment properties	**600**	—
– Share of results of jointly controlled entity	**122,550**	11,133
– Corporate portion	**(18,224)**	(18,696)
	167,487	360,115

	30 June 2011 *HK$'000*	31 December 2010 *HK$'000*
Assets		
– Properties	**10,302,094**	10,353,091
– Oil	**1,274,643**	1,220,557
– Ice and Cold Storage	**165,328**	159,796
– Others	**12,090**	13,095
	11,754,155	11,746,539
– Interest in and amount due from jointly controlled entity	**689,253**	584,024
– Corporate portion	**321,100**	333,083
	12,764,508	12,663,646

3. Income tax expenses

	For the six months ended 30 June 2011 *HK$'000*	2010 *HK$'000*
Current tax		
– Hong Kong Profits Tax	**366**	475
– Overseas income tax	**13,202**	45,816
Deferred tax	**(2,090)**	(12,364)
	11,478	33,927

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the six months ended 30 June 2011. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdiction.

4. 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	
	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of calculating basic and diluted earnings per share	**142,066**	194,503
Number of shares		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,438,967,838**	4,438,967,838

5. Dividends

Subsequent to the balance sheet date, the Board of Directors has declared an interim dividend of 0.9 HK cent (2010: 0.9 HK cent) per ordinary share, totalling HK$39,951,000 (2010: HK$39,951,000), in respect of the six months ended 30 June 2011.

During the six months ended 30 June 2011, a final dividend of 1.5 HK cents (2010: 1.5 HK cents) per ordinary share, totalling HK$66,585,000 (2010: HK$66,585,000), attributable to the previous financial year was approved.

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP RESULTS AND DIVIDENDS

For the six months ended 30 June 2011, the Group's unaudited net profit attributable to shareholders amounted to HK$142 million compared to a net profit of HK$195 million over the same period in 2010. The basic earnings per share for the first half of 2011 amounted to 3.20 HK cents (2010: 4.38 HK cents).

Excluding revaluation gains for the Group's investment properties net of deferred taxes, the underlying net profit and earnings per share for the first half of 2011 amounted to HK$58.0 million and 1.31 HK cents respectively.

The Board has proposed the payment of an interim dividend of 0.9 HK cent per share for the six months ended 30 June 2011 (2010: 0.9 HK cent). The interim dividend will be payable on 14 October 2011 to the shareholders whose names appear on the register of members of the Company on 4 October 2011.

BUSINESS REVIEW

The decrease in the Group's net profit for the first six months of 2011 was mainly due to a lack of major property development project completion. The Group's earnings for the first half of this year came mainly from the sale of retail shops and carparking spaces of Pacifica Garden, the Group's 58%-owned property development project in Taipa, Macau, as well as the sale of some non-core investment properties, with the Group recording total sales proceeds and gains of HK$127 million and HK$65.9 million respectively from the properties sold.

Property Development

As of 30 June 2011, the development landbank in Macau attributable to the Group amounted to approximately 726,000 sq. m. gross floor area. All of the Group's existing development sites are located adjacent to the Hong Kong-Zhuhai-Macau Bridge. The status of the Group's major projects under planning and development in Macau is set out below.

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 a number of 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 architectural plan was approved in early this year and construction work will be commenced once we obtain the final approval from the relevant government authority, which is expected in the next few months.

Lotes T & T1, The Orient Pearl District

Lotes T & T1 combined covers an aggregate site area of approximately 18,000 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 208,400 sq. m.. The master plan has been approved and the architectural plan has been submitted to relevant government authorities for approval. Construction work is expected to be commenced in the second half of next year.

Property Investment

During the period under review, the Group disposed of a number wholly-owned, non-core investment properties at Va Iong, with total sales proceeds of HK$98.5 million. The Group intends to continue to dispose of the remaining non-core properties.

Despite the disposal of the above investment properties, the Group's share of gross rental income generated from its property investment portfolio rose to HK$19.7 million for the first six months of 2011, an increase of 6.4% over the same period in 2010. The increase in total rental income was mainly due to an overall improvement in occupancy rates of both the office and retail portions of The Macau Square, the Group's 50%-owned investment property in Macau, with the Group's share of gross rental income for this particular investment property rising 8.8% to HK$16.4 million for the first half of 2011.

Oil

For the first six months of 2011, total revenue generated from the oil segment amounted to HK$27.3 million. The segment recorded an operating loss of HK$29.1 million. The loss in operation for the period under review was mainly attributable to a temporary suspension of oil production in the first three months of the year, pending the obtaining of a gas flaring permit for the Group's South Alibek Oilfield. The approval for the Group's application for an extension of the permit, which expired at the end of October last year, has been delayed, as a new Law on Subsoil and Subsoil Use of the Republic of Kazakhstan, adopted on 24 June 2010, substantially reduces gas flaring quotas and imposes more severe penalties for environmental violations. We have been able to obtain a temporary permit and we are currently seeking a permanent solution to tackle the gas flaring requirements. While we resumed oil production in April, it takes time for the overall production to return to the normal levels and therefore our cashflows and earnings from the segment may still be affected in the short term.

We believe that our oilfield, the South Alibek Oilfield, which is located in the oil and gas rich Pre-Caspian Basin in Kazakhstan and is still in an early stage of development, has good chances of finding more oil and we have accordingly started a series of drilling programs to identify additional potentials.

Ice and Cold Storage

The overall performance of cold storage and ice manufacturing businesses was satisfactory during the first six months of 2011, with total operating profit for the segment rising 21.7% to HK$7.6 million.

FINANCIAL REVIEW

As of 30 June 2011, total book value of the Group's assets amounted to HK$12,765 million as compared with HK$12,664 million at end-2010. Net asset value of the Group amounted to HK$10,455 million as of 30 June 2011, with cash and cash equivalents of HK$319 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, reduced slightly to 17.7% as of 30 June 2011 from 19.0% at end-2010. The decrease was mainly due to the repayments of the amount due to our immediate holding company. The amount due to the immediate holding company is unsecured, denominated in Hong Kong dollars, bearing interest at prevailing market rates and with no fixed terms of repayment. The ultimate holding company, Polytec Holdings International Limited, has provided a credit facility totalling HK$1,300 million to finance the Company till March 2013 and has agreed to extend the facility if necessary. The facility is unsecured, denominated in Hong Kong dollars and bearing interest at prevailing market rates. As of 30 June 2011, only HK$882 million of this facility was utilised. Bank borrowings of HK$180 million 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. The remaining bank borrowings of HK$195 million are secured by the Group's interest in certain properties, denominated in Hong Kong dollars and bearing interest at prevailing market rates and have a three-year term from March 2009, repayable by March 2012.

In previous years, the banking facility of HK$195 million was classified as a long term liability, but was reclassified as current liabilities during the period under review, because the maturity date of the facility is within twelve months from the balance sheet date. This results in the net current liability position of the Group. The management will negotiate with the bank to renew the banking facility before its maturity and will seek other facilities from other banks. Together with unutilized portion of the credit facility provided by the ultimate holding company, the management considers that the net current liability position will not have any significant impact on the overall liquidity position of the Group.

As of 30 June 2011, certain assets of the Group, with total book value of approximately HK$135 million, were pledged to secure the banking facilities to the Group.

Because 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 is denominated in the KZT, over 80% of its revenue generated from this segment is denominated in the USD. However, this business currently represents a relatively small portion of the Group's overall business and therefore the fluctuation in the KZT is unlikely to substantially affect the Group's financial position.

PROSPECTS

Following the downgrade of US credit ratings in early August and the on-going debt problems in Europe, the uncertainty over the outlook for the global economy has been mounting. Indeed, the current debt crisis will unlikely be permanently resolved unless the governments in the major developed countries, especially in the US and Europe, are determined to substantially reduce their respective debt levels as their imprudent fiscal policies of the past decades, including over-expansion of its social benefits, have led to the current unsustainable debt burdens in these countries. Therefore, it is expected that the US and many countries in EU will further tighten their fiscal policies or implement austerity measures in order to for them to return to more sustainable fiscal paths in the next few years. There is a general consensus that these major developed countries with fiscal tightening policies will be in a period of low-growth in the next few quarters and if the relevant governments do not initiate appropriate measures to effectively stimulate their respective economies, the risk of a global economic recession or stagnation will be rising.

In Macau, the gross domestic product (GDP) rose 21.5% in the first quarter of 2011, supported primarily by strong gross revenue generated from its gaming activities, rising over 44% in the first half of the year. While the average property transaction prices remained elevated for the first six months of the year according to the official data, the overall residential transaction volumes fell 6.3% during the period due to the introduction of property cooling measures by the government in the second half of last year.

According to the preliminary unofficial data, the overall residential transaction volumes have already fallen substantially over the past two months and transaction prices have also started to soften, following the additional restrictive property measures, announced in late April and effective on 14 June, to further deter speculation in the property market, including imposition of a special stamp duty and further tightening in mortgage lending. We expect these severe measures, together with increasing uncertainties over the outlook for the global economy and hence worsening sentiment, to have some negative impacts on the overall transaction volumes and prices, especially on those presold property projects, in the months ahead.

Nevertheless, we remain optimistic about the outlook for the property market over the medium and long-term, as there are still favorable factors prevailing in the Macau economy supporting its housing market. First, its overall economy will likely continue to be well supported by its robust monopoly gaming industry in the Greater China region and its increasingly competitive and attractive tourism industry. Also the on-going mega infrastructure projects and large-scale luxury hotel and resort development projects in the pipeline, will likely result in residents' income increasing considerably and hence increasing demand for better quality housing in the medium term. Second, an expectation of a low-interest rate environment is expected over the next two years due to the linkage of MOP, Macau's local currency, to the HKD and therefore to Hong Kong interest rates. The Group is well positioned to take advantage of the continued economic prosperity in Macau.

In early this year, we made a significant progress by obtaining an approval for the architectural plan of the Group's 80%-owned large-scale luxury residential and commercial development project, Pearl Horizon (海一居), which is located in the Orient Pearl District of Macau. Foundation work for this project will begin once we obtain a final approval from the relevant authority, which is expected in the next few months. We are preparing for a formal launch of the presale of the project. This mega project covers an aggregate gross floor area of 700,000 sq. m., comprising over 5,000 luxury residential units, a sizeable shopping arcade, a five-star clubhouses as well as over 4,000 car parking spaces. It will be developed in phases in the coming years and will provide substantial cashflows and continuing earnings for the Group during the completion period. However, as it will take three to four years for the first phase of the residential portion of the project to be completed, and as profits cannot be recognised for accounting purposes until such completion, there will be an earnings shortfall over the next few years. Therefore, Management is actively seeking new activities to improve earnings for the Group in short term.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 October 2011 to Tuesday, 4 October 2011 (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 Friday, 30 September 2011.

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 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011, except for the deviation from Code Provision A.4.1. 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.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2011.

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

Hong Kong, 29 August 2011

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 and Ms. Or Pui Ying, Peranza are non-executive directors 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.