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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 2010

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 2010.

CONSOLIDATED INCOME STATEMENT

	Note	**2010** ***HK$'000***	2009 *HK$'000* (Restated)
TURNOVER	*2*	**963,905**	1,034,405
Cost of sales		**(495,759)**	(99,792)
Gross profit		**468,146**	934,613
Other income		**50,648**	31,868
Selling and distribution costs		**(31,699)**	(4,286)
Administrative expenses		**(54,452)**	(28,723)
Other operating expenses		**(26,579)**	(28,607)
PROFIT FROM OPERATIONS		**406,064**	904,865
Loss arising from change in fair value of investment properties		**—**	(14,000)
Share of results of jointly controlled entity		**45,641**	3,981
Finance costs		**(15,721)**	(4,729)
PROFIT BEFORE TAX	*3*	**435,984**	890,117
Income tax expenses	*4*	**(47,417)**	(4,397)
PROFIT FOR THE YEAR		**388,567**	885,720

	Note	2010 HK$'000	2009 HK$'000 (Restated)
ATTRIBUTABLE TO			
— Equity holders of the Company		**247,019**	884,371
— Non-controlling interests		**141,548**	1,349
		388,567	885,720
EARNINGS PER SHARE — basic/diluted	*5*	**5.56 HK cents**	19.92 HK cents
DIVIDEND PER SHARE	*6*	**2.40 HK cents**	2.30 HK cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
PROFIT FOR THE YEAR	**388,567**	885,720
OTHER COMPREHENSIVE INCOME:		
Gain/(loss) on fair value changes of interests in property development	**56,524**	(134,112)
Transfer to income statement upon recognition from interests in property development	**—**	(872,639)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**56,524**	(1,006,751)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**445,091**	(121,031)
ATTRIBUTABLE TO		
— Equity holders of the Company	**303,543**	(122,380)
— Non-controlling interests	**141,548**	1,349
	445,091	(121,031)

CONSOLIDATED BALANCE SHEET

	Note	**2010**	2009	2008
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**1,203,558**	138,482	143,632
Oil exploitation assets		**123,144**	—	—
Investment properties		**56,000**	86,000	100,000
Interest in jointly controlled entity		**434,040**	388,399	384,418
Interests in property development		**10,173,404**	10,116,880	10,251,062
Other deposit		**2,527**	—	—
Deferred taxation		**2,195**	—	—
Goodwill		**16,994**	16,994	16,994
		12,011,862	10,746,755	10,896,106
CURRENT ASSETS				
Amount due from jointly controlled entity		**149,984**	174,693	196,004
Held for trading investments		**13,095**	8,385	28,688
Derivative financial instrument		**—**	7,800	—
Inventories		**125,138**	525,753	461,152
Interests in property development		**—**	—	1,601,329
Trade and other receivables	*7*	**33,588**	36,032	32,234
Margin deposits		**—**	—	17,847
Cash and cash equivalents		**329,979**	280,241	394,437
		651,784	1,032,904	2,731,691
CURRENT LIABILITIES				
Trade and other payables	*8*	**151,748**	607,505	540,969
Amount received from interests in property development		**—**	—	1,613,516
Derivative financial instruments		**—**	—	19,903
Bank loans		**180,000**	—	36,700
Current taxation		**127,401**	92,257	92,744
Amount due to minority shareholder		**—**	—	1,622
		459,149	699,762	2,305,454
NET CURRENT ASSETS		**192,635**	333,142	426,237
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,204,497**	11,079,897	11,322,343

	Note	**2010**	2009	2008
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
NON-CURRENT LIABILITIES				
Bank loan		**—**	60,000	—
Amount due to immediate holding company		**1,152,822**	291,807	263,185
Amount due to ultimate holding company		**627,901**	566,374	686,497
Other payables		**46,872**	—	—
Deferred taxation		**22,608**	36,778	35,553
		1,850,203	954,959	985,235
NET ASSETS		**10,354,294**	10,124,938	10,337,108
CAPITAL AND RESERVES				
Share capital		**443,897**	443,897	443,897
Reserves		**9,863,697**	9,666,689	9,877,848
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**10,307,594**	10,110,586	10,321,745
NON-CONTROLLING INTERESTS		**46,700**	14,352	15,363
TOTAL EQUITY		**10,354,294**	10,124,938	10,337,108

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 the following areas.

As a result of the adoption of HKFRS 3 (revised 2008), where a business combination is achieved in stages, the existing interest in the acquiree should be re-measured at fair value at the acquisition date and any resulting gain or loss recognized in the consolidated income statement. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of acquisition. In accordance with the transitional provision in HKFRS 3 (revised 2008), this new accounting policy has been applied prospectively to any business combination in the current or future periods.

As a result of the amendments to HKAS 27 "Consolidated and Separate Financial Statements", any losses incurred by a non-wholly owned subsidiary will be allocated between the Company and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in HKAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

As a result of the amendments to HKAS 17 "Leases", the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers significantly all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate, with the exception of those interests which are registered and transferable ownership interests in land located in Hong Kong. The Group has reclassified these leasehold interests from operating leases to finance leases retrospectively, as the Group considers that it is in a position economically similar to that of a purchaser. Accordingly, the Group has reclassified its prepaid lease payments with a carrying amount of HK$105,757,000 at 1 January 2010 (1 January 2009: HK$108,577,000) to property, plant and equipment.

The Group has early adopted the amendments to HKAS 12 "Income Taxes" in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 "Investment Property" which are effective for annual periods beginning on or after 1 January 2012. As a result of the change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the balance sheet date. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use. The change in policy has been applied retrospectively by restating the opening balances at 1 January 2009 and 2010 with consequential adjustments to comparatives for the year ended 31 December 2009.

	As previously reported *HK$'000*	**Effect of adoption of amendments to HKAS 12** *HK$'000*	**As restated** *HK$'000*
Consolidated income statement for the year ended 31 December 2009			
— Share of results of jointly controlled entity	4,701	(720)	3,981
— Income tax expenses	3,725	672	4,397
— Profit for the year	887,112	(1,392)	885,720
— Earnings per share (basic/diluted)			
— HK cents	19.95	(0.03)	19.92
Consolidated balance sheet as at 31 December 2009			
— Interest in jointly controlled entity	370,226	18,173	388,399
— Deferred taxation (liability)	38,748	(1,970)	36,778
— Retained profits	913,066	20,143	933,209
Consolidated balance sheet as at 31 December 2008			
— Interest in jointly controlled entity	365,525	18,893	384,418
— Deferred taxation (liability)	38,195	(2,642)	35,553
— Retained profits	116,082	21,535	137,617

2. SEGMENT INFORMATION

The Group had four (2009: three) operating segments for the year 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 financial investment and related activities ("Financial Investments").

	Properties	Oil	Ice and Cold Storage	Financial Investments	2010 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**822,160**	**80,444**	**61,301**	**—**	**963,905**
Segment result	**386,558**	**9,798**	**21,005**	**4,435**	**421,796**
Corporate portion					**(15,732)**
Profit from operations					**406,064**
Share of results of jointly controlled entity	**45,641**	**—**	**—**	**—**	**45,641**
Finance costs					**(15,721)**
Profit before tax					**435,984**
Segment assets	**10,353,091**	**1,220,557**	**159,796**	**13,095**	**11,746,539**
Interest in and amount due from jointly controlled entity	**584,024**	**—**	**—**	**—**	**584,024**
Corporate assets					**333,083**
					12,663,646
Capital expenditure incurred	**—**	**21,230**	**357**	**—**	**21,617**
Gain from bargain purchase	**—**	**23,579**	**—**	**—**	**23,579**
Depreciation and amortisation	**4**	**17,753**	**5,084**	**—**	**22,863**
Gain arising from change in fair value of held for trading investments	**—**	**—**	**—**	**4,710**	**4,710**

	Properties *HK$'000*	Ice and Cold Storage *HK$'000*	Financial Investments *HK$'000*	2009 Total *HK$'000* (Restated)
Turnover	887,282	51,157	95,966	1,034,405
Segment result	879,953	13,701	30,442	924,096
Corporate portion				(19,231)
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	3,981	—	—	3,981
Finance costs				(4,729)
Profit before tax				890,117
Segment assets	10,755,229	163,518	8,385	10,927,132
Interest in and amount due from jointly controlled entity	563,092	—	—	563,092
Corporate assets				289,435
				11,779,659
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

	Revenue		Non-current assets other than financial instruments and deferred tax assets	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China	**883,461**	1,034,405	**640,644**	629,875
Kazakhstan	**80,444**	—	**1,195,619**	—
	963,905	1,034,405	**1,836,263**	629,875

The geographical location of revenue is based on the location which the goods were delivered or the services were provided. The geographical location of non-current assets is based on the physical location of the assets, in case of interest in jointly controlled entity, the location of operations.

In addition to the above non-current assets, the Group has interests in property development of HK$10,173,404,000 (2009: HK$10,116,880,000) in the People's Republic of China.

3. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Gain on disposal of investment properties	**(681)**	—
Depreciation of property, plant and equipment	**16,947**	5,870
Amortisation of oil exploitation assets	**5,916**	—
Interest on borrowings	**13,548**	4,729

4. INCOME TAX EXPENSES

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Current tax		
— Hong Kong Profits Tax	**2,410**	1,054
— Overseas income tax	**51,876**	2,118
	54,286	3,172
Deferred tax	**(6,869)**	1,225
	47,417	4,397

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2009: 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 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 data:

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**247,019**	884,371
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share	**4,438,967,838**	4,438,967,838

6. DIVIDENDS

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

	2010	2009
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$0.009 per ordinary share (2009: HK$0.008)	**39,951**	35,512
Final dividend proposed after the balance sheet date of HK$0.015 per ordinary share (2009: HK$0.015)	**66,584**	66,584
	106,535	102,096

7. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Ageing analysis of trade receivables:		
Within 30 days	**2,906**	1,187
31 days to 60 days past due	**1,311**	1,756
61 days to 90 days past due	**1,016**	1,101
Over 90 days past due	**4,424**	479
Amounts past due	**6,751**	3,336
Trade receivables	**9,657**	4,523
Other receivables	**23,931**	31,509
	33,588	36,032

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

	2010	2009
	HK$'000	*HK$'000*
Ageing analysis of trade payables:		
Within 30 days	**—**	—
31 days to 60 days	**23**	—
61 days to 90 days	**4**	—
Over 90 days	**6,147**	31,825
Trade payables	**6,174**	31,825
Deposits received from sale of properties	**1,235**	532,196
Government fees and levies	**55,238**	—
Outstanding consideration payable for the acquisition of subsidiary	**15,600**	—
Other payables	**73,501**	43,484
	151,748	607,505

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

For the year ended 31 December 2010, the Group's net profit attributable to shareholders amounted to HK$247 million compared to a net profit of HK$884 million in 2009. The basic earnings per share amounted to 5.56 HK cents.

Excluding revaluation gains for the Group's investment properties, the underlying net profit and earnings per share for 2010 amounted to HK$225 million and 5.07 HK cents respectively.

The Board has proposed the payment of a final dividend of 1.5 HK cents per share for the year ended 31 December 2010. Together with the interim dividend of 0.9 HK cent per share, the full year dividend per share for 2010 amounts to 2.4 HK cents, representing an increase of 4.3% over 2009.

The final dividend will be payable on 19 July 2011 to the shareholders whose names appear on the register of members of the Company on 6 July 2011.

Business review

For the year under review, the decrease in the Group's net profit for 2010 compared to that in 2009 was mainly due to a lack of major property development project completion. The main source of the Group's earnings for 2010 came from final income recognition from Pacifica Garden, its 58%-owned property development project in Taipa, Macau, with total sales proceeds and a recognized operating profit attributable to the Group being HK$469 million and HK$211 million respectively. We had pre-sold 100% of the residential units of Pacifica Garden and over 60% of the available carparking spaces of the project. The project was completed in the first half of 2010 and all residential units have been delivered to the buyers.

On 1 April 2010, the Group exercised a call option granted by Ufex Advisors Corp. to acquire its 100% owned subsidiary, Caspi Neft TME ("Caspi Neft"), an oil company which is engaged in the business of the production and exploration of oil from hydrocarbon deposits in Kazakhstan, at a cash consideration of approximately US$139 million. Caspi Neft entered a 25-year tax and royalty contract for the production of oil at South Alibek Oilfield with the Ministry of Energy and Mineral Resources of Kazakhstan in December 2006.

Property Development

As of 31 December 2010, the development landbank in Macau attributable to the Group amounted to approximately 713,000 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 development in Macau is set out below.

Lote P, The Orient Pearl District

Lote P, which is the Group's 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 699,800 sq. m.. The architectural plan has just been approved and construction work will be commenced once we obtain the final approval from the relevant government authority.

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 191,600 sq. m.. The master plan has been approved and the architectural plan has been submitted to relevant government authorities for approval.

Property Investment

During the period under review, the Group disposed of an office space and a number of carparking spaces at China Plaza, the Group's 70.5%-owned property in Macau, with a total recognized gain of HK$8.2 million. The Group intends to continue to dispose of the rest of the non-core investment properties in the coming years.

Despite the disposal of some investment properties over the past year, gross rental income generated from the Group's investment properties rose to HK$37.8 million for the year ended 31 December 2010, an increase of 3.3% over 2009. The increase in total rental income was mainly due to overall improvement in occupancy rates of both the office and retail portions of The Macau Square, with total rental income for the investment property rising 10.0% to HK$31 million in 2010.

Oil

For the period under review, total revenue generated from the oil segment amounted to HK$80 million, with a segment profit of HK$9.8 million including a gain from the bargain purchase of our oil business in Kazakhstan. Excluding the gain from the bargain purchase, there was an operating loss of HK$13.8 million for 2010. The loss in operation was mainly due to the temporary suspension of production of most production wells since November 2010 as the gas flaring permit for the oil field was expired at the end of October last year. Since 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 harsher penalties for environmental violations, the approval of the Group's application for an extension for its gas flaring permit was delayed. Nevertheless, following substantial effort made to tackle this issue, the government has agreed to grant a new gas flaring permit in the near future and oil production will be resumed immediately after we obtain the permit.

The Group's South Alibek Oilfield is located in the Pre-Caspian Basin, an oil and gas rich area in Kazakhstan. This oil field is still at an early stage of development. Following an extensive study on the oil field, we believe there are good prospects for finding more oil. Therefore we have planned to drill more production, as well as exploration, wells aiming to raise the overall future production capacity and oil reserves.

Ice and cold Storage

The performance of both the cold storage and ice manufacturing businesses was encouraging during the year under review, with total operating profit from the segment rising 53.3% to HK$21 million for 2010. Indeed, the cold storage and ice manufacturing business has been substantially benefited from the strong recovery in the local economy over the course of 2010, with total revenue for cold storage rising 23.5% and for ice manufacturing increasing 17.5%.

Finance and Investments

As of 31 December 2010, total remaining value of the Group's investment portfolio amounted to HK$13.1 million compared to HK$8.4 million at end-December 2009, representing 0.1% of the Group's gross assets. The finance and investments segment recorded a gain of HK$4.7 million in fair value from its holdings of equity securities in 2010.

Financial review

As of 31 December 2010, total book value of the Group's assets amounted to HK$12,664 million as compared with HK$11,780 million at end-2009, with the increase is mainly attributable to the acquisition of an oil production asset in Kazakhstan. Net asset value of the Group as of 31 December 2010 amounted to HK$10,354 million, with cash and cash equivalents of HK$330 million, mainly denominated in Hong Kong dollars.

As of 31 December 2010, the trade and other payables of the Group decreased to HK$152 million and the decrease was mainly due to the transfer of sale deposits for Pacifica Garden to revenue during the period under review.

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, increased to 19.0% at end-2010 from 9.1% at end-2009. The increase was mainly due to the financing of the acquisition of the oil production asset by loans from our holding companies. All the amounts due to the holding companies are unsecured, denominated in Hong Kong dollars, bearing interest at prevailing market rates and with no fixed terms of repayment. The bank borrowings 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.

Since the acquisition of the oil business in Kazakhstan during the year, 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 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.

As of 31 December 2010, certain assets of the Group, with total book value of approximately HK$131 million, were pledged to secure the banking facilities to the Group.

Prospects

The Macau economy has recovered strongly, with real gross domestic product growing at 26.2% for 2010 compared to 1.5% in 2009. This robust growth rate has been mainly driven by its gaming industry, with total revenue from the gaming activities rising over 57% in 2010 to reach US$23 billion in 2010. However, the tourism industry in Macau has become increasingly important to the Macau economy, with total spending of tourists from Mainland China having been rising rapidly over the past few years. Total tourist arrivals rose 14.8% in 2010, with total number of tourists from China accounting for over 50% of total arrivals. More encouragingly, the number of tourists from other countries in Asia has started to increase considerably, with tourists from South Korea and India rising over 50% in 2010.

Indeed, as an effort to build Macau into an international gaming and tourist hub, the government ended the casino gaming monopoly in 2002 and this policy has since attracted substantial overseas interests in investing in Macau. After 8 years of rapid development, with recent completion of a number of private large hotel or resort development projects in the gaming industry as well as the government’s infrastructure projects and facilities, Macau’s tourism industry has become more mature and increasingly competitive and attractive in the region. We expect that the gaming and tourism industry in Macau will continue to add impetus to its economy in the coming years.

As the MOP, Macau’s local currency, traditionally links to the HKD and therefore to Hong Kong interest rates, the interest rates in Macau have stayed at historic-low levels. Together with the strong economic recovery, the overall demand in the property market has remained robust and housing prices have stayed elevated during 2010, despite the fact that the government imposed a series of property cooling measures. However, we believe that the housing market will be well supported by on-going investments in some large development projects in the gaming industry and the government’s various planned mega infrastructure projects over the coming years.

In Macau, we have recently made significant progress by obtaining approval for the architectural plan of the Group's 80%-owned mega luxury residential and commercial development project at Lote P. We will submit the final plan of the project to the relevant government authority shortly. Construction work will be commenced once we obtain a final approval, which is expected in the second half of this year. This large-scale project, which is located adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge and covers an aggregate gross floor area of approximately 700,000 sq.m. comprises over 5,000 luxury residential units, a sizeable shopping arcade, a five-star club house as well as over 4,000 car parking spaces. It will be developed in phases in the coming years and we are confident that this project will provide substantial cashflow and earnings for the Group over the medium- and long-term.

Nevertheless, due to the delay in obtaining approvals for the Lote P project, there exits an earnings shortfall over the next couple of years before the completion of the first phase of the residential development. Management is now looking into business opportunities which may provide income to the Group over the short-term.

As previously mentioned in our Interim Report 2010, the Group completed the acquisition of Caspi Neft, an oil company in Kazakhstan, in July last year. This acquisition allows the Group to extend its business to the oil industry in order to diversify its sources of recurrent income. The Group's professional oil team is currently striving to further explore the potential of the oil field in order to strengthen the future production capacity and oil reserves.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 July 2011 to Wednesday, 6 July 2011 (both days inclusive) in order to determine entitlements of shareholders to the final dividend in respect of the year ended 31 December 2010. 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 Monday, 4 July 2011.

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 2010.

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 2010, 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, 30 March 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 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.