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)

2014 ANNUAL RESULTS ANNOUNCEMENT

HIGHLIGHTS

- For the year ended 31 December 2014, the Group's net profit attributable to equity shareholders rose to HK$43.7 million from HK$4.4 million for the corresponding period in 2013.
- Excluding revaluation gains from its investment properties net of tax, the Group's underlying net loss for 2014 amounted to HK$144 million, compared to underlying net loss of HK$219 million for the corresponding period in 2013. The underlying net loss per share for 2014 was 3.25 HK cents compared to the underlying net loss per share of 4.94 HK cents in 2013.
- Full year dividend per share for 2014 amounts to 0.70 HK cent, with a final dividend per share of 0.50 HK cent.

GROUP RESULTS AND DIVIDENDS

For the year ended 31 December 2014, the net profit attributable to equity shareholders of the Company and its subsidiaries (collectively the "**Group**") amounted to HK$43.7 million compared to HK$4.4 million for the corresponding period in 2013. The net earnings per share for 2014 amounted to 0.98 HK cent compared to 0.10 HK cent in 2013.

Excluding revaluation gains from its investment properties net of tax, the Group's underlying net loss for 2014 amounted to HK$144 million compared to the underlying net loss of HK$219 million for 2013. The underlying net loss per share for 2014 was 3.25 HK cents compared to the underlying net loss per share of 4.94 HK cents in 2013.

The Board of Directors has recommended the payment of a final dividend per share for 2014 of 0.50 HK cent (2013: 0.50 HK cent). Together with the interim dividend of 0.20 HK cent per share (2013: 0.90 HK cent), the full year dividend for 2014 amounted to 0.70 HK cent per share (2013: 1.40 HK cents). The final dividend will be payable on Thursday, 18 June 2015 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 9 June 2015, subject to the approval of the shareholders at the 2015 Annual General Meeting.

BUSINESS REVIEW

The Group's underlying net loss, which excluded revaluation gains from its investment properties net of tax, amounted to HK$144 million for the year ended 31 December 2014. The net loss for the year under review was mainly due to the impairment provision of HK$212 million the Group made for its Kazakhstan oil assets in view of the recent plummet in international oil prices.

Property Development

As at 31 December 2014, the development landbank in Macau attributable to the Group amounted to approximately 715,000 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 Orient Pearl District
Pearl Horizon, a development project in which the Group owns an 80% interest, covers an aggregate site area of approximately 68,000 sq. m. and will be developed into various luxury residential towers, together with a full-facility sizable shopping arcade, a deluxe club house and numerous car parking spaces, with an aggregate gross floor area of approximately 697,000 sq. m.. The foundation work for the whole project was commenced in late 2014.

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. The project covers an aggregate gross floor area of approximately 196,000 sq. m.. The piling work is expected to be completed by the end of 2015.

Property Investment

For the year under review, the Group disposed of certain car parking spaces at Va Iong, Macau and a residential development project in Tuen Mun, Hong Kong, with combined gains from the disposal amounting to HK$26.5 million.

The Group's share of gross rental income generated from its investment properties rose to HK$54.2 million for the year ended 31 December 2014, an increase of 8.3% over the same period in 2013. The improvement in income was mainly due to an increase in rents from The Macau Square, the Group's 50%-owned investment property in Macau, with total rental income of the property attributable to the Group rising 12.0% to HK$50.6 million in 2014.

Oil

For the year ended 31 December 2014, the segment recorded an operating loss of HK$216 million compared to an operating loss of HK$347 million for the same period in 2013.

The segment operating loss for the year under review was mainly due to two factors. First, in view of the adverse impact of the collapse in international oil prices on its future earnings, the Group made an impairment provision of HK$212 million for its Kazakhstan oil assets in 2014. Second, while the Group's South Alibek Oilfield in Kazakhstan resumed its normal production immediately after it obtained the gas flaring permits in late September 2014, the suspension of usual oil production in the first nine months significantly affected the segment results for 2014. The Group has endeavoured to seek a solution to tackle the gas flaring issue for its oilfield in Kazakhstan before the permits expire on 31 August 2015 with various viable options having recently been under consideration.

Ice and Cold Storage

During the year under review, total operating profit for the combined cold storage and ice manufacturing segment amounted to HK$26.8 million, an increase of 30.3% over the same period in 2013. The substantial increase in operating profit was attributable to the improvement in the ice manufacturing sector.

PROSPECTS

The anti-corruption campaign in Mainland China, together with the Macau government's implementation of a new transit visa restriction since 1 July 2014 and its imposition of further restrictions on the RMB conversion made by tourists from Mainland China, have adversely affected the overall performance of the gaming sector during majority of time over the past year and this is expected to persist throughout 2015. Nevertheless, the Group believes the unfavourable impact of the downturn in the gaming industry over the longer term will likely be offset by successfully developing Macau into a world-class leisure destination and tourism hub, offering major theme parks and resorts, as well as a leading convention and exhibition centre in the region. Indeed, following extraordinarily rapid expansion in the gaming industry, with an average growth rate of over 30% for the past 8 years, the gaming revenue posted an average contraction of 15.7% for the second half of 2014 and a decline of 2.5% for the full year of 2014. As a result, the Macau economy was adversely affected and it has started to contract since the third quarter of 2014, with real gross domestic product for the second half of 2014 falling 9.8% year-on-year for the first time since 2009.

The economic slowdown has consequently prompted a correction in the property market, with residential transactions plummeting and the transacted prices falling around 20% from its peak in the middle of 2014. The Group expects residential market will likely remain weak until the economy stabilizes and starts to pick up. As the Group has pre-sold over 3,000 residential units of its two major luxury residential development projects in the Orient Pearl District Macau over the past few years, with contracted presales exceeding HK$20 billion, the short-term market fluctuation has not adversely affected its two projects under construction. The Group will expedite construction work of its two projects, aiming for completion and handover to home buyers in 2017/2018.

The Group expects its investment property portfolio in Macau and its cold storage and ice manufacturing business in Hong Kong will continue to generate stable income in 2015.

The Group's oil business in Kazakhstan is not expected to contribute any net income to its results in 2015 if the oil prices stay at the current low levels.

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

CONSOLIDATED RESULTS

The consolidated results of the Group for the year ended 31 December 2014 together with the comparative figures of 2013 for as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Note	**2014** **HK$'000**	2013 HK$'000
Turnover	*3*	**294,643**	284,301
Cost of sales		**(90,719)**	(57,138)
Gross profit		**203,924**	227,163
Other income	*4*	**23,421**	10,646
Selling and distribution expenses		**(69,859)**	(35,466)
Administrative expenses		**(59,906)**	(60,368)
Other operating expenses		**(59,095)**	(72,258)
Impairment of oil production and exploitation assets	*5*	**(212,000)**	(296,400)
Loss from operations		**(173,515)**	(226,683)
Share of profit of joint venture		**235,413**	266,884
Finance costs	*6(a)*	**(31,996)**	(31,628)
Profit before taxation	*6*	**29,902**	8,573
Income tax	*7*	**15,118**	24,346
Profit for the year		**45,020**	32,919
Attributable to:			
– Equity shareholders of the Company		**43,657**	4,380
– Non-controlling interests		**1,363**	28,539
Profit for the year		**45,020**	32,919
Earnings per share – basic/diluted	*8*	**0.98 HK cent**	0.10 HK cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**45,020**	32,919
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Changes in fair value of interests in property development	**306,822**	415,843
Other comprehensive income for the year, net of tax	**306,822**	415,843
Total comprehensive income for the year	**351,842**	448,762
Attributable to:		
– Equity shareholders of the Company	**350,479**	420,223
– Non-controlling interests	**1,363**	28,539
Total comprehensive income for the year	**351,842**	448,762

CONSOLIDATED BALANCE SHEET

At 31 December 2014

	Note	**2014** ***HK$'000***	2013 *HK$'000*
Non-current assets			
Property, plant and equipment	*5*	**915,657**	1,136,716
Oil exploitation assets	*5*	**66,257**	84,322
Interests in property development		**10,920,923**	10,614,101
Interest in joint venture		**1,217,915**	997,002
Deferred tax assets		**104,078**	82,702
Goodwill		**16,994**	16,994
		13,241,824	12,931,837
Current assets			
Amount due from joint venture		**–**	32,766
Held for trading investments		**9,405**	8,685
Inventories		**88,471**	105,506
Trade and other receivables	*10*	**71,434**	156,994
Cash and cash equivalents		**226,503**	209,347
		395,813	513,298
Current liabilities			
Trade and other payables	*11*	**132,824**	120,546
Bank loan		**13,400**	–
Current taxation		**56,675**	52,347
		202,899	172,893
Net current assets		**192,914**	340,405
Total assets less current liabilities		**13,434,738**	13,272,242

CONSOLIDATED BALANCE SHEET *(continued)*
At 31 December 2014

	Note	**2014**	2013
		HK$'000	*HK$'000*
Non-current liabilities			
Amount due to ultimate holding company		**1,798,553**	2,247,683
Other payables		**38,679**	41,416
Bank loan		**321,600**	–
Deferred tax liabilities		**19,159**	20,085
		2,177,991	2,309,184
NET ASSETS		**11,256,747**	10,963,058
CAPITAL AND RESERVES			
Share capital		**443,897**	443,897
Reserves		**10,801,068**	10,481,662
Total equity attributable to equity shareholders of the Company		**11,244,965**	10,925,559
Non-controlling interests		**11,782**	37,499
TOTAL EQUITY		**11,256,747**	10,963,058

NOTES:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap.32), in accordance with the transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap.622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules”).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. CHANGE IN ACCOUNTING POLICIES

The HKICPA has issued a few amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group's financial statements:

- Amendments to HKAS 36, "Recoverable amount disclosures for non-financial assets"

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. The disclosures required by HKAS 36 are generally more extensive than those previously required by the standard.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENT REPORTING

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group’s top management for the purposes of assessing segment performance and allocating resources between segments, the Group has four (2013: four) 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 other miscellaneous operations (“Others”).

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items.

Reportable segment result represents result before taxation by excluding share of profit of joint venture, finance costs and head office and corporate expenses.

3. SEGMENT REPORTING *(continued)*

Segment assets include all tangible, intangible assets and current assets with exception of interest in and amount due from joint venture, deferred tax assets and other corporate assets.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate income/expenses and assets mainly comprise exceptional items, corporate administrative and financing expenses and corporate financial assets respectively.

Information regarding the Group's reportable segments as provided to the Group's top management for the purpose of resource allocation and assessment of segment performance for the year is set out below.

	Properties	**Oil**	**Ice and cold storage**	**Others**	**2014 Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**16,000**	**157,725**	**120,918**	**–**	**294,643**
Reportable segment result	**28,601**	**(215,634)**	**26,804**	**772**	**(159,457)**
Head office and corporate expenses					**(14,058)**
Loss from operations					**(173,515)**
Share of profit of joint venture	**235,413**	**–**	**–**	**–**	**235,413**
Finance costs					**(31,996)**
Profit before taxation					**29,902**
Reportable segment assets	**10,998,038**	**910,064**	**170,538**	**9,405**	**12,088,045**
Interest in joint venture	**1,217,915**	**–**	**–**	**–**	**1,217,915**
Head office and corporate assets					**331,677**
					13,637,637
Capital expenditure incurred	**–**	**21,410**	**2,926**	**423**	**24,759**
Depreciation and amortisation	**–**	**42,679**	**9,412**	**76**	**52,167**
Impairment of oil production and exploitation assets	**–**	**212,000**	**–**	**–**	**212,000**
Gain arising from change in fair value of held for trading investments	**–**	**–**	**–**	**720**	**720**

During the year ended 31 December 2014, the Group had two customers in the oil segment with aggregate sales amounting to HK$111,789,000 which exceeded 10% of the Group's revenue.

3. SEGMENT REPORTING *(continued)*

	Properties *HK$'000*	Oil *HK$'000*	Ice and cold storage *HK$'000*	Others *HK$'000*	2013 Total *HK$'000*
Turnover	125,561	62,623	96,117	–	284,301
Reportable segment result	114,880	(347,209)	20,566	(1,291)	(213,054)
Head office and corporate expenses					(13,629)
Loss from operations					(226,683)
Share of profit of joint venture	266,884	–	–	–	266,884
Finance costs					(31,628)
Profit before taxation					8,573
Reportable segment assets	10,823,418	1,116,039	174,364	8,685	12,122,506
Interest in and amount due from joint venture	1,029,768	–	–	–	1,029,768
Head office and corporate assets					292,861
					13,445,135
Capital expenditure incurred	–	20,776	13,739	20	34,535
Depreciation and amortisation	–	24,142	8,317	12	32,471
Impairment of oil production and exploitation assets	–	296,400	–	–	296,400
Loss arising from change in fair value of held for trading investments	–	–	–	1,140	1,140

During the year ended 31 December 2013, the Group had one customer in the properties segment with aggregate sales amounting to HK$123,370,000 which exceeded 10% of the Group's revenue.

3. SEGMENT REPORTING *(continued)*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than financial instruments and deferred tax assets. 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 joint venture, the location of operations.

	Turnover		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The People's Republic of China	**136,918**	221,678	**1,372,450**	1,157,751
Kazakhstan	**157,725**	62,623	**844,373**	1,077,283
	294,643	284,301	**2,216,823**	2,235,034

In addition to the above non-current assets, the Group has interests in property development of HK$10,920,923,000 (2013: HK$10,614,101,000) in the People's Republic of China.

4. OTHER INCOME

An analysis of the Group's other income is as follows:

	2014	2013
	HK$'000	*HK$'000*
Rental income from properties held for sale	**5,132**	6,896
Dividend income from listed securities	**85**	111
Bank and other interest income	**1,426**	677
Gain arising from change in fair value of held for trading investments	**720**	–
Gain on disposal of properties under development for sale	**13,786**	–
Others	**2,272**	2,962
	23,421	10,646

5. IMPAIRMENT OF OIL PRODUCTION AND EXPLOITATION ASSETS

The normal crude oil production of the South Alibek Oilfield of Caspi Neft TME, a wholly-owned subsidiary of the Company, in Kazakhstan had been temporarily suspended from 1 January 2013 to late September 2014, as the gas flaring permit to flare associated gas for the South Alibek Oilfield expired on 31 December 2012; and only in late September 2014, after Caspi Neft TME had obtained a gas flaring permit valid until 31 December 2014 did normal crude oil production resume. Caspi Neft TME obtained another gas flaring permit valid for an eight month period till the end of August 2015 in November 2014 such that it can continue to conduct normal crude oil production until then.

Caspi Neft TME has been taking all necessary steps to obtain a gas flaring permit valid for a certain period so as to enable it to continue to conduct normal crude oil production after 31 August 2015 and is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of associated gas permanently, including obtaining approvals from the relevant authorities of the Kazakhstan Government and engaging in active communication with other external parties in order to substantiate the other 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 gas flaring permits will not be renewed in the future.

In view of the significant drop in crude oil prices since the third quarter of 2014, the Group has reassessed the operation and the risk exposures of its oil exploration and production business as a whole and estimated that the carrying amounts of the oil production and exploitation assets as at 31 December 2014 exceeded their estimated recoverable amounts by HK$212,000,000 (2013: HK$296,400,000). Accordingly, impairment for oil production assets and oil exploitation assets amounting to HK$195,400,000 (2013: HK$273,200,000) and HK$16,600,000 (2013: HK$23,200,000) respectively, were recognised as a separate line item in the Group's consolidated income statement. The recoverable amount of oil production and exploitation assets, amounting to HK$778,116,000 (2013: HK$992,961,000) and HK$66,257,000 (2013: HK$84,322,000) respectively, was determined based on the value in use calculations applying a discount rate of 12.5% (2013: 12.5%).

6. PROFIT BEFORE TAXATION

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

	2014	2013
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expense on		
– Bank borrowings wholly repayable within five years	**819**	9
– Amount due to immediate holding company with no fixed repayment terms	**–**	8,728
– Amount due to ultimate holding company repayable after more than one year	**31,041**	20,898
	31,860	29,635
Other finance costs	**136**	1,993
	31,996	31,628
(b) Staff costs		
Staff costs (excluding directors' remuneration)[#]:		
Wages and salaries	**63,047**	57,481
Contributions to retirement benefit scheme	**1,546**	1,349
	64,593	58,830
(c) Other items		
Depreciation of property, plant and equipment[#]	**50,280**	29,882
Amortisation of oil exploitation assets[#]	**1,887**	2,589
Minimum lease payments under operating leases in respect of land and buildings	**1,377**	1,205
Auditors' remuneration	**1,887**	1,670
Exchange gain	**(3,323)**	(3,855)
(Gain)/loss arising from change in fair value of held for trading investments	**(720)**	1,140
Loss on disposal of property, plant and equipment	**27**	26
Share of taxation of joint venture (included in share of profit of joint venture)	**30,379**	34,947

[#] Cost of sales includes HK$43,135,000 (2013: HK$19,197,000) relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. INCOME TAX

Taxation in the consolidated income statement represents:

	2014	2013
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax	**3,724**	2,648
– Overseas income tax	**3,429**	14,399
– Under/(over) provision in respect of prior years	**31**	(10)
	7,184	17,037
Deferred tax	**(22,302)**	(41,383)
	(15,118)	(24,346)

The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of the Company of HK$43,657,000 (2013: HK$4,380,000) and 4,438,967,838 ordinary shares (2013: 4,438,967,838 ordinary shares) in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the years ended 31 December 2014 and 2013.

9. DIVIDENDS

Dividends attributable to the year:

	2014	2013
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$0.002 (2013: HK$0.009) per share	**8,878**	39,951
Final dividend proposed after the balance sheet date of HK$0.005 (2013: HK$0.005) per share	**22,195**	22,195
	31,073	62,146

The final dividend declared after the year end has not been recognised as a liability at 31 December.

10. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Ageing analysis of trade receivables:		
Within 30 days	**45,171**	124,653
31 days to 60 days past due	**4,337**	2,788
61 days to 90 days past due	**700**	1,748
Over 90 days past due	**229**	1,657
Amounts past due	**5,266**	6,193
Trade receivables	**50,437**	130,846
Other receivables	**20,997**	26,148
	71,434	156,994

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.

11. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Ageing analysis of trade payables:		
Within 30 days	**560**	–
31 days to 60 days past due	**72**	–
Over 90 days past due	**3**	–
Amounts past due	**75**	–
Trade payables	**635**	–
Other payables		
- Government fees and levies	**41,710**	51,721
- Others	**90,479**	68,825
	132,189	120,546
	132,824	120,546

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a sound financial liquidity position during the year. As at 31 December 2014, the Group maintained a balance of cash and cash equivalents of HK$227 million (2013: HK$209 million), which was mainly denominated in Hong Kong dollars. The Group maintained a robust current ratio of 1.95 times (2013: 2.97 times).

As at 31 December 2014, the Group had bank borrowings of HK$335 million (2013: Nil), with HK$13 million being repayable within one year and HK$322 million being repayable between one year and two years. The amount due to ultimate holding company was HK$1,799 million (2013: HK$2,248 million), which was unsecured, denominated in Hong Kong dollars, interest bearing at prevailing market rates and repayable after more than one year.

The Group had banking facilities of HK$335 million (2013: HK$180 million), which were fully utilised as at 31 December 2014 (2013: no utilisation). The banking facilities were secured by the Group's leasehold land and buildings, denominated in Hong Kong dollars and interest bearing at prevailing market rates, which are subject to review from time to time.

As at 31 December 2014, total equity attributable to equity shareholders of the Company amounted to HK$11,245 million (2013: HK$10,926 million). The Group's gearing ratio, expressed as a percentage of total borrowings (including bank borrowings and amount due to ultimate holding company) over the equity attributable to equity shareholders of the Company, slightly decreased to 19.0% from 20.6% as at 31 December 2013.

TREASURY POLICIES

Apart from the Group's oil business, the majority of the Group's sales and purchases are denominated in Hong Kong dollars and Macau Patacas. Due to the fact that the Macau Pataca is pegged to the Hong Kong dollar, the Group's exposure to this foreign exchange risk is relatively low. In respect of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in Tenge ("KZT"), the local currency of Kazakhstan, because the majority of operating expenses and capital expenditure are denominated in KZT, while a significant portion of its revenue is denominated in United States dollars. As at 31 December 2014, the Group did not have any outstanding financial instruments entered into for hedging purposes. Nevertheless, the Group is closely monitoring its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimise the relevant exposures when necessary.

CAPITAL COMMITMENTS

As at 31 December 2014, the Group had capital commitments contracted but not provided for in the amount of HK$2 million (2013: Nil), mainly for the acquisition of property, plant and equipment of the oil business.

CHARGES ON ASSETS

As at 31 December 2014, certain assets of the Group, with total carrying value of approximately HK$117 million (2013: HK$120 million), were pledged to secure the banking facilities of the Group.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any significant contingent liabilities (2013: Nil).

OTHER INFORMATION

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed and discussed with the Group's independent auditor, KPMG, the consolidated financial statements of the Group for the year ended 31 December 2014 including critical accounting policies and practices adopted by the Group.

SCOPE OF WORK OF KPMG

The financial figures in this announcement have been agreed by the Group's independent auditor, KPMG, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2014. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Public Accountants, and consequently no assurance has been expressed by KPMG on this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the year ended 31 December 2014, save for the following exceptions.

Code Provision A.4.1 of the CG 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 are 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 of Directors (the "**Board**") considers that the Non-executive Directors of the Company 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 CG Code.

Code Provision A.6.7 of the CG Code stipulates that 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 11 June 2014 since he was overseas at that time.

Code Provision F of the CG Code stipulates that the Board should appoint a company secretary to support the Board by ensuring good information flow within the Board and that board policy and procedures are followed. Unfortunately, due to the passing away of the late Mr. Lau Sui Cheung, the ex-company secretary of the Company, on 22 May 2014, the Company has not met the requirement under Rule 3.28 and Code Provision F of the Listing Rules since then. Nevertheless, the Company appointed a new company secretary on 5 December 2014 to ensure the said Listing Rules are now being complied with.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

2015 ANNUAL GENERAL MEETING

The 2015 Annual General Meeting of the Company will be held on Wednesday, 27 May 2015 and the Notice of 2015 Annual General Meeting will be published and dispatched to the shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining member who entitled to attend and vote at the 2015 Annual General Meeting, the Register of Members of the Company will be closed from Friday, 22 May 2015 to Wednesday, 27 May 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the 2015 Annual General Meeting, all the transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Thursday, 21 May 2015.

For the purpose of determining member who qualify for the proposed final dividend, the Register of Members of the Company will be closed from Monday, 8 June 2015 to Tuesday, 9 June 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all the transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Friday, 5 June 2015.

PUBLICATION OF ANNUAL REPORT

The 2014 Annual Report containing all the information as required by the Listing Rules will be published on the Company's website at www.polytecasset.com.hk and the website of Hong Kong Exchanges and Clearing Limited, while printed copies will be sent to shareholders in due course.

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

Hong Kong, 18 March 2015

As at the date of this announcement, Mr. Or Wai Sheun (Chairman), Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching 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. Liu Kwong Sang, Mr. Siu Leung Yau, Dr. Tsui Wai Ling, Carlye and Prof. Dr. Teo Geok Tien Maurice are independent non-executive directors of the Company.

* *For identification purpose only*