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 2010

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 2010.

UNAUDITED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
TURNOVER	2	**801,260**	965,114
Cost of sales		**(421,923)**	(67,298)
Gross profit		**379,337**	897,816
Other operating income		**15,675**	27,700
Selling and distribution costs		**(11,306)**	(3,555)
Administrative expenses		**(17,085)**	(11,520)
Other operating expenses		**(13,513)**	(19,720)
PROFIT FROM OPERATIONS		**353,108**	890,721
Loss arising from a change in fair value of investment properties		**—**	(14,000)
Finance costs		**(4,126)**	(2,484)
Share of results of jointly controlled entity		**11,133**	(5,467)
PROFIT BEFORE TAX	2	**360,115**	868,770
Income tax expenses	3	**(33,927)**	(1,970)
PROFIT FOR THE PERIOD		**326,188**	866,800

UNAUDITED CONSOLIDATED INCOME STATEMENT (Continued)

		For the six months ended 30 June	
		2010	2009
	Note	***HK$'000***	*HK$'000*
ATTRIBUTABLE TO:			
Equity holders of the Company		**194,503**	867,178
Minority interests		**131,685**	(378)
		326,188	866,800
EARNINGS PER SHARE — Basic/diluted	4	**4.38 HK cents**	19.54 HK cents
DIVIDEND PER SHARE	5	**0.90 HK cent**	0.80 HK cent

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**326,188**	866,800
OTHER COMPREHENSIVE INCOME:		
Loss on fair value changes of interests in property development	**—**	(162,998)
Transfer to income statement upon recognition from interests in property development	**—**	(872,639)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**—**	(1,035,637)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**326,188**	(168,837)
ATTRIBUTABLE TO:		
Equity holders of the Company	**194,503**	(168,459)
Minority interests	**131,685**	(378)
	326,188	(168,837)

UNAUDITED CONSOLIDATED BALANCE SHEET

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000* (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	**135,952**	138,482
Investment properties	**86,000**	86,000
Interest in jointly controlled entity	**381,359**	370,226
Interests in property development	**10,116,880**	10,116,880
Goodwill	**16,994**	16,994
	10,737,185	10,728,582
CURRENT ASSETS		
Amount due from jointly controlled entity	**161,838**	174,693
Held for trading investments	**11,670**	8,385
Derivative financial instrument	**—**	7,800
Inventories	**126,011**	525,753
Trade and other receivables	**242,760**	36,032
Cash and cash equivalents	**288,000**	280,241
	830,279	1,032,904
CURRENT LIABILITIES		
Trade and other payables	**73,030**	607,505
Bank loans	**180,000**	—
Current taxation	**138,548**	92,257
	391,578	699,762
NET CURRENT ASSETS	**438,701**	333,142
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,175,886**	11,061,724
NON-CURRENT LIABILITIES		
Bank loans	**195,000**	60,000
Amount due to immediate holding company	**590,104**	291,807
Amount due to ultimate holding company	**—**	566,374
Deferred taxation	**26,384**	38,748
	811,488	956,929
NET ASSETS	**10,364,398**	10,104,795

UNAUDITED CONSOLIDATED BALANCE SHEET (Continued)

	30 June 2010 *HK$'000*	31 December 2009 *HK$'000* (Restated)
CAPITAL AND RESERVES		
Share capital	**443,897**	443,897
Reserves	**9,774,464**	9,646,546
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**10,218,361**	10,090,443
MINORITY INTERESTS	**146,037**	14,352
TOTAL EQUITY	**10,364,398**	10,104,795

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 (the "**HKICPA**") 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 2009, except as described below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("**HKFRS(s)**", which term collectively includes HKASs 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 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 minority interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the minority interests. Previously, if the allocation of losses to the minority interests would have resulted in a deficit balance, the losses were only allocated to the minority interests if the minority 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 amendment 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) as property, plant and equipment.

2. Segment information

The Group had three operating segments which included properties investment, trading and development related activities ("**Properties**"), manufacturing of ice and provision of cold storage and related services ("**Ice and Cold Storage**") and financial investment and related activities ("**Financial Investments**").

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Turnover		
— Properties	**777,102**	875,742
— Ice and Cold Storage	**24,158**	20,423
— Financial Investments	**—**	68,949
	801,260	965,114

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before tax		
— Properties	**358,165**	854,187
— Ice and Cold Storage	**6,240**	3,475
— Financial Investments	**3,273**	26,971
— Share of results of jointly controlled entity	**11,133**	(5,467)
— Corporate portion	**(18,696)**	(10,396)
	360,115	868,770

	30 June	31 December
	2010	2009
	HK$'000	*HK$'000*
Assets		
— Properties	**10,388,257**	10,755,229
— Ice and Cold Storage	**161,499**	163,518
— Financial Investments	**11,670**	8,385
— Interest in and amount due from jointly controlled entity	**543,197**	544,919
— Corporate portion	**462,841**	289,435
	11,567,464	11,761,486

3. Income tax expenses

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**475**	117
— Overseas income tax	**45,816**	829
Deferred tax	**(12,364)**	1,024
	33,927	1,970

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the six months ended 30 June 2010. 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	
	2010	2009
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of calculating basic and diluted earnings per share	**194,503**	867,178
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 has declared an interim dividend of 0.9 HK cent (2009: 0.8 HK cent) per ordinary share, totalling HK$39,951,000 (2009: HK$35,512,000), in respect of the six months ended 30 June 2010.

During the six months ended 30 June 2010, a final dividend of 1.5 HK cents (2009: 1.2 HK cents) per ordinary share, totalling HK$66,585,000 (2009: HK$53,268,000), attributable to the previous financial year was approved and paid.

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results and Dividends

The Group's unaudited net profit attributable to the shareholders amounted to HK$195 million for the six months ended 30 June 2010 compared to HK$867 million over the same period last year.

As there were no revaluation adjustments from the Group's investment properties for the first half of 2010, the underlying net profit was HK$195 million compared to HK$891 million for the corresponding period of 2009. The underlying interim earnings per share for 2010 amounted to 4.38 HK cents compared to 20.08 HK cents for the same period last year.

The Board has declared an interim dividend of 0.9 HK cent per share for the six months ended 30 June 2010. The interim dividend will be payable on 15 October 2010 to the shareholders whose names appear on the register of members of the Company on 6 October 2010.

Business Review

For the first half of 2010, the main source of net earnings attributable to the Group came from the partial profit recognition of HK$178 million from Pacifica Garden, which is the Group's 58%-owned property development project in Taipa, Macau. We have pre-sold 100% of the residential units and over 60% of carparking spaces of the project. The remaining carparking spaces and retail spaces of the project will be put up for sale at an appropriate time.

In April 2010, the Group exercised the call option granted by Ufex Advisors Corp ("**Ufex**") to acquire 100% interest in its wholly owned subsidiary, Caspi Neft TME ("**Caspi Neft**"). Caspi Neft is engaged in the business of the production and exploration of oil from hydrocarbon deposits in Kazakhstan, in respect of which it entered a 25-year tax and royalty contract for the production of oil and gas with the Ministry of Energy and Mineral Resources of Kazakhstan in December 2006.

Property Development

As of end-June 2010, the Group's landbank for development in Macau totalled approximately 891,300 sq. m. gross floor area of which approximately 713,000 sq. m. was attributable to the Group, with the two biggest development sites located adjacent to the future Hong Kong-Zhuhai-Macau Bridge. The current status of our major development projects is set out as follows.

Lote P, The Orient Pearl District

Lote P is located in the Orient Pearl District, Macau, covering an aggregate site area of approximately 68,000 sq. m.. It will be developed by phases into various luxury residential towers, together with a large shopping arcade, a five-star club house and car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The Group owns an 80% interest in the project. The master plan of the development has been approved and the building plan has been submitted to the relevant government authorities for approval.

Lotes T & T1, The Orient Pearl District

Lotes T & T1 are located in the Orient Pearl District, Macau, covering an aggregate site area of approximately 17,900 sq. m.. This project will be developed into a number of luxury residential blocks with retail shops and car parking spaces, having an aggregate gross floor area of approximately 191,600 sq. m.. The Group owns an 80% interest in the project. The master plan of the development project has been approved and the building plan has been submitted to relevant government authorities for approval.

Property Investment

The Group's gross rental income generated from its investment property portfolio for the first six months of 2010 amounted to HK$34.4 million, a slight decrease of 0.6% over the corresponding period of 2009. The decrease in gross rental income during the period under review was mainly due to the continued disposal of retail and office spaces at China Plaza, a non-core investment property. Gross rental income from The Macau Square, the Group's 50%-owned investment property, rose to HK$30.1 million, representing a 4.2% increase over the same period last year.

Ice and Cold Storage

The ice and cold storage segment contributed HK$6.2 million to the Group's operating profit in the first half of 2010, representing an increase of 80% over the same period last year. The significant increase in operating earnings for the period under review was partly due to the rebound in economic activity after the worst financial crisis in decades, with total revenue from the cold storage business rising 32.7% during the period. More encouragingly, with an increasing demand for industrial used crushed tube ice due to certain newly launched public infrastructure projects, total ice sales also registered an increase of 7.2% during the first half of the year. In Hong Kong, as a number of large public infrastructure projects are scheduled to be launched in the coming years, we expect our ice sales will improve.

Finance and Investment

As mentioned in its 2009 Annual Report in March, the Group has ceased all its non-strategic financial investment activities, with no activities in its financial and investment segment for the first half of this year other than holding of equity securities, which were previously acquired and are of relatively insignificant value.

Financial Review

As of 30 June 2010, total asset value of the Group amounted to HK$11,567 million and net asset value amounted to HK$10,218 million, with cash and cash equivalents of HK$288 million mainly denominated in Hong Kong dollars.

As of 30 June 2010, the trade and other payables of the Group decreased to HK$73 million with the decrease 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 slightly to 9.4% at 30 June 2010 from 9.1% at end-2009. The bank borrowings are secured by the Group's land and buildings and interest in certain properties, denominated in Hong Kong dollars and bearing interest at prevailing market rates. The bank borrowings of HK$195 million are repayable by March 2012 and the remaining portion of the bank borrowings is subject to review from time to time. 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.

As of 30 June 2010, certain assets of the Group with a net asset value of approximately HK$133 million were pledged to secure the banking facilities to the Group.

On 1 April 2010, the Group and Ufex entered into a sale and purchase agreement to acquire the entire issued share capital of Caspi Neft and a loan assignment agreement to assign to the Group all of the outstanding debt owed by Caspi Neft to Ufex. The total consideration was US$139.6 million. Upon the signing of the agreements, the Group paid a deposit of US$4 million. The transactions completed in July after the balance sheet date. Upon completion, part of the outstanding consideration amounting to US$133.6 million was settled, being the total outstanding consideration of US$135.6 million less retention money of US$2 million. The settlement of US$133.6 million was financed by internal resources of the Group and a loan from the ultimate holding company of the Company.

Prospects

The Macau economy has recovered rapidly from the 2008 financial crisis, with gross domestic product growing robustly at an average rate of 30.1% in the first quarter of 2010. This has been driven largely by the exceptionally strong gaming industry, with gross revenue from the sector rising at a rate of 66.7% in the first six months of this year. In addition, the Macau economy has benefited from the low interest rates associated with the MOP's implicit link with the USD.

The Macau economy is expected to remain strong in the second half of this year, with the gaming and property sectors likely extending their strong momentum into the second half of the year. Over the medium-to-long term, there are a number of factors supporting a promising growth outlook for the Macau economy and hence its property market. First, the start of construction work of the Hong Kong-Zhuhai-Macau Bridge, and other on-going or scheduled mega public infrastructure projects and large private development projects, will continue to increase demand for labour, both local and overseas. With the shortage of the local labour, personal income will undoubtedly rise which will improve housing affordability for local people. The increase in demand for overseas labour, both professionals and workers, will raise future demand for housing in Macau. Second, with the rapid development in the gaming industry over the past seven years, Macau is now regarded as one of the largest and most advanced gaming centres in the world, with gross gaming revenue exceeding MOP120 billion (US$15 billion) in 2009, and tourist arrivals in the coming years are expected to continue to increase. Therefore, we remain optimistic about the prospects for the economy.

The Group's property business is well positioned to take advantage of this continuing prosperity. Its two mega property development projects, which are located adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge in the Orient Pearl District, are expected to start their foundation and construction work once the Group obtains all necessary government approvals. And the Group will put up more residential units for sale in the coming year. We are confident that with the ultimate holding company of the Group's well established brand in Macau property, we are able to create good value from these two sizeable projects for our shareholders for the years to come.

As previously stated, in July, the Group completed the acquisition of Caspi Neft, an oil and gas company in Kazakhstan. The acquisition allows the Group to diversify its business to the energy sector given that the Group's property business in Macau offers good but relatively limited growth potential due to geographical constrains over the long term. The Group's professional oil and gas team is aiming to raise the production capacity of the oil fields and it is expected to start contributing to the Group's profit from 2011 onwards.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5 October 2010 to Wednesday, 6 October 2010 (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, 4 October 2010.

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 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 as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010, 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 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.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2010.

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

Hong Kong, 30 August 2010

As at the date of this announcement, 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 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.