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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 2009

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 2009.

UNAUDITED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
	Note	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
TURNOVER	2	965,114	1,340,423
Cost of sales		<u>(67,298)</u>	<u>(1,023,576)</u>
Gross profit		897,816	316,847
Other revenue and gains		27,700	87,058
Selling and distribution costs		(3,555)	(4,814)
Administrative expenses		(11,520)	(7,620)
Other operating expenses		<u>(19,720)</u>	<u>(192,739)</u>
PROFIT FROM OPERATIONS		890,721	198,732
Loss arising from a change in fair value of investment properties		(14,000)	—
Finance costs		(2,484)	(16,592)
Share of results of jointly controlled entity		<u>(5,467)</u>	<u>10,087</u>
PROFIT BEFORE TAX	2	868,770	192,227
Income tax expenses	3	(1,970)	7,639
PROFIT FOR THE PERIOD		<u>866,800</u>	<u>199,866</u>
ATTRIBUTABLE TO:			
Equity holders of the Company		867,178	235,040
Minority interests		<u>(378)</u>	<u>(35,174)</u>
		<u>866,800</u>	<u>199,866</u>
EARNINGS PER SHARE — Basic/diluted	4	<u>19.54 HK cents</u>	<u>5.29 HK cents</u>
DIVIDEND PER SHARE	5	<u>0.80 HK cent</u>	<u>0.70 HK cent</u>

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	866,800	199,866
OTHER COMPREHENSIVE INCOME:		
(Loss)/gain on fair value changes of interests in property development	(162,998)	870,849
Loss in respect of fair value changes of available-for-sale financial investments	—	(215,965)
Transfer to income statement upon recognition from interests in property development	(872,639)	(218,350)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(1,035,637)	436,534
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(168,837)</u>	<u>636,400</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	(168,459)	689,423
Minority interests	(378)	(53,023)
	<u>(168,837)</u>	<u>636,400</u>

UNAUDITED CONSOLIDATED BALANCE SHEET

	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	34,151	35,055
Prepaid lease payments	104,347	105,757
Investment properties	86,000	100,000
Interest in jointly controlled entity	360,058	365,525
Interests in property development	10,087,994	10,251,062
Goodwill	16,994	16,994
	10,689,544	10,874,393
CURRENT ASSETS		
Amount due from jointly controlled entity	184,635	196,004
Held for trading investments	12,978	28,688
Derivative financial instruments	1,239	—
Inventories	512,522	461,152
Interests in property development	—	1,601,329
Trade and other receivables	36,344	32,234
Prepaid lease payments	2,820	2,820
Margin deposits	—	17,847
Cash and cash equivalents	252,661	394,437
	1,003,199	2,734,511
CURRENT LIABILITIES		
Trade and other payables	573,575	540,969
Amount received from interests in property development	—	1,613,516
Derivative financial instruments	—	19,903
Bank loans — current portion	—	36,700
Current taxation	93,677	92,744
Amount due to minority shareholder	1,926	1,622
	669,178	2,305,454
NET CURRENT ASSETS	334,021	429,057
TOTAL ASSETS LESS CURRENT LIABILITIES	11,023,565	11,303,450
NON-CURRENT LIABILITIES		
Amount due to immediate holding company	327,651	263,185
Amount due to ultimate holding company	564,702	686,497
Deferred taxation	39,219	38,195
	931,572	987,877
NET ASSETS	10,091,993	10,315,573
CAPITAL AND RESERVES		
Share capital	443,897	443,897
Reserves	9,634,586	9,856,313
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10,078,483	10,300,210
MINORITY INTERESTS	13,510	15,363
TOTAL EQUITY	10,091,993	10,315,573

Notes:

1. Accounting policies

These unaudited interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 2008, except as described below.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS”, which term collectively includes HKAS 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 that the adoption of HKAS 1 (revised 2007) “Presentation of Financial Statements” and HKFRS 8 “Operating Segments” has resulted in new or amended presentations and disclosures in the financial statements.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity holders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in these unaudited interim financial statements.

HKFRS 8 requires segment disclosures to be based on the way that the Group’s top management regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s top management for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment formation in prior years which was based on a disaggregation of the Group’s financial statements into segments based on related products and services and on geographical areas. However, the adoption of HKFRS 8 does not result in any change in reportable segments of the Group.

As a result of the application of HKAS 1 (revised 2007) “Presentation of Financial Statements” and HKFRS 8 “Operating Segments”, certain comparative information has been restated to conform with current presentation.

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 other miscellaneous activities (“Investment and Others”).

	Turnover		Profit/(loss)	
	For the six months		before tax	
	ended 30 June		For the six months	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties	875,742	240,068	854,187	234,701
Ice and Cold Storage	20,423	21,166	3,475	4,620
Investments and Others	68,949	1,079,189	26,971	(35,855)
Share of results of jointly controlled entity	—	—	(5,467)	10,087
Corporate expenses, net	—	—	(10,396)	(21,326)
	<u>965,114</u>	<u>1,340,423</u>	<u>868,770</u>	<u>192,227</u>
	Assets		Liabilities	
	30 June	31 December	30 June	31 December
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties	10,712,551	12,439,467	555,922	2,141,663
Ice and Cold Storage	165,253	165,686	3,551	2,820
Investments and Others	16,721	46,886	4,039	23,451
Interest in and amount due from jointly controlled entity	544,693	561,529	—	—
Amounts due to holding companies	—	—	892,353	949,682
Corporate assets/liabilities	253,525	395,336	144,885	175,715
	<u>11,692,743</u>	<u>13,608,904</u>	<u>1,600,750</u>	<u>3,293,331</u>

3. Income tax expenses

	For the six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Current tax		
— Hong Kong Profits Tax	117	10,379
— Overseas income tax	829	2,197
Deferred tax	1,024	(20,215)
	<u>1,970</u>	<u>(7,639)</u>

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits for the six months ended 30 June 2009. 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	
	2009	2008
	HK\$'000	HK\$'000
<i>Earnings</i>		
Earnings for the purposes of calculating basic and diluted earnings per share	<u>867,178</u>	<u>235,040</u>
<i>Number of shares</i>		
Number of ordinary shares for the purposes of calculating basic and diluted earnings per share	<u>4,438,967,838</u>	<u>4,438,967,838</u>

5. Dividends

Subsequent to the balance sheet date, the Board has declared an interim dividend of 0.8 HK cent (2008: 0.7 HK cent) per ordinary share, totalling HK\$35,512,000 (2008: HK\$31,073,000), in respect of the six months ended 30 June 2009.

During the six months ended 30 June 2009, a final dividend of 1.2 HK cents (2008: 1.2 HK cents) per ordinary share, totalling HK\$53,268,000 (2008: 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 rose to HK\$867 million for the six months ended 30 June 2009 from HK\$235 million at end-June 2008.

Excluding revaluation adjustments from investment properties net of deferred tax, the underlying net profit rose to HK\$891 million for the first half of 2009, representing a 279% increase over the corresponding period of 2008. Interim earnings per share for 2009 amounted to 20.08 HK cents compared to 5.30 HK cents in the same period last year.

The Board has declared an interim dividend of 0.8 HK cent per share for the six months ended 30 June 2009. The interim dividend will be payable on 16 October 2009 to the shareholders whose names appear on the register of members of the Company on 9 October 2009.

Business Review

The overall economic activity in Macau has been inevitably affected by the worst worldwide economic downturn since the Great Depression, with real gross domestic product contracting 12.9% during the first quarter this year after plunging 7.6% in the fourth quarter last year. The local property market has also been hit significantly, with total value of residential transactions and the average residential transaction price for the first quarter of the year registering a decline of 89% and 27% respectively over the same period last year.

While some of the Group's business segments were unavoidably being affected by the unfavourable business environment, its earnings for the first half of the year were well supported by income distribution from the Group's investment on one of the Macau development projects in the Orient Pearl District, Villa de Mer, which is 80% owned by the Group. The Group's total profit recognized from this project amounted to HK\$1,380 million, with the first batch of profit distribution totalling HK\$507 million in 2008 and the final portion of profit distribution amounting HK\$873 million in the first half of 2009.

Property Development

The Group's landbank for development in Macau totalled approximately 922,700 sq. m. gross floor area as of end-June 2009, with most of the sites located adjacent to the future Hong Kong-Zhuhai-Macau Bridge. The Group's property projects are at different stages of development and the status of our major projects in Macau is set out as follows.

Pacifica Garden, Taipa

Pacifica Garden is located in Taipa, Macau and the development comprises of two residential building towers of a total of 295 units together with a five-star club house and 6 retail shops on the ground floor, with a gross floor area of 35,900 sq.m.. The Group owns a 58% interest of the project. Construction work is scheduled to be completed in September this year and the Occupation Permit is expected to be granted by the end of the year.

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 699,800 sq.m. The Group owns an 80% interest in the project. The master plan of the development has been approved and the building plan was 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, with an aggregate gross floor area of approximately 187,000 sq.m.. The Group owns an 80% interest in the project. The architectural plan has been approved by the government. Construction work will be commenced in the first half of next year if other regulatory approvals are successfully obtained.

Property Investment

The Group's gross rental income generated from its investment property portfolio rose to HK\$34.6 million for the first half of 2009, an increase of 2.5% over the corresponding period of 2008. The retail portion owned by the Group at Va Iong, a building situated at Praca da Amizade, Macau, started to generate rental income for the Group in the first half of 2009 and that offset a slight decline in rental income from the Macau Square.

Ice and Cold Storage

The ice manufacturing and cold storage segment contributed HK\$3.5 million to the Group's operating profit in the first six months of the year, a decrease of 24.8% compared with the same period last year. The decline in operating income was mainly due to the decrease in utilization rate of the cold storage space and therefore its revenue as overall economic activities in Hong Kong have slowed significantly in the first half of the year.

Finance and Investment

As of end-June 2009, the total value of the Group's financial investments was further reduced to HK\$13.0 million from HK\$28.7 million at end-2008, and the maximum commitments of the Group under forward agreements were at an insignificant level of HK\$34.3 million.

The Group's finance and investment activities recorded a profit of HK\$27.0 million for the first half of 2009 compared with a loss of HK\$35.9 million for the corresponding period of 2008.

Financial Review

As at 30 June 2009, total asset value of the Group amounted to HK\$11,693 million and net asset value amounted to HK\$10,092 million, with cash and cash equivalents of HK\$253 million mainly denominated in Hong Kong dollars.

As at 30 June 2009, the major current liabilities of the Group consisted of deposits received from the pre-sale of properties at Pacifica Garden of HK\$502 million which represent deferred revenue of the Group and will not have any cash outflow effect on the Group.

During the period, the advances received from the Group's interests in Villa de Mer of HK\$1,613 million has been settled by applying against the final distribution from the Group's interests in Villa de Mer of HK\$1,601 million and the Group's actual cash outflow for the refund of the advances was HK\$12 million only. The Group has also repaid all its bank borrowings during the period under review.

The amount of HK\$565 million due to holding companies includes the outstanding balance for the acquisition from the ultimate holding company of an 80% interest in the development projects on the land situated at the Orient Pearl District in Macau, which is unsecured, bearing interest at bank lending rates and repayable when the liquidity position of the Group permits. The amount due to holding companies also includes the advances from the immediate holding company of the Company for the Group's working capital, which is also unsecured, bearing interest at prevailing market rates with no fixed repayment terms.

The Group's gearing ratio, expressed as a percentage of the amounts due to the holding companies of the Company over the equity attributable to equity holders of the Company, was 8.7% as of 30 June 2009.

Prospects

The overall market sentiment has recently improved as the global economy seems to be stabilizing and there appear some signs of pickup in economic activities. However, there are still uncertainties over the timing and durability of global recovery as the recent gains may be largely attributable to the governments' unprecedented efforts to stimulate the economies across the globe since the start of the financial crisis last October. Given a fragile global recovery and concerns over the possible policy tightening by the Chinese government, the financial market will probably remain volatile for the rest of the year.

In Macau, there have recently been some tentative signs of recovery in the local property market since the second quarter this year, with total value of residential transactions and average selling prices rising considerably over a quarter-on-quarter basis. This may in part be attributable to the introduction of two major incentive measures for first-time home buyers by the government: a 4% home loan interest rate subsidy scheme and a mortgage guarantee program.

There may appear some further corrections in the housing market over the short term. However, with a sizable landbank of 922,700 sq. m. gross floor area in prime locations that are adjacent to the landing point the future Hong Kong-Zhuhai-Macau Bridge, the Group is well positioned to take advantage of a near-term recovery. While Macau is unlikely to return to exceptionally high economic growth rates seen in the past 6-7 years when the government liberalised its gaming sector in 2002, we remain positive about the prospects for the economy as well as its housing market over the medium- to long-term as we still see its important comparative advantages as a regional gaming and tourist hub.

As Management realizes that the Group's core property business in Macau offers good but relatively limited growth potential due to geographical constraints over the longer term, it has been constantly exploring strategic investment opportunities in other industries over the past years in order to create good value and generate best investment return for its shareholders. Following an intensive study and extensive discussions, the Board has recently reached a consensus that the Group should expand its business to the energy sector as the assets in the energy industry have been offering relatively attractive valuations after the financial turmoil and it is the appropriate time to acquire these assets. Recently, we have been actively looking at investment opportunities in the oil and gas sector and we have lately identified several potential acquisition targets and we are currently at different stages of negotiation with potential sellers.

Barring unforeseen circumstances, the Group is expected to deliver satisfactory earnings results for the full year of 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 8 October 2009 to Friday, 9 October 2009 (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 Wednesday, 7 October 2009.

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 2009.

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 2009, 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 2009.

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

Hong Kong, 8 September 2009

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.