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)

2016 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- The Group's unaudited net profit attributable to equity shareholders of the Company for the first half of 2016 rose to HK42.7 million, an increase of 3.6% over the corresponding period in 2015.
- Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first half of 2016 amounted to HK$19.0 million, compared to underlying net profit of HK$21.9 million for the corresponding period in 2015. The underlying net interim earnings per share for 2016 was 0.43 HK cent compared to the underlying net interim earnings per share of 0.49 HK cent in 2015.
- Interim dividend per share for 2016 amounted to 0.20 HK cent (2015: 0.20 HK cent).

INTERIM RESULTS AND DIVIDENDS

For the six months ended 30 June 2016, the unaudited net profit attributable to equity shareholders of the Company and its subsidiaries (collectively the "Group") amounted to HK$42.7 million, an increase of 3.6% over the corresponding period of 2015. The interim earnings per share for 2016 amounted to 0.96 HK cent compared to 0.93 HK cent in 2015.

Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first six months of 2016 amounted to HK$19.0 million compared to the net underlying profit of HK$21.9 million for the first six months of 2015. The underlying net interim earnings per share for 2016 was 0.43 HK cent compared to the underlying net interim earnings per share of 0.49 HK cent in 2015.

The Board of Directors has declared an interim dividend per share for 2016 of 0.20 HK cent (2015: 0.20 HK cent). The interim dividend will be payable on Tuesday, 13 December 2016 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 29 November 2016.

BUSINESS REVIEW

For the period under review, the Group's underlying net profit amounted to HK$19.0 million compared to HK$21.9 million for the same period in 2015. The decrease in the Group's underlying earnings in the first half of 2016 was primarily due to the increase in operating loss of the oil segment with persistently low international oil prices during the period.

With respect to the Lote P development project (Pearl Horizon) in Macau, the piling work was completed. However, due to a significant delay in granting various requisite approvals and permits for the project over the past years, the overall construction work could not be completed before the expiry date of the related land concession. An application for an extension of the expiry date for the land concession was made to relevant government departments but it was declined and therefore the construction work was suspended. Polytex Corporation Limited ("PCL"), the registered owner of the property of the project and a wholly-owned subsidiary of the ultimate holding company of the Company, has therefore applied to the Courts of Macau to claim for compensation of time. If the applications are ultimately declined, the Macau Government would have a right to resume the land without any compensation to the owner of the land. Nevertheless, based on the opinions provided by the Group's legal counsel, PCL has strong legal grounds to obtain a confirmation from the Court of Macau that the administrative delays had been caused by the relevant government authorities and therefore PCL is entitled to obtain compensation of time to enable it to complete the project. Currently, the Group is still awaiting a hearing date to be fixed by the Courts of Macau for the legal proceedings.

In respect of the Lotes T+T1 development project in Macau, the foundation work was completed in February 2016 and the superstructure work is progressing smoothly.

Property Investment

For the period under review, the Group's share of gross rental income generated from its investment properties rose to HK$39.4 million, an increase of 26.4% over the same period in 2015. 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 to HK$36.5 million for the first half of 2016 compared to HK$29.0 million for the corresponding period in 2015.

Oil

For the six months ended 30 June 2016, the segment recorded a loss of HK$6.9 million. The loss was due to the further decline in crude oil prices in the first quarter, with the Brent crude oil prices having reached a recent low of approximately US$26 per barrel in January 2016. However, such loss was partially offset by the reduction of local expenses arising from the significant depreciation of the Tenge, the Kazakhstan currency, which was allowed to float freely on 20 August 2015.

The Group will continue to work out a solution to tackle the gas flaring issue of the oilfield in Kazakhstan before the permits expire on 31 December 2016. Various viable options are currently being evaluated.

Ice Manufacturing and Cold Storage

During the period under review, total operating profit for the combined cold storage and ice manufacturing segment rose to HK$14.8 million, an increase of 32.2% over the same period in 2015. The increase in operating profit was attributable to an improvement in the ice manufacturing sector.

PROSPECTS

In Macau, the economy has been undergoing a deep structural adjustment, with real gross domestic product (GDP) shrinking 13.3% year-on-year in the first quarter of 2016 following a contraction of 20.3% in 2015. But gross gaming revenues will likely stabilize at the current level following a decline of 10.5% year-on-year in the first seven months of 2016 and a plunge of 34% in 2015. In addition, the property market appears to be bottoming, with overall transacted residential prices having stabilized in the first quarter and rising 7.6% quarter-on-quarter in the second quarter 2016 based on the latest official data. More encouragingly, residential transaction volume rebounded significantly, rising approximately 40% year-on-year in the first half of 2016. Therefore, the Macau economy is likely to be bottoming out in the second half of this year and GDP may even return to positive growth in the next few quarters. Indeed, the government's continuous efforts to develop Macau into a world-class leisure destination and tourism hub, together with the completion of cross-border infrastructure projects such as the Hong Kong-Zhuhai-Macau Bridge and the new ferry terminal in Taipa, will undoubtedly continue to support its tourism industry and enhance its sustainable economic growth over the long-run.

With respect to the lawsuit relating the Lote P development project (Pearl Horizon), it is expected that a hearing date will be fixed by the Courts of Macau in the near future. The construction work will be resumed subject to and as soon as practicable after obtaining a favourable judgement from the Court and the relevant approvals from the Macau Government. It will endeavour to complete the project and deliver the flats to the waiting buyers as soon as it possibly can.

Regarding the Lotes T+T1 development project, the construction work is being expedited and the progress is satisfactory, with the topping out of the superstructure being expected before end-December 2016. The Group is making every effort to ensure the construction work to be completed and an occupation permit to be obtained by the middle of 2017.

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 for the second half of 2016.

The Group's oil business in Kazakhstan will hardly make any contribution to its earnings for the second half of 2016 if the crude oil prices continue to hover at the current low levels.

The Group is currently facing a tough challenge in Macau. I would like to take this opportunity to express my heartfelt gratitude and appreciation to my fellow directors for their support and all staff for their dedication, hard work and contribution during these critical times.

INTERIM RESULTS

The unaudited consolidated results of the Group for the six months ended 30 June 2016 together with the comparative figures of 2015 are as follows:

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2016	2015
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*3*	**105,122**	197,992
Cost of sales		**(37,029)**	(73,921)
Gross profit		**68,093**	124,071
Other income		**7,165**	4,223
Selling and distribution expenses		**(24,575)**	(68,432)
Administrative expenses		**(20,307)**	(27,174)
Other operating expenses		**(24,714)**	(18,782)
Profit from operations		**5,662**	13,906
Finance costs	*4*	**(16,141)**	(16,719)
Share of profit of joint venture		**55,798**	45,229
Profit before taxation	*5*	**45,319**	42,416
Income tax	*6*	**(1,305)**	(394)
Profit for the period		**44,014**	42,022
Attributable to:			
Equity shareholders of the Company		**42,724**	41,230
Non-controlling interests		**1,290**	792
Profit for the period		**44,014**	42,022
Earnings per share — basic/diluted	*7*	**0.96 HK cent**	0.93 HK cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**44,014**	42,022
Other comprehensive income for the period		
Item that may be reclassified subsequently to profit or loss:		
Changes in fair value of interests in property development	**(287,969)**	8,374
Other comprehensive income for the period, net of tax	**(287,969)**	8,374
Total comprehensive income for the period	**(243,955)**	50,396
Attributable to:		
Equity shareholders of the Company	**(245,245)**	49,604
Non-controlling interests	**1,290**	792
Total comprehensive income for the period	**(243,955)**	50,396

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 30 June 2016** *HK$'000* **(unaudited)**	At 31 December 2015 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*9*	**674,370**	693,754
Oil exploitation assets	*9*	**48,504**	49,325
Interests in property development	*10*	**10,531,539**	10,819,508
Interest in joint venture		**1,420,373**	1,396,225
Deferred tax assets		**105,727**	105,727
Goodwill		**16,994**	16,994
		12,797,507	13,081,533
Current assets			
Inventories		**79,985**	80,694
Trade and other receivables	*11*	**61,986**	50,448
Cash and bank balances		**511,373**	575,288
		653,344	706,430
Current liabilities			
Trade and other payables	*12*	**90,602**	75,189
Bank loans		**376,600**	376,600
Current taxation		**58,631**	56,966
		525,833	508,755
Net current assets		**127,511**	197,675
Total assets less current liabilities		**12,925,018**	13,279,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

	Note	**At 30 June 2016** **HK$'000** **(unaudited)**	At 31 December 2015 *HK$'000* (audited)
Non-current liabilities			
Amount due to ultimate holding company		**931,418**	1,014,759
Other payables		**21,953**	23,342
Bank loans		**1,045,000**	1,045,000
Deferred tax liabilities		**18,012**	18,372
		2,016,383	2,101,473
NET ASSETS		**10,908,635**	11,177,735
CAPITAL AND RESERVES			
Share capital		**443,897**	443,897
Reserves		**10,452,813**	10,720,253
Total equity attributable to equity shareholders of the Company		**10,896,710**	11,164,150
Non-controlling interests		**11,925**	13,585
TOTAL EQUITY		**10,908,635**	11,177,735

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain amendments to Hong Kong Financial Reporting Standards that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. 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 senior management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified four operating segments for the period which comprise 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.

3. SEGMENT REPORTING (*continued*)

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

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

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

	Six months ended 30 June 2016				
	Properties	**Oil**	**Ice and Cold Storage**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**—**	**48,366**	**56,756**	**—**	**105,122**
Reportable segment result	**3,340**	**(6,941)**	**14,794**	**—**	**11,193**
Head office and corporate expenses					**(5,531)**
Profit from operations					**5,662**
Finance costs					**(16,141)**
Share of profit of joint venture	**55,798**	**—**	**—**	**—**	**55,798**
Profit before taxation					**45,319**

	At 30 June 2016				
	Properties	**Oil**	**Ice and Cold Storage**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets	**10,616,030**	**629,582**	**166,964**	**—**	**11,412,576**
Interest in joint venture	**1,420,373**	**—**	**—**	**—**	**1,420,373**
Head office and corporate assets					**617,902**
					13,450,851

3. SEGMENT REPORTING (*continued*)

	Six months ended 30 June 2015				
			Ice and Cold		
	Properties	Oil	Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	—	132,002	55,128	10,862	197,992
Reportable segment result	2,314	8,096	11,191	1,423	23,024
Head office and corporate expenses					(9,118)
Profit from operations					13,906
Finance costs					(16,719)
Share of profit of joint venture	45,229	—	—	—	45,229
Profit before taxation					42,416

	At 31 December 2015				
			Ice and Cold		
	Properties	Oil	Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	10,905,538	636,411	167,676	—	11,709,625
Interest in joint venture	1,396,225	—	—	—	1,396,225
Head office and corporate assets					682,113
					13,787,963

4. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Interest expense on		
Bank borrowings wholly repayable within five years	**10,608**	2,724
Amount due to ultimate holding company repayable after more than one year	**4,970**	13,244
	15,578	15,968
Other finance costs	**563**	751
	16,141	16,719

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Depreciation and amortization#	**20,874**	46,409

Cost of sales includes HK$16,544,000 (six months ended 30 June 2015: HK$41,435,000) relating to depreciation and amortisation expenses.

6. INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**1,380**	1,160
— Overseas income tax	**285**	896
Deferred tax	**(360)**	(1,662)
	1,305	394

The provision for Hong Kong Profits Tax for the six months ended 30 June 2016 is calculated at 16.5% (six months ended 30 June 2015: 16.5%) of the estimated assessable profits for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$42,724,000 (six months ended 30 June 2015: HK$41,230,000) and 4,438,967,838 (six months ended 30 June 2015: 4,438,967,838) ordinary shares in issue during the period.

(b) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2016 and 2015.

8. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend declared after the interim period of 0.20 HK cent (six months ended 30 June 2015: 0.20 HK cent) per share	**8,878**	8,878

The interim dividend declared after the interim period has not been recognised as a liability at the interim period end date.

9. OIL PRODUCTION ASSETS AND OIL EXPLOITATION ASSETS

As at 30 June 2016, the Group had oil production assets of HK$548,842,000 (31 December 2015: HK$564,417,000) (included in property, plant and equipment) and oil exploitation assets of HK$48,504,000 (31 December 2015: HK$49,325,000). Oil production assets and oil exploitation assets are stated at cost less accumulated depreciation/amortisation and impairment losses.

The gas flaring permit to flare associated gas for conducting normal crude oil production in the South Alibek Oilfield of Caspi Neft TME, a wholly owned subsidiary of the Company, in Kazakhstan will expire on 31 December 2016. Caspi Neft TME has been taking all necessary steps to obtain a gas flaring permit valid for a longer period so as to enable it to continue to conduct normal crude oil production after 31 December 2016 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.

As at 30 June 2016, the Group reassessed the operation and the risk exposures of its oil exploration and production business as a whole. As the recoverable amounts of the oil production and exploitation assets exceeded their carrying values, no impairment loss is considered necessary for the period ended 30 June 2016. The recoverable amounts of oil production and exploitation assets were determined based on value in use calculations applying a discount rate of 12.5% (31 December 2015: 12.5%).

10. INTERESTS IN PROPERTY DEVELOPMENT

Interests in property development represent the Group's interests in the development of two properties located at Lote P and Lotes T+T1 of Novos Aterros da Areia Preta, in Macau under two co-investment agreements with two wholly-owned subsidiaries of the ultimate holding company. Pursuant to the terms of the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the development projects which is subject to an aggregate maximum amount. In return, the two wholly-owned subsidiaries of the ultimate holding company will pay to the Group cash flows from the development projects according to the formulae set out in the co-investment agreements. Details of the funding arrangement and other key terms of the co-investment agreements are disclosed in the Company's Circular dated 23 May 2006. Interests in property development are stated at fair value at the end of the reporting period.

In respect of the development project at Lote P, its land concession was agreed in December 1990 whereby the land use was successfully converted from industrial to residential and commercial in 2006, with a lease term of 25 years ending on 25 December 2015 (the "Expiry Date"). If the project would have been completed on or before the Expiry Date, it would have become a definite land concession which is renewable every 10 years until 2049. However, in September 2013, the Macau Special Administrative Region Government (the "Macau SAR Government") promulgated the Macau New Land Law (the "MNLL") which came into effect in March 2014. The MNLL provides that the Macau SAR Government will have the right to resume the land of any property development that is not completed and/or where the conditions as stated in the land concession for which have not been fulfilled by the stipulated expiry date without any compensation to the property owner. Owing to delays caused by the Macau SAR Government in granting the requisite approvals and permits for the development of the project, the project could not commence until August 2014. As a result, the construction work could not be completed by the Expiry Date and all construction work is currently suspended. An application had been made to the Macau SAR Government for an extension of the Expiry Date but was declined by the relevant department of the Macau SAR Government.

Based on a legal opinion received by the Group, Polytex Corporation Limited ("PCL"), the registered owner of the property of the project and a wholly-owned subsidiary of the ultimate holding company of the Company, has sufficient grounds to apply to the Courts of the Macau SAR for remedies in all aspects to continue and complete the project. A few legal actions have been initiated by the legal representatives of PCL and are now in progress. Based on the opinion of the legal expert, the Courts will consider and judge on the essential points regarding the delays caused by the Macau SAR Government and the right of PCL to claim for compensation of time in order to allow the completion of the construction work of the Lote P development project and deliver the properties to the respective purchasers. Currently, the Group is still awaiting a hearing date to be fixed by the Courts of the Macau SAR for the legal proceedings.

As the outcome of these court proceedings is still uncertain, management of the Company have taken into account all available evidence, including the opinion of legal experts, in preparing the discounted cash flow model in order to assess the fair value of the project. Management of the Company believe that PCL has strong legal grounds to obtain a favourable judgment so that the Lote P development project can be re-activated and completed. The construction work will be resumed as soon as practicable subject to a favourable judgment being obtained and relevant approvals being given by the Macau SAR Government. No impairment for the interests in property development was considered necessary at 30 June 2016.

In respect of the development project at Lotes T+T1, the expiry date of the land concession is 5 July 2017. Based on the current status of the development, management of the Company consider that the Lotes T+T1 project will be completed before the expiry date.

11. TRADE AND OTHER RECEIVABLES

The following is an ageing analysis of trade receivables:

	At 30 June 2016 *HK$'000*	At 31 December 2015 *HK$'000*
Ageing analysis of trade receivables:		
Within 30 days	**30,096**	14,669
31 days to 60 days past due	**6,461**	4,644
61 days to 90 days past due	**1,140**	4,038
Over 90 days past due	**214**	1,471
Amounts past due	**7,815**	10,153
Trade receivables	**37,911**	24,822
Other receivables	**24,075**	25,626
	61,986	50,448

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.

12. TRADE AND OTHER PAYABLES

The following is an ageing analysis of trade payables:

	At 30 June 2016	At 31 December 2015
	HK$'000	*HK$'000*
Ageing analysis of trade payables:		
Within 30 days	**960**	643
31 days to 60 days past due	**412**	143
Over 90 days past due	**3**	3
Amounts past due	**415**	146
Trade payables	**1,375**	789
Other payables		
— Government fees and levies	**10,241**	11,294
— Others	**78,986**	63,106
	89,227	74,400
	90,602	75,189

FINANCIAL REVIEW

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group continued to maintain a sound financial liquidity position for the period under review. As at 30 June 2016, the Group maintained a balance of cash and bank of HK$511.4 million (31 December 2015: HK$575.3 million), which was mainly denominated in Hong Kong dollars. The Group maintained a robust current ratio of 1.24 times (31 December 2015: 1.39 times).

As at 30 June 2016, the Group had bank borrowings of HK$1,421.6 million (31 December 2015: HK$1,421.6 million), with HK$376.6 million being repayable within one year, HK$55 million being repayable between one year and two years, and HK$990 million being repayable between two years and five years. The amount due to ultimate holding company was HK$931.4 million (31 December 2015: HK$1,014.8 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$1,421.6 million (31 December 2015: HK$1,421.6 million), which were fully utilised as at 30 June 2016 (31 December 2015: fully utilised). The banking facilities were secured by the Group's leasehold land and buildings and the joint venture's investment properties, denominated in Hong Kong dollars and interest bearing at prevailing market rates, which are subject to review from time to time.

As at 30 June 2016, total equity attributable to equity shareholders of the Company amounted to HK$10,896.7 million (31 December 2015: HK$11,164.2 million). The Group's gearing ratio, expressed as a percentage of total borrowings (including bank loans and amount due to ultimate holding company) over the equity attributable to equity shareholders of the Company, slightly decreased from 21.8% as at 31 December 2015 to 21.6% as at 30 June 2016.

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 is exposed to the exchange fluctuations in the 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 30 June 2016, 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 30 June 2016, the Group had no capital commitments contracted but not provided for (31 December 2015: Nil).

CHARGES ON ASSETS

As at 30 June 2016, certain assets of the Group and the joint venture, with aggregate net book values of approximately HK$112 million (31 December 2015: HK$113.5 million) and HK$3,189 million (31 December 2015: HK$3,135 million), were pledged to secure the banking facilities of the Group.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: Nil).

OTHER INFORMATION

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2016.

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 six months ended 30 June 2016, 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 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. A Non-executive Director of the Company was unable to attend the Annual General Meeting of the Company held on 28 June 2016 since she was overseas at that time.

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 six months ended 30 June 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining members who qualify for the interim dividend, the Register of Members of the Company will be closed from Monday, 28 November 2016 to Tuesday, 29 November 2016, both dates inclusive. During this period, no transfer of shares will be registered. In order to qualify for the interim 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, 25 November 2016.

PUBLICATION OF INTERIM REPORT

The 2016 Interim Report containing all the information as required by the Listing Rules will be published on the Company's website at www.polytecasset.com 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, 24 August 2016

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*