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)

2017 INTERIM RESULTS ANNOUNCEMENT

HIGHLIGHTS

- The Group's unaudited net profit attributable to equity shareholders of the Company for the first half of 2017 rose to HK$48.6 million, an increase of 13.7% over the corresponding period in 2016.
- Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first half of 2017 amounted to HK$10.7 million, compared to the underlying net profit of HK$19.0 million for the corresponding period in 2016. The underlying net interim earnings per share for 2017 was 0.24 HK cent compared to the underlying net interim earnings per share of 0.43 HK cent in 2016.
- Interim dividend per share for 2017 amounted to 0.20 HK cent (2016: 0.20 HK cent).

INTERIM RESULTS AND DIVIDENDS

For the six months ended 30 June 2017, the unaudited net profit attributable to equity shareholders of the Company and its subsidiaries (collectively the "Group") amounted to HK$48.6 million, an increase of 13.7% over the corresponding period of 2016. The interim earnings per share for 2017 amounted to 1.09 HK cents compared to 0.96 HK cent in 2016.

Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first six months of 2017 amounted to HK$10.7 million compared to the underlying net profit of HK$19.0 million for the first six months of 2016. The underlying net interim earnings per share for 2017 was 0.24 HK cent compared to the underlying net interim earnings per share of 0.43 HK cent in 2016.

The Board of Directors has declared an interim dividend per share for 2017 of 0.20 HK cent (2016: 0.20 HK cent). The interim dividend will be payable on Wednesday, 13 December 2017 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 28 November 2017.

BUSINESS REVIEW

For the period under review, the Group's underlying net profit amounted to HK$10.7 million compared to HK$19.0 million for the same period in 2016. The decrease in the Group's underlying earnings in the first half of 2017 was primarily due to the increase in non-recurring expenses of its ice manufacturing and cold storage segment and the strategically reduction in production volume in its oil segment during the period.

With respect to the Pearl Horizon development project (Lote P) in Macau, 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 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 its owner. Nevertheless, based on the opinions provided by the Group's legal counsel, it is believed that PCL has strong legal grounds to obtain confirmation from the Courts 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 hearing dates to be fixed by the Courts of Macau for the legal proceedings.

In respect of the La Marina development project (Lotes T+T1) in Macau, with continuing efforts in expediting construction works, all works were completed and the occupation permit was obtained on 3 July 2017. Refinement works for the project have been carried out and are currently making good progress.

Property Investment

For the period under review, the Group's share of gross rental income generated from its investment properties rose to HK$42.6 million, an increase of 8.1% over the same period in 2016. 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$39.6 million for the first half of 2017 compared to HK$36.5 million for the corresponding period in 2016.

Oil

For the six months ended 30 June 2017, the segment recorded a loss of HK$9.5 million, representing an increase of approximately HK$2.6 million in operating loss over the same period in 2016. The increase in operating loss was primarily because the Group strategically lowered the current oil production during the period to preserve its oil reserves considering that no profit would have been generated at persistently low oil prices. As a result, oil sales revenue was reduced significantly and, with substantial fixed operating costs associated with production, the segment's operating loss widened.

Ice Manufacturing and Cold Storage

During the period under review, the total operating profit for the combined ice manufacturing and cold storage segment amounted to HK$10.6 million compared to HK$14.8 million for the corresponding period in 2016. While segment revenue remained stable for the period, the decrease in operating profit was attributable to the increase in non-recurring expenses relating to replacement and maintenance of machinery.

PROSPECTS

The Macau economy continued to gather momentum in the first half of 2017, with its real gross domestic product (GDP) rising 10.3% year-on-year in the first quarter of 2017 after returning to positive growth since the second half of 2016. The recovery appears to be sustainable, mainly supported by the gaming industry, with gross gaming revenues rising for the twelve consecutive months in July 2017. In addition, overall sentiment and sales activity in both commercial and residential property markets continue to improve, with particularly the residential transaction volumes and transacted prices recording considerable increases in the first half of 2017.

However, the Monetary Authority of Macau tightened mortgage lending in May 2017 to prevent the property market from overheating, with guidelines issued to banks on a reduction of the mortgage coverage ratios for purchasers. As a result, the residential transaction volumes fell substantially in June 2017 from the levels in previous months. In addition, lawmakers have just passed certain amendments to its Rental Bill which will likely reduce property investors' appetite. Nevertheless, the Group expects the cooling measures imposed on the property market will only affect the property market adversely over a short period of time as a majority of purchasers would likely adopt a wait-and-see attitude. As the Group is cautiously optimistic about the outlook for the economy, it believes that the residential transaction volumes as well as the prices will steadily pick up later this year when the above uncertainties gradually fade out.

With respect to the Pearl Horizon development project, in addition to taking the legal route to protect the Group's as well as the buyers' interest, all other practicable approaches have been actively explored in order to be able to resume construction if and as soon as this becomes possible.

In respect of the La Marina development project, as its refinement works are currently progressing well and therefore it is expected that the pre-sold residential units could be delivered to the buyers in the fourth quarter of 2017 as previously scheduled and the remaining residential units will be put on the market for sale in phases.

The Group projects that the international oil prices for the rest of 2017 appear unlikely to change substantially from the current levels and therefore its oil business in Kazakhstan is not expected to make a contribution to earnings for the second half of 2017. Nevertheless, its investment property portfolio in Macau and its ice manufacturing and cold storage business in Hong Kong are expected to continue to generate stable income for the second half of 2017.

As La Marina is a relatively sizeable development project situated in a prime area, it is expected to make an important contribution to the Group's earnings in the coming years.

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.

INTERIM RESULTS

The unaudited consolidated results of the Group for the six months ended 30 June 2017 together with the comparative figures of 2016 are as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June **2017** ***HK$'000*** **(unaudited)**	 2016 *HK$'000* (unaudited)
Revenue	*3*	**89,021**	105,122
Cost of sales		**(27,385)**	(37,029)
Gross profit		**61,636**	68,093
Other income		**4,931**	7,165
Selling and distribution expenses		**(22,944)**	(24,575)
Administrative expenses		**(20,865)**	(20,307)
Other operating expenses		**(26,650)**	(24,714)
(Loss)/Profit from operations		**(3,892)**	5,662
Finance costs	*4*	**(17,332)**	(16,141)
Share of profit of joint venture		**72,054**	55,798
Profit before taxation	*5*	**50,830**	45,319
Income tax	*6*	**(1,205)**	(1,305)
Profit for the period		**49,625**	44,014
Attributable to:			
Equity shareholders of the Company		**48,581**	42,724
Non-controlling interests		**1,044**	1,290
Profit for the period		**49,625**	44,014
Earnings per share — Basic/Diluted	*7*	**1.09 HK cents**	0.96 HK cent

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**49,625**	44,014
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	**80,616**	(287,969)
Other comprehensive income for the period, net of tax	**80,616**	(287,969)
Total comprehensive income for the period	**130,241**	(243,955)
Attributable to:		
Equity shareholders of the Company	**129,197**	(245,245)
Non-controlling interests	**1,044**	1,290
Total comprehensive income for the period	**130,241**	(243,955)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**At 30 June 2017** ***HK$'000*** **(unaudited)**	At 31 December 2016 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*9*	**644,143**	657,173
Oil exploitation assets	*9*	**47,656**	48,156
Interests in property development	*10*	**12,141,456**	12,060,840
Interest in joint venture		**1,471,800**	1,433,396
Deferred tax assets		**105,727**	105,727
Goodwill		**16,994**	16,994
		14,427,776	14,322,286
Current assets			
Inventories		**84,649**	86,905
Trade and other receivables	*11*	**46,281**	39,549
Cash and bank balances		**215,075**	170,261
		346,005	296,715
Current liabilities			
Trade and other payables	*12*	**87,267**	77,666
Bank loans		**70,200**	70,200
Current taxation		**59,847**	58,168
		217,314	206,034
Net current assets		**128,691**	90,681
Total assets less current liabilities		**14,556,467**	14,412,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

	Note	**At 30 June 2017** *HK$'000* **(unaudited)**	At 31 December 2016 *HK$'000* (audited)
Non-current liabilities			
Amount due to ultimate holding company		**—**	572,507
Amount due to immediate holding company		**611,980**	—
Other payables		**20,224**	21,409
Bank loans		**1,354,800**	1,354,800
Deferred tax liabilities		**17,161**	17,635
		2,004,165	1,966,351
NET ASSETS		**12,552,302**	12,446,616
CAPITAL AND RESERVES			
Share capital		**443,897**	443,897
Reserves		**12,096,715**	11,989,713
Total equity attributable to equity shareholders of the Company		**12,540,612**	12,433,610
Non-controlling interests		**11,690**	13,006
TOTAL EQUITY		**12,552,302**	12,446,616

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 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 judgements, 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 2017				
	Properties	**Oil**	**Ice and Cold Storage**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**—**	**31,469**	**57,552**	**—**	**89,021**
Reportable segment result	**3,118**	**(9,515)**	**10,629**	**—**	**4,232**
Head office and corporate expenses					**(8,124)**
Loss from operations					**(3,892)**
Finance costs					**(17,332)**
Share of profit of joint venture	**72,054**	**—**	**—**	**—**	**72,054**
Profit before taxation					**50,830**

	At 30 June 2017				
	Properties	**Oil**	**Ice and Cold Storage**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Reportable segment assets	**12,223,185**	**594,873**	**162,206**	**—**	**12,980,264**
Interest in joint venture	**1,471,800**	**—**	**—**	**—**	**1,471,800**
Head office and corporate assets					**321,717**
					14,773,781

3. SEGMENT REPORTING (*continued*)

	Six months ended 30 June 2016				
			Ice and Cold		
	Properties	Oil	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 31 December 2016				
			Ice and Cold		
	Properties	Oil	Storage	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	12,144,003	605,925	158,337	—	12,908,265
Interest in joint venture	1,433,396	—	—	—	1,433,396
Head office and corporate assets					277,340
					14,619,001

4. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Interest expense on		
Bank borrowings wholly repayable within five years	**12,358**	10,608
Amount due to ultimate holding company repayable after more than one year	**3,441**	4,970
Amount due to immediate holding company repayable after more than one year	**980**	—
	16,779	15,578
Other finance costs	**553**	563
	17,332	16,141

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Depreciation and amortization[#]	**13,926**	20,874

[#] Cost of sales includes HK$9,521,000 (six months ended 30 June 2016: HK$16,544,000) relating to depreciation and amortisation expenses.

6. INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**703**	1,380
— Overseas income tax	**976**	285
Deferred tax	**(474)**	(360)
	1,205	1,305

The provision for Hong Kong profits tax is calculated at 16.5% (six months ended 30 June 2016: 16.5%) of the estimated assessable profits for the six months ended 30 June 2017. 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$48,581,000 (six months ended 30 June 2016: HK$42,724,000) and 4,438,967,838 (six months ended 30 June 2016: 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 2017 and 2016.

8. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Interim dividend declared after the interim period of 0.20 HK cent (six months ended 30 June 2016: 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 2017, the Group had oil production assets of HK$524,772,000 (31 December 2016: HK$533,652,000) (included in property, plant and equipment) and oil exploitation assets of HK$47,656,000 (31 December 2016: HK$48,156,000). 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 2017. 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 2017 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 the above, the Group considers that there is no indication that gas flaring permits will not be renewed in the future.

As at 30 June 2017, management reassessed the operation and the risk exposures of the Group's oil exploration and production business as a whole and estimated that the estimated 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 2017. 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 2016: 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 the 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 arrangements and other key terms of the co-investment agreements were 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 had been completed on or before the Expiry Date, it would have become a definite land concession which would be 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 hearing dates 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 has 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 believes that PCL has strong legal grounds to obtain a favourable judgement so that the Lote P development project will be re-activated and completed. The construction work will be resumed as soon as practicable subject to a favourable judgement 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 2017.

In respect of the development project at Lotes T+T1, the occupation permit had been obtained on 3 July 2017 which was before the expiry date of its land concession on 5 July 2017. Based on the current status, it is expected that the pre-sold residential units could be delivered to the buyers in the fourth quarter of 2017.

11. TRADE AND OTHER RECEIVABLES

The following is an ageing analysis (based on the due date) of trade receivables:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Current	**17,471**	10,287
Within 3 months	**8,921**	6,258
More than 3 months	**80**	152
Trade receivables	**26,472**	16,697
Other receivables	**19,809**	22,852
	46,281	39,549

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 (based on the due date) of trade payables:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Current	**702**	675
Within 3 months	**676**	399
More than 3 months	**3**	3
Trade payables	**1,381**	1,077
Other payables		
— Government fees and levies	**9,987**	9,436
— Others	**75,899**	67,153
	85,886	76,589
	87,267	77,666

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 2017, the Group maintained a balance of cash and bank of HK$215.1 million (31 December 2016: HK$170.3 million), which was mainly denominated in Hong Kong dollars. The Group maintained a robust current ratio of 1.59 times (31 December 2016: 1.44 times).

As at 30 June 2017, the Group had bank borrowings of HK$1,425.0 million (31 December 2016: HK$1,425.0 million), with HK$70.2 million being repayable within one year and HK$1,354.8 million being repayable between one year and two years. As at 30 June 2017, the Group has no amount due to ultimate holding company (31 December 2016: HK$572.5 million); whereas the amount due to immediate holding company was HK$612.0 million (31 December 2016: Nil). Both amounts due were 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$1,425.0 million (31 December 2016: HK$1,425.0 million), which were fully utilised as at 30 June 2017 (31 December 2016: 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 2017, total equity attributable to equity shareholders of the Company amounted to HK$12,540.6 million (31 December 2016: HK$12,433.6 million). The Group's gearing ratio, expressed as a percentage of total borrowings (including bank borrowings and amount due to holding companies) over the total equity attributable to equity shareholders of the Company, slightly increased from 16.1% as at 31 December 2016 to 16.2% as at 30 June 2017.

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 2017, 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 2017, the Group had no capital commitments contracted but not provided for (31 December 2016: Nil).

CHARGES ON ASSETS

As at 30 June 2017, certain assets of the Group and the joint venture, with aggregate net book values of approximately HK$108.6 million (31 December 2016: HK$110.6 million) and HK$3,306 million (31 December 2016: HK$3,220 million), were pledged to secure the banking facilities of the Group.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: 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 2017.

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 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2017, 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. An Independent Non-executive Director of the Company was unable to attend the Annual General Meeting of the Company held on 7 June 2017 since he 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 2017.

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, 27 November 2017 to Tuesday, 28 November 2017, 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, 24 November 2017.

PUBLICATION OF INTERIM REPORT

The 2017 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, 23 August 2017

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, Dr. Tsui Wai Ling, Carlye and Prof. Dr. Teo Geok Tien Maurice are Independent Non-executive Directors of the Company.

* *For identification purpose only*