



# POLYTEC ASSET HOLDINGS LIMITED

(formerly Kin Don Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

## ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 30 NOVEMBER 2003

### RESULTS

The Board of Directors (the “Board”) of Polytec Asset Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 November 2003 together with comparative figures for the previous year as follows:

	<i>Notes</i>	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000 (Restated)
TURNOVER	<i>1</i>	<b>17,672</b>	24,994
Cost of sales		<b>(17,166)</b>	(23,794)
Gross profit		<b>506</b>	1,200
Other revenue and gains		<b>9,074</b>	1,127
Selling and distribution costs		<b>(63)</b>	( 90)
Administrative expenses		<b>(10,411)</b>	( 8,543)
Other operating expenses, net		<b>449</b>	( 5,759)
LOSS FROM OPERATING ACTIVITIES	<i>2</i>	<b>(445)</b>	(12,065)
Finance costs		<b>(2,362)</b>	( 2,131)
Gain on disposal of subsidiaries		<b>18,397</b>	33,658
Share of results of jointly-controlled entities		<b>–</b>	–
PROFIT BEFORE TAX		<b>15,590</b>	19,462
Tax	<i>3</i>	<b>–</b>	–
PROFIT BEFORE MINORITY INTERESTS		<b>15,590</b>	19,462
Minority interests		<b>–</b>	163
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<b>15,590</b>	19,625
EARNINGS PER SHARE	<i>4</i>		
– Basic		<b>0.26 cent</b>	0.33 cent
– Diluted		<b>0.16 cent</b>	0.20 cent

## Notes

### 1. TURNOVER

Turnover represents the invoiced value of goods sold, after allowances for returns and trade discounts, and proceeds from the sale of trading securities.

### 2. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Depreciation	<u>328</u>	<u>1,200</u>

### 3. TAX

No provision for Hong Kong profits tax has been made as the Group either had no assessable profits arising in Hong Kong, or had losses brought forward from the prior year to offset the assessable profit during the year.

### 4. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 30 November 2003 is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$15,590,000 (2002: HK\$19,625,000) and the weighted average of 5,950,372,434 (2002: 5,950,372,434) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 30 November 2003 is based on the net profit attributable to shareholders for the year of HK\$15,590,000 (2002: HK\$19,625,000). The weighted average number of ordinary shares used in the calculation is 9,950,372,434 (2002: 9,950,372,434), being the weighted average of 5,950,372,434 (2002: 5,950,372,434) ordinary shares in issue during the year as used in the basic earnings per share calculation and assuming that 4,000,000,000 convertible preference shares had been converted into ordinary shares, at the rate of one ordinary share for every one convertible preference share.

### 5. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year.

### 6. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated to conform with the current year's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review and segment analysis

For the year ended 30 November 2003, turnover of the Group totalled approximately HK\$17,672,000. Since our securities investment and trading business which commenced in last year has now become significant and represents one of the Group's main lines of business, turnover for the year has included amount of proceeds from the sale of trading securities and corresponding comparative figure for the last year has also been restated. With the exceptional gain of approximately HK\$18,397,000 derived from the sale of subsidiaries, representing part of the Group's business restructuring process, the Group reported a net profit of approximately HK\$15,590,000 for the year.

### *Garment*

Turnover for the year from garment sales continued to decrease to approximately HK\$475,000 with a gross profit contribution of approximately HK\$38,000. The low level of garment activities reflects the fact that the Group has still experienced very keen competition in the tough garment business and therefore the management has adopted a cautious and prudent approach in evaluating and activating the garment business and instead has placed more emphasis in business diversification.

### *Securities investment and trading*

Turnover for the year from securities investment and trading segment amounted to approximately HK\$17,197,000 with a gross profit contribution of approximately HK\$468,000. Consistent with the prudent approach, the Group principally invested in blue-chip shares. This enables the Group to maximize its return from the booming stock market during the year in a safe manner.

### *Property development*

The Group has held an equity interest in a joint development of villa type houses in Kau To Shan, Shatin. The foundation work of the project has been completed and construction work is expected to be completed in the third quarter of this year. It is anticipated that property sale revenue will be generated and recorded in fiscal 2004.

## **Liquidity, financial resources and capital structure**

In the year under review, the Group's liquidity and financial resources positions were healthy. As at 30 November 2003, the Group had no external borrowings but held an aggregate cash and bank balances of approximately HK\$22,602,000 and marketable securities of approximately HK\$24,865,000. Apart from certain short term financing entered into during the year for the securities trading, the Group generally financed its business development by means of internal resources.

### **Pledge of assets**

As at 30 November 2003, certain assets of the Group amounting to approximately HK\$3,861,000 were pledged to secure credit facilities granted to the Group.

### **Employees**

As at 30 November 2003, the total number of employees of the Group was about 15. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

### **Contingent liabilities**

The Group has executed a corporate guarantee up to an extent of HK\$4,800,000 to secure banking facilities granted to a jointly-controlled entity of the Group. As at 30 November 2003, none of these banking facilities were utilised.

## Prospects

The management undertakes to continue to look for new investments with good return and will continue to diversify its investments by not constraining itself solely to the garment sector with the Group's development in various business segments of good potential in the coming year in order to bring in additional returns to our shareholders. In particular, with the current positive conditions in the property market, the management plans to allocate additional resources to the existing property development business of villa type houses.

## PUBLICATION OF FINANCIAL INFORMATION

The annual report of the Group for the year ended 30 November 2003 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be published on the website of the Stock Exchange of Hong Kong Limited in due course.

By Order of the Board  
**Yeung Kwok Kwong**  
*Chairman*

Hong Kong, 22 March 2004

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2004 Annual General Meeting of Polytec Asset Holdings Limited will be held at basement Function Room I of Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 28 May 2004 at 10:00 a.m. for the following business:

### As Ordinary Business

1. To receive and consider the audited financial statements and the reports of the directors and auditors of the Company and its subsidiaries for the year ended 30 November 2003.
2. To re-elect retiring directors of the Company and to authorise the board of directors of the Company (the "Board") to fix the remuneration of the directors.
3. To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Board to fix their remuneration.

### As Special Business

To consider and, if thought fit, pass with or without amendments, each of the following resolutions as special resolution or ordinary resolution (as the case may be) of the Company:

### ORDINARY RESOLUTIONS

4. "THAT
  - (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase ordinary shares in the capital of the Company subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;

- (b) the total nominal amount of the ordinary shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the ordinary share capital of the Company in issue (i) as at the date of passing this Resolution or (ii) upon the Capital Reorganisation (as defined in the circular of the Company dated 18 December 2003) becoming effective, as at the date immediately after the Capital Reorganisation becoming effective, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the ordinary shareholders of the Company in general meeting; and
  - (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the laws of the Cayman Islands to be held.”

5. **“THAT**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to issue, allot and otherwise deal with additional ordinary shares in the capital of the Company and to make or grant offers, agreements and options which would or might require ordinary shares of the Company to be allotted, issued or otherwise deal with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of ordinary share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) the exercise of options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares of the Company or rights to acquire shares of the Company, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20% of the total nominal amount of the ordinary share capital of the Company in issue (aa) as at the date of passing this Resolution or (bb) upon the Capital Reorganisation becoming effective, as at the date immediately after the Capital Reorganisation becoming effective, and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the ordinary shareholders of the Company in general meeting; and

- (iii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Articles of Association of the Company or the laws of the Cayman Islands to be held,” and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register on a fixed record date in proportion to their then holding of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

6. “**THAT** the general mandate granted to the directors of the Company pursuant to Resolution 5 above and for the time being in force to exercise the powers of the Company to issue, allot or otherwise deal with additional ordinary shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of ordinary shares in the capital of the Company repurchased by the Company since the granting of such general mandate referred to in the above Resolution 4 pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the ordinary share capital of the Company in issue (i) as at the date of passing this Resolution or (ii) upon the Capital Reorganisation becoming effective, as at the date immediately after the Capital Reorganisation becoming effective.”

### **SPECIAL RESOLUTION**

- 7 “**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) by deleting the definition of “associate(s)” in Article 1(A) and substituting therefor the following:

““associate(s)” in relation to any Director, shall have the meaning ascribed to it under the Listing Rules;”;

- (b) by adding the following definition in Article 1(A):

““Listing Rules” shall mean the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);”;

- (c) by amending the definition of “clearing house” in Article 1(A) and substituting therefor the following:

““clearing house” shall be a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted with the permission of the Company on a stock exchange in such jurisdiction;”;

- (d) by adding the following as a new Article 79A immediately after Article 79 and adding the words “Votes cast in contravention of the Listing Rules” as a marginal note to Article 79A:

“79A. Where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”;

- (e) by deleting the existing Article 107(H) and substituting therefor the following:

“107(H) A Director shall not vote (nor be counted in the quorum) on any resolution of the Directors approving any contract or arrangement or proposal in which he or any of his associates is to the knowledge of such Director materially interested, and if he shall do so his vote shall not be counted (nor is he counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the Directors or his associate(s) in respect of money lent or obligation undertaken by him or any of them for the benefit of the Company or any company in which the Company has interest;
- (ii) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any company in which the Company has interest which the Director or his associate(s) has/have himself/themselves guaranteed or secured in whole or in part;
- (iii) any contract or arrangement by the Director or his associate(s) to subscribe for shares or debentures or other securities of the Company to be issued pursuant to any offer or invitation to the shareholders or debenture or securities holders of the Company or to the public which does not provide the Director or his associate(s) any privilege not accorded to any other shareholders or debenture or securities holders of the Company or to the public;
- (iv) any contract or arrangement concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer and/or for the purposes of making any representations, the giving of any covenants, undertakings or warranties or assuming any other obligations in connection with such offer;
- (v) any contract or arrangement in which the Director or his associate(s) is/are interested as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company and/or his/their being the offeror or one of the offerors or is/are interested in one of the offerors for the purchase or effective acquisition of such shares, debentures or other securities;
- (vi) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested directly or indirectly whether as an officer or a shareholder other than a company in which the Director and any of his associates are in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of the voting equity share capital of such company or of the voting rights of any class of shares of such company (other than shares which carry no voting rights at general meetings and no or nugatory dividend and return of capital rights);
- (vii) any proposal or arrangement for the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme or personal pension plan under which a Director or his associate(s) may benefit and which has been approved by or is subject to and conditional on approval by the relevant taxing authorities for taxation purposes or relates both to Directors, their associates and employees of the Company or of any of its subsidiaries and does not give the Director or his associate(s) as such any privilege not accorded to the class of persons to whom such scheme or fund relates;
- (viii) any proposal concerning the adoption, modification or operation of any employees' share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or its subsidiaries under which the Director or his associate(s) may benefit; and
- (ix) any contract, arrangement, transaction or proposal concerning the purchase and/or maintenance of any insurance policy for the benefit of any Director, officer or employee pursuant to these Articles.”;

(f) by deleting the existing Article 107(I) and substituting therefor the following:

“107(I) A Company shall be deemed to be a company in which a Director and/or any of his associates owns 5 per cents. or more of any class of the voting equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he and/or his associates is/are (either directly or indirectly) the holder of or beneficially interested in 5 per cent. or more of any class of the issued voting equity share capital of such company (or of any third company, other than the Company or any of its subsidiaries, through which his/their interest is derived) or of the voting rights of any class of shares of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder, and shares which carry no voting right at general meetings and no or nugatory dividend and return of capital rights.”;

(g) by deleting the existing Article 107(J) and substituting therefor the following:

“107(J) Where a company (other than a company which is a wholly owned subsidiary of the Company or a subsidiary or associated company of the Company in the voting equity capital of which neither the Director nor any of his associates has any interests) in which a Director and/or any of his associates hold 5 per cent. or more of any class of the voting equity share capital of such company or of the voting rights of any class of shares available to shareholders of the company is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.”;

(h) by deleting the existing Article 107(K) and substituting therefor the following:

“107(K) If any question shall arise at any meeting of the Directors as to the materiality of the interest of a Director or his associate(s) or as to the entitlement of any Director to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question (unless it relates to the Chairman) shall be referred to the Chairman and his ruling in relating to such Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his associate(s) concerned as known to such Director has not been fairly disclosed to the other Directors. If any question as aforesaid shall arise in respect of the Chairman such question shall be decided by a resolution of the Directors (for which purpose the Chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of the Chairman or his associate(s) as known to such Chairman has not been fairly disclosed to the other Directors.”; and

(i) by deleting the existing Article 113 and substituting therefor the following:

“113. No person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office at least seven days before the date of the general meeting. The Period for lodgment of the notice required under this article shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days prior to the date of such meeting.”;

and **THAT** any director of the Company be and is hereby authorised to take such further actions as he/she may in his/her sole and absolute discretion thinks fit for and on behalf of the Company to implement the aforesaid amendments to the existing Articles of Association of the Company.”

By Order of the Board  
**Yeung Kwok Kwong**  
*Chairman*

Hong Kong, 22 March 2004

*Notes:*

1. The register of members of the Company will be closed from Tuesday, 25 May 2004 to Friday, 28 May 2004 (both days inclusive) during which period no transfer of shares will be registered. In order to attend the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 May 2004.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy so appointed.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting.

“Please also refer to the published version of this announcement in The Standard”