POLYTEC ASSET HOLDINGS LIMITED

(Incorporated In The Cayman Islands With Limited Liability)

(Stock Code: 208)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2005
AND
APPOINTMENT OF DIRECTORS
AND
RE-DESIGNATION OF DIRECTOR

Results

For the year ended 31 December 2005, the Group's profit attributable to the shareholders rose to HK$477 million from HK$79 million for the thirteen months ended 31 December 2004.

Dividends

The Board has recommended the payment of a final dividend of HK$0.02 per share for 2005. The final dividend will be payable on 9 May 2006 to shareholders registered as at 8 May 2006.

Appointment of directors

Mr. Or Wai Sheun has been appointed as the Chairman of the Board with effect from 1 April 2006. In addition, Ms. Chio Koc Ieng has been appointed as an Executive Director of the Company with effect from 1 April 2006.

Re-designation of the Chairman

As Mr. Or has been appointed as the Chairman of the Board with effect from 1 April 2006, the existing Chairman of the Board, Mr. Yeung Kwok Kwong will cease to act as the Chairman of the Board and will remain to act as the Managing Director of the Company with effect from 1 April 2006.

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 31 December 2005.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December 2005 HK$'000	From 1 December 2003 to 31 December 2004 HK$'000 (restated)
TURNOVER	*1*	**196,827**	152,882
Cost of sales		**(111,864)**	(121,827)
Gross profit		**84,963**	31,055
Other operating income		**11,091**	11,297
Selling and distribution costs		**(6,014)**	(3,719)
Administrative expenses		**(9,527)**	(11,402)
Other operating expenses		**(25,211)**	(2,176)
PROFIT FROM OPERATIONS	*2*	**55,302**	25,055
Gain arising from a change in fair value of investment properties		**105,047**	—
Share of results of jointly controlled entities		**332,826**	61,668
Provision for loan advanced to a jointly controlled entity written back		**18,500**	—
Finance costs		**(3,437)**	(249)
PROFIT BEFORE TAX		**508,238**	86,474
Income tax expenses	*3*	**(19,100)**	(4,213)
PROFIT FOR THE YEAR/PERIOD		**489,138**	82,261
ATTRIBUTABLE TO:			
Equity holders of the Company		**477,414**	78,799
Minority interests		**11,724**	3,462
		489,138	82,261
EARNINGS PER SHARE	*4*		
— Basic		**38.97 cents**	16.56 cents
— Diluted		**33.84 cents**	12.10 cents
DIVIDEND PER SHARE	*5*	**2.00 cents**	—

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2005** *HK$'000*	31 December 2004 *HK$'000* (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**37,755**	34,666
Prepaid lease payments		**114,217**	117,037
Investment properties		**150,000**	—
Interests in jointly controlled entities		**394,506**	297,259
Goodwill		**16,994**	16,994
		713,472	465,956
CURRENT ASSETS			
Amounts due from jointly controlled entities		**247,192**	—
Held for trading investments		**46,501**	75,563
Held-to-maturity debt security		**7,749**	—
Derivative financial instruments		**1,399**	—
Inventories		**248,268**	300,466
Tax recoverable		**624**	—
Trade and other receivables	*6*	**14,562**	8,313
Prepaid lease payments		**2,820**	2,820
Cash and bank balances		**75,714**	9,273
		644,829	396,435
CURRENT LIABILITIES			
Other payables		**33,667**	18,651
Derivative financial instruments		**742**	—
Bank loans — current portion		**15,050**	12,050
Tax payable		**9,068**	4,465
Amounts due to minority shareholders		**31,924**	47,241
Amount due to a related company		**—**	2,878
		90,451	85,285
NET CURRENT ASSETS		**554,378**	311,150
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,267,850**	777,106
NON-CURRENT LIABILITIES			
Bank loans — non-current portion		**72,700**	87,750
Deferred taxation		**47,605**	33,607
		120,305	121,357
		1,147,545	655,749

CAPITAL AND RESERVES		
Issued capital	**126,685**	125,833
Reserves	**968,408**	489,188
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**1,095,093**	615,021
MINORITY INTERESTS	**52,452**	40,728
	1,147,545	655,749

Notes:

1. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment. The Group had three business segments for the year 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"). As over 90% of the Group's revenue, results, assets and liabilities were derived from operations in the People's Republic of China, including Hong Kong and Macau, further segment information has not been disclosed in respect of the Group's geographical segments.

Business segments

	For the year ended 31 December 2005			
	Properties *HK$'000*	**Ice and Cold Storage** *HK$'000*	**Investments and Others** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**55,127**	**44,973**	**96,727**	**196,827**
Segment result	**40,135**	**12,754**	**6,904**	**59,793**
Unallocated group expenses				**(4,491)**
Profit from operations				**55,302**
Gain arising from a change in fair value of investment properties	**105,047**			**105,047**
Share of results of jointly controlled entities	**332,826**			**332,826**
Provision for loan advanced to a jointly controlled entity written back				**18,500**
Finance costs				**(3,437)**
Profit before tax				**508,238**
Income tax expenses				**(19,100)**
Profit after tax				**489,138**
Depreciation and amortisation	**2**	**4,388**	**—**	**4,408**
Capital expenditure incurred				
— others	**—**	**4,678**	**—**	**4,678**
Loss arising from a change in fair value of held for trading investments	**—**	**—**	**2,445**	**2,445**

	At 31 December 2005			
	Properties	**Ice and Cold Storage**	**Investments and Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment assets	**401,424**	**176,641**	**61,723**	**639,788**
Interests in and amounts due from jointly controlled entities	**641,698**			**641,698**
Unallocated group assets				**76,815**
				1,358,301
Segment liabilities	**28,089**	**3,821**	**1,109**	**33,019**
Unallocated group liabilities				**177,737**
				210,756

	From 1 December 2003 to 31 December 2004			
	Properties	Ice and Cold Storage	Investments and Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	(Restated)		
(Restated)				
Turnover	38,270	5,043	109,569	152,882
Segment result	14,072	2,006	16,437	32,515
Unallocated group expenses				(7,460)
Profit from operations				25,055
Share of results of jointly controlled entities	61,668			61,668
Finance costs				(249)
Profit before tax				86,474
Income tax expenses				(4,213)
Profit after tax				82,261
Depreciation and amortisation	—	604	—	623
Capital expenditure incurred				
— through acquisition of subsidiaries	—	51,852	—	51,852
— others	11	—	—	38
Gain arising from a change in fair value of held for trading investments	—	—	7,622	7,622

	At 31 December 2004			
	Properties	Ice and Cold Storage	Investments and Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	302,437	176,914	76,068	555,419
Interests in jointly controlled entities	297,259			297,259
Unallocated group assets				9,713
				862,391
Segment liabilities	2,805	6,563	605	9,973
Unallocated group liabilities				196,669
				206,642

2. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging:

	Year ended 31 December 2005	From 1 December 2003 to 31 December 2004
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**1,588**	163
Amortisation of prepaid lease payments	**2,820**	353
Amortisation of goodwill as included in administrative expenses	**—**	107

3. INCOME TAX EXPENSES

	Year ended 31 December 2005	From 1 December 2003 to 31 December 2004
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax	**611**	2,116
— Overseas income tax	**4,491**	2,194
	5,102	4,310
Deferred tax		
— Current year	**17,944**	(97)
— Attributable to a change in tax rate	**(3,946)**	—
	13,998	(97)
	19,100	4,213

Hong Kong Profits Tax has been provided for at the rate of 17.5% (01/12/2003 — 31/12/2004: 17.5%) on the estimated assessable profits for the year. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdiction, where tax rate was decreased from 15.75% to 12% in 2005. The effect of this decrease has been reflected in the calculation of deferred tax balances at 31 December 2005.

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 data:

	Year ended 31 December 2005 *HK$'000*	From 1 December 2003 to 31 December 2004 *HK$'000* (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**477,414**	78,799
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,224,965,169**	475,802,608
Effect of dilutive potential ordinary shares:		
Convertible preference shares	**185,760,905**	175,365,596
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,410,726,074**	651,168,204

The comparative amount of earnings per share has been restated, as the profit attributable to the equity holders of the Company in prior period has been adjusted to reflect the changes in accounting policies during the year.

5. DIVIDENDS

The final dividend of HK2 cents (01/12/2003 — 31/12/2004: nil) per share, totalling HK$24,596,000 (01/12/2003 — 31/12/2004: nil), has been proposed by the directors and is subject to approval by the shareholders in general meeting.

6. TRADE AND OTHER RECEIVABLES

	31 December 2005 *HK$'000*	31 December 2004 *HK$'000*
Ageing analysis of trade receivables:		
Within 30 days	2,034	1,597
31 days to 60 days	898	918
61 days to 90 days	800	657
Over 90 days	157	1,027
Trade receivables	3,889	4,199
Other receivables	10,673	4,114
	14,562	8,313

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.

7. CHANGES IN ACCOUNTING POLICIES

In current year, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "HKFRS(s)" issued by the Hong Kong Institute of Certified Public Accountants that are effective for accounting periods beginning on or after 1 January 2005. The application of the new and revised HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of jointly controlled entities have been changed. The changes in presentation have been applied retrospectively. The adoption of the new and revised HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting periods are prepared and presented:

(a) Goodwill

In prior periods, goodwill was amortised on a straight line basis over its useful life and was subject to impairment testing when there were indications of impairment. Upon the adoption of HKFRS 3 "Business Combinations" and HKAS 36 "Impairment of Assets", goodwill is not subject to amortisation but is tested annually for impairment, including in the year of its arisen in a business combination, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

The new policy has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as at 1 January 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the current year. This has increased the Group's profit after tax for the current year by HK$855,000.

(b) Investment properties

In prior periods, the Group's share of changes in the fair value of the jointly controlled entity's investment properties were recognised as a share of investment property revaluation reserve and any related deferred tax was also recognised against the investment property revaluation reserve. The tax rate for determining whether any amounts of deferred tax should be recognised on the revaluation of investment properties would be the tax rate applicable to the sale of such investment properties.

The Group has adopted HKAS 40 "Investment Property" and HKAS Interpretation 21 "Income Taxes — Recovery of Revalued Non-depreciation Assets" in the current year. The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in profit or loss for the year in which they arise, while under HKAS Interpretation 21 the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. Upon adoption of HKAS 40 and HKAS Interpretation 21, the Group's share of changes in the fair value of the jointly controlled entity's investment properties and any related deferred tax are recognised directly in the income statement. The tax rate for determining whether any amounts of deferred tax should be recognised on the revaluation of investment properties will be the tax rate applicable to the use of such investment properties, if the jointly controlled entity has no intention to sell such investment properties and such investment properties would have been depreciable had the jointly controlled entity accounted for the properties under HKAS 16 "Property, Plant and Equipment".

These changes in accounting policy have been adopted retrospectively by increasing the opening balance of retained profits as of 1 January 2005 by HK$61,680,000 (01/12/2003: nil) to include all of the previous changes, after deducting the related deferred tax, in the fair value of the jointly controlled entity's investment properties shared by the Group, reducing the opening balance of interest in jointly controlled entities as of 1 January 2005 by HK$808,000 (01/12/2003: nil) and reducing the opening balance of investment property revaluation reserve as of 1 January 2005 by HK$62,488,000 (01/12/2003: nil). As a result of this new policy, the Group's profit after tax for the year ended 31 December 2005 has increased by HK$420,225,000 (01/12/2003 — 31/12/2004: HK$61,680,000) of which HK$105,047,000 (01/12/2003 — 31/12/2004: nil) is the increase in the change in fair change of properties and its related deferred tax of HK$17,648,000 (01/12/2003 — 31/12/2004: nil) and HK$332,826,000 is net increase in the share of result of the jointly controlled entities (01/12/2003 — 31/12/2004: HK$61,680,000).

(c) Leasehold land and buildings held for own use

In prior years, the leasehold land and buildings held for own use was accounted for at cost less accumulated depreciation and accumulated impairment, if any, and was included in the property, plant and equipment.

Upon the adoption of HKAS 17 "Leases", the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be split reliably between land and buildings, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between land and buildings elements can be made reliably, the leasehold land are reclassified to prepaid lease payments use under operating lease, which are carried at cost and amortised on a straight-line basis over the lease term and are subject to impairment test, whereas the leasehold buildings are stated at cost less accumulated depreciation and impairment losses.

The new accounting policy has been applied retrospectively with the balances of leasehold land reclassified from property, plant and equipment to prepaid lease payments under operating lease. Apart from certain presentational changes with comparatives restated, this change in accounting policy does not have any material effect on the financial statements.

(d) Minority interests

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

Upon the adoption of HKAS 1 "Presentation of Financial Statements" and HKAS 27 "Consolidated and Separate Financial Statements", minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity for the comparative period has been restated accordingly.

(e) Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 January 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

On 1 January 2005, the Group reclassified its other investments to held for trading investments. The reclassification has had no material impacts to the Group.

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified into one of the four categories. Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition. The Group has applied the relevant transitional provisions in HKAS 39. However, there has been no material effect on how the results for the current accounting period are prepared and presented.

Derivatives

From 1 January 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair value would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise. There has been no material effect, as the Group had no outstanding derivative as at 31 December 2004.

As a result of these new polices, the Group's change in fair value of derivative financial instruments for the year ended 31 December 2005 has increased by HK$657,000 (01/12/2003 — 31/12/2004: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2005, the Group's profit attributable to the shareholders rose to HK$477 million from HK$79 million for the thirteen months ended 31 December 2004. The improvement in net profit was mainly due to a HK$420 million gain from revaluations of the Group's investment properties in Macau as well as a gain from the recovery of the loan advanced to a jointly controlled entity of HK$18.5 million which had been previously written off.

Excluding property revaluations net of deferred tax, underlying net profit and earnings per share for 2005 amounted to HK$57 million and 4.67 cents, representing an increase of 234% and 30% respectively over the previous thirteen months.

It should be noted that a number of new accounting standards which became effective on 1 January 2005 require restatement in the accounts of the Group's previously reported results.

Dividends

The Board of Directors has recommended the payment of a final dividend of HK$0.02 per share for 2005. The final dividend will be payable on 9 May 2006 to shareholders registered as at 8 May 2006.

Business Review

The Group's profit improved substantially in 2005. Indeed, our core property business continued to benefit from strong economic growth and favourable sentiment in the property market in Macau.

The main source of the Group's 2005 income came from the sale of certain properties at China Plaza in Macau, with a realized profit of HK$40 million and representing 67% of the Group's segment profit in 2005. We intend to dispose of the rest of units at China Plaza gradually.

Property Development

In Macau, the Group's 58% owned residential and commercial project in Taipa, has been under site formation works since the beginning of February this year. This residential and commercial complex, with an attributable gross floor area of approximately 35,900 square metres, comprises two buildings with a total of 294 residential units and a number of retail shops on the ground floor. We have received encouraging enquiries from potential buyers regarding the project.

In Hong Kong, the Group has two small-scale joint-venture residential projects under development. The first one is a 60% owned joint-venture project, situated in Shun Fung Wai, Tuen Mun, comprising of 15 low-rise houses with an aggregate gross floor area of approximately 2,900 square metres. The second one is a 48% owned joint-venture project, located in Kau To Shan, Shatin, consisting of 6 low-rise houses with an aggregate gross floor area of approximately 1,200 square metres. The construction work of two development projects is progressing smoothly and they are expected to be put on sale after the completion this year.

Property Investment

While the Group's two major investment properties in Macau, The Macau Square and Va Iong, have generated insignificant rental income during 2005 as they have both been under renovations, they are expected to start generating rental income for the Group this year onwards.

The renovation program of the retail portion of The Macau Square, the Group's 50% owned commercial property situated at Av. Do Infante D. Henrique in Macau with total retail spaces covering gross floor area of approximately 8,400 square metres, has just been completed. We have been receiving an increasing number of enquiries regarding the retail space from potential tenants. We will soon start the renovation of the office portion, covering gross floor area of approximately 28,000 square metres, and the soft marketing has been launched. This commercial property is expected to become one of the main sources of the Group's gross rental income in 2007 and beyond.

The renovation work of Va Iong, a commercial building which is situated at Praca da Amizade with an aggregate gross floor area of 1,900 square metres, will be started soon and is expected to be completed in the second half of this year.

Ice and Cold Storage

For the year ended 31 December 2005, the Group's ice manufacturing and cold storage business recorded an operating profit of HK$13 million. As we completed the acquisition of The Hong Kong Ice & Cold Storage Company Limited in late 2004, the impact of the acquisition was only fully reflected in the Group's 2005 financial statements. We have installed a new high quality edible ice manufacturing system during the year and expect our market share in this sector to increase.

Investment

During 2005, investment activities contributed HK$7 million to the Group's operating profit. We expect the activities in this area will continue to contribute to the Group's profit under our prudent management.

Financial review

As at 31 December 2005, the Group had liquid assets of HK$130 million, which comprised cash and bank balances of HK$76 million and other liquid assets of HK$54 million. The Group's gearing ratio, expressed as a percentage of its bank borrowings over the equity attributable to equity holders of the Company at 31 December 2005 reduced to 8.0% from 16.2% at 31 December 2004. The bank borrowings of the Group as at 31 December 2005 were repayable over 5 years from the date of the inception of the loans by monthly instalments, denominated in Hong Kong dollars and bearing interest at the prevailing market rates. During the year under review, the Group's liquidity and financial resources positions were further improved.

As at 31 December 2005, certain assets of the Group with an aggregate net book value of approximately HK$228 million were pledged to secure credit facilities granted to the Group.

Prospects

We changed our Company name to Polytec Assets Holdings Limited following the completion of corporate restructuring in early 2004. Since then, we have abandoned low-margin businesses and have been focusing on our new investment strategy. More importantly, over the past two years, the Group has received some solid support from our ultimate holding company, Polytec Group, and capitalized on its valuable experience in the Macau property market. Indeed, through a series of major asset acquisitions in Macau over the past 18 months, we have substantially strengthened the Group's foundations for future growth. The Group's 2005 earnings results have reflected a good start to the new management's strategic focus.

On 24 November 2005, the Group became a subsidiary company of Kowloon Development Company Limited, a property investment and development company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 34). Following completion of the acquisition, the Group has positioned to become the property development and investment flagship in the Macau market for both the parent company and the ultimate holding company. The Group will indeed be benefited from this new arrangement as it will enable us to focus on the Macau property market and we will accelerate our property acquisition program amid the booming Macau economy.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

AUDIT COMMITTEE

The audit committee has reviewed the annual financial statements of the Group for the year ended 31 December 2005.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions (with the exception of Code Provision C.2 on internal controls) of the Code on Corporate Governance Practice (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 accounting period covered by the annual report, save for the few exceptions mentioned below.

During the year, the Company has taken certain measures to ensure the compliance with the CG Code. On 30 June 2005, the Board adopted a revised terms of reference of the audit committee which included all the duties referred in Code Provision C.3.3. On 21 September 2005, a remuneration committee was established by the Company with full compliance with the Code Provisions under section B.1 of the CG Code. On the same day, an executive committee was established for the management and administration functions. The Board has also formalised the function reserved by the Board and those delegated to the management and clear direction has been given as to the power of the management.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yeung Kwok Kwong is the Chairman of the Board and the Managing Director of the Company during the year. With effect from 1 April 2006, Mr. Or Wai Sheun will replace Mr. Yeung Kwok Kwong to act as the Chairman of the Board and Mr. Yeung Kwok Kwong will remain to act as the Managing Director of the Company.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The Non-Executive Directors 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. As the Non-Executive Directors are subject to rotation in accordance with the Articles of Association, the Board considers that the Non-Executive Directors to be 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.

The last sentence of Code Provision A.4.2 stipulates that that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance with Article 108(A) of the Articles of Association of the Company, at every annual general meeting, one-third of the Directors for the time being, other than Chairman, Deputy Chairman, Managing Director or Joint Managing Director, or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. In order to ensure compliance with the last sentence of Code A.4.2, a special resolution will be proposed to amend the relevant Articles of Association of the Company at the annual general meeting to be held in 2006.

APPOINTMENT OF DIRECTORS

The Board is pleased to announce that Mr. Or Wai Sheun ("Mr. Or") has been appointed as the Chairman of the Board with effect from 1 April 2006. In addition, Ms. Chio Koc Ieng ("Ms. Chio") has been appointed as an Executive Director of the Company with effect from 1 April 2006.

1. Mr. Or, aged 54, is the chairman of the board of Kowloon Development Company Limited ("KDC") (stock code : 34). Mr. Or is responsible for the development of corporate strategies, corporate planning and general management of KDC. He is the chairman of Polytec Holdings International Limited and Intellinsight Holdings Limited and a director of The Or Family Trustee Limited Inc, all the three companies being substantial shareholders of KDC. Mr. Or has over 20 years' experience in property development and investment and textile and garment business in Hong Kong and Macau.

   Mr. Or, through KDC which holds (i) 698,975,374 ordinary shares in the Company, representing 56.84% of the existing issued ordinary share capital of the Company and (ii) 3,703,590,076 partly paid non-voting redeemable convertible preference shares in the Company which, upon fully paid up, may be converted into 250,734,005 ordinary shares in the Company, representing 20.38% of the existing issued ordinary shares capital of the Company (collectively the "Relevant Interest"), is deemed to be interested within the meaning of Part XV of the Securities and Futures Ordinance.

   Mr. Or, through a discretionary family trust of which Mr. Or is the founder and a beneficiary and his interest in China Dragon Limited, is the controlling shareholder of KDC, which holds the Relevant Interest. Save as disclosed, he does not have any relationship with any other Directors, senior management, substantial or controlling shareholders of the Company.

   Mr. Or has no service contract with the Company and does not receive any remuneration from the Company. Mr. Or will be responsible for the development of corporate strategies, corporate planning and general management of the Group and will be subject to retirement by rotation and will be eligible for re-election in accordance with the provisions of the Articles of Association of the Company, if required.

   Save as disclosed in this announcement, no other information relating to the appointment of Mr. Or needs, to be brought to the attention of the shareholders of the Company or shall be disclosed pursuant to any of the requirements of rule 13.51(2) of the Listing Rules.

2. Ms. Chio, aged 39, who joined the Group in December 2004, currently holds directorship in certain subsidiaries of the Company and will be responsible for development of corporate strategies, corporate planning and general management of the Group. She has attained 20 years working experience in various prominent and well established property development companies in Macau. Ms. Chio has not held any other directorships in listed public companies in the last three years.

   As at the date of this announcement, Ms. Chio does not have any interest or short position in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. She does not have any relationship with any other Directors, senior management, substantial or controlling shareholders of the Company.

Ms. Chio has a service contract with the Company and she will be subject to retirement by rotation and will also be eligible for re-election in accordance with the provisions of the Articles of Association of the Company. Ms. Chio is currently entitled to a basic salary of HK$780,000 per annum, other benefits in kind and a discretionary bonus to be determined by the Remuneration Committee of the Company with reference to her performance, duties and responsibilities, the performance of the Company and prevailing market conditions.

Save as disclosed in this announcement, no other information relating to the appointment of Ms. Chio needs, to be brought to the attention of the Shareholders of the Company or shall be disclosed pursuant to any of the requirements of rule 13.51(2) of the Listing Rules.

RE-DESIGNATION OF THE CHAIRMAN

As Mr. Or has been appointed as the Chairman of the Board with effect from 1 April 2006, the existing Chairman of the Board, Mr. Yeung Kwok Kwong will cease to act as the Chairman of the Board and will remain to act as the Managing Director of the Company with effect from 1 April 2006.

By the Order of the Board
Polytec Asset Holdings Limited
Yeung Kwok Kwong
Chairman

Hong Kong, 30 March 2006

As at the date of this announcement, Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Mr. Lam Chi Chung, Tommy 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 director of the Company.

Please also refer to the published version of this announcement in the South China Morning Post.