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POLYTEC ASSET HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors (the “**Board**”) of Polytec Asset Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
TURNOVER	<i>1</i>	2,592,538	3,050,768
Cost of sales		<u>(2,207,262)</u>	<u>(2,570,990)</u>
Gross profit		385,276	479,778
Other operating income		77,147	76,430
Selling and distribution costs		(8,316)	(19,348)
Administrative expenses		(17,006)	(16,486)
Other operating expenses		<u>(46,643)</u>	<u>(93,317)</u>
PROFIT FROM OPERATIONS		390,458	427,057
Loss arising from a change in fair value of investment properties		(50,000)	—
Unwinding cost for contingent forward transactions	<i>2(b)</i>	(485,068)	—
Loss on disposal of available-for-sale financial investments	<i>2(c)</i>	(506,655)	—
Share of results of jointly controlled entity		(48,186)	14,772
Finance costs		<u>(34,077)</u>	<u>(104,073)</u>
(LOSS)/PROFIT BEFORE TAX	<i>2</i>	(733,528)	337,756
Income tax expenses	<i>3</i>	<u>3,232</u>	<u>(65,058)</u>
(LOSS)/PROFIT FOR THE YEAR		<u><u>(730,296)</u></u>	<u><u>272,698</u></u>

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
ATTRIBUTABLE TO			
— Equity holders of the Company		(527,549)	222,190
— Minority interests		(202,747)	50,508
		<u>(730,296)</u>	<u>272,698</u>
(LOSS)/EARNINGS PER SHARE	4		
— Basic		<u>(11.88 cents)</u>	<u>5.06 cents</u>
— Diluted		<u>(11.88 cents)</u>	<u>5.05 cents</u>
DIVIDEND PER SHARE	5	<u>1.90 cents</u>	<u>1.80 cents</u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		35,055	36,678
Prepaid lease payments		105,757	108,577
Investment properties		100,000	150,000
Interest in jointly controlled entity		365,525	413,711
Interests in property development		10,251,062	12,013,954
Goodwill		16,994	16,994
		10,874,393	12,739,914
CURRENT ASSETS			
Amount due from jointly controlled entity		196,004	216,431
Held for trading investments		28,688	518,847
Derivative financial instruments		—	13,813
Inventories		461,152	311,627
Interests in property development		1,601,329	—
Trade and other receivables	6	32,234	30,729
Prepaid lease payments		2,820	2,820
Margin deposits		17,847	291,446
Cash and cash equivalents		394,437	310,248
		2,734,511	1,695,961
CURRENT LIABILITIES			
Trade and other payables	7	540,969	520,289
Amount received from interests in property development		1,613,516	—
Derivative financial instruments		19,903	78,218
Bank loans — current portion		36,700	18,000
Current taxation		92,744	89,041
Amount due to minority shareholder		1,622	4,913
		2,305,454	710,461
NET CURRENT ASSETS		429,057	985,500
TOTAL ASSETS LESS CURRENT LIABILITIES		11,303,450	13,725,414

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Bank loans — non-current portion		—	36,700
Amount due to immediate holding company		263,185	512,868
Amount due to ultimate holding company		686,497	902,020
Amount received from interests in property development		—	1,508,000
Deferred taxation		38,195	47,612
		<u>987,877</u>	<u>3,007,200</u>
NET ASSETS		<u>10,315,573</u>	<u>10,718,214</u>
CAPITAL AND RESERVES			
Share capital		443,897	443,897
Reserves		9,856,313	10,206,525
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		10,300,210	10,650,422
MINORITY INTERESTS		<u>15,363</u>	<u>67,792</u>
TOTAL EQUITY		<u>10,315,573</u>	<u>10,718,214</u>

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 (“Investments 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 — 2008

	Properties <i>HK\$’000</i>	Ice and Cold Storage <i>HK\$’000</i>	Investments and Others <i>HK\$’000</i>	Consolidated <i>HK\$’000</i>
Turnover	<u>533,678</u>	<u>51,133</u>	<u>2,007,727</u>	<u>2,592,538</u>
Segment result	523,126	14,786	(139,443)	398,469
Unallocated group expenses				<u>(8,011)</u>
Profit from operations				390,458
Loss arising from a change in fair value of investment properties	(50,000)	—	—	(50,000)
Unwinding cost for contingent forward transactions	—	—	(485,068)	(485,068)
Loss on disposal of available-for-sale financial investments	—	—	(506,655)	(506,655)
Share of results of jointly controlled entity	(48,186)	—	—	(48,186)
Finance costs				<u>(34,077)</u>
Loss before tax				(733,528)
Income tax expenses				<u>3,232</u>
Loss for the year				<u>(730,296)</u>
Segment assets	12,439,467	165,686	46,886	12,652,039
Interest in and amount due from jointly controlled entity	561,529	—	—	561,529
Unallocated group assets				<u>395,336</u>
				<u>13,608,904</u>
Segment liabilities	2,141,663	2,820	23,451	2,167,934
Unallocated group liabilities				<u>1,125,397</u>
				<u>3,293,331</u>
Depreciation and amortisation	7	5,563	—	5,610
Capital expenditure incurred	—	1,032	—	1,174
Gain arising from a change in fair value of derivative financial instruments, net	—	—	44,502	44,502
Loss arising from a change in fair value of held for trading investments	—	—	17,739	17,739
Impairment loss on inventories	3,657	—	—	3,657

Business segments — 2007

	Properties <i>HK\$'000</i>	Ice and Cold Storage <i>HK\$'000</i>	Investments and Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>134,069</u>	<u>48,319</u>	<u>2,868,380</u>	<u>3,050,768</u>
Segment result	92,185	13,495	330,189	435,869
Unallocated group expenses				<u>(8,812)</u>
Profit from operations				427,057
Share of results of jointly controlled entities	14,772	—	—	14,772
Finance costs				<u>(104,073)</u>
Profit before tax				337,756
Income tax expenses				<u>(65,058)</u>
Profit for the year				<u>272,698</u>
Segment assets	12,500,257	170,184	824,106	13,494,547
Interest in and amounts due from jointly controlled entity	630,142	—	—	630,142
Unallocated group assets				<u>311,186</u>
				<u>14,435,875</u>
Segment liabilities	1,954,718	2,956	145,612	2,103,286
Unallocated group liabilities				<u>1,614,375</u>
				<u>3,717,661</u>
Depreciation and amortisation	3	5,267	—	5,293
Capital expenditure incurred	23	143	—	190
Loss arising from a change in fair value of derivative financial instruments, net	—	—	68,204	68,204
Gain arising from a change in fair value of held for trading investments	—	—	42,730	42,730

2. LOSS/PROFIT BEFORE TAX

(a) Loss/profit before tax is arrived at after charging:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Depreciation of property, plant and equipment	2,790	2,473
Amortisation of prepaid lease payments	<u>2,820</u>	<u>2,820</u>

(b) Unwinding cost for contingent forward transactions

During the year, the Group had outstanding forward agreements to purchase or sell certain listed equity securities at fixed prices over 52-week periods from the dates of the agreements. Because of the global financial turmoil triggered by the sub-prime crisis, investment sentiment and the performance of the world financial and stock markets deteriorated drastically. In order to minimise losses and to reduce risk exposures associated with the outstanding forward agreements, a substantial portion of these agreements were unwound in October 2008. The aggregate costs in respect of the unwinding were HK\$485,068,000 (2007: Nil) and were recognised in the income statement for the year.

(c) Loss on disposal of available-for-sale financial investments

Listed equity securities had been acquired during the year for long-term holding purpose and were classified as available-for-sale financial investments in the financial statements. However, due to the unpredictable global financial conditions in the second half of 2008, the Group liquidated all its listed available-for-sale financial investments in order to contain its losses and minimise its risk exposure associated with its investment portfolio. The loss on disposal of available-for-sale financial investments were HK\$506,655,000 (2007: Nil) and were recognised in the income statement for the year.

3. INCOME TAX EXPENSES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current tax		
— Hong Kong Profits Tax	1,771	54,360
— Overseas income tax	3,403	11,439
— Under provision in respect of prior years	<u>1,011</u>	—
	6,185	65,799
Deferred tax	<u>(9,417)</u>	<u>(741)</u>
	<u>(3,232)</u>	<u>65,058</u>

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2007: 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.

4. LOSS/EARNINGS PER SHARE

The calculation of the basic and diluted loss/earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/earnings for the purposes of basic and diluted loss/earnings per share	<u>(527,549)</u>	<u>222,190</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss/earnings per share	4,438,967,838	4,390,342,304
Effect of dilutive potential ordinary shares:		
— Warrants	<u>—</u>	<u>10,827,678</u>
Weighted average number of ordinary shares for the purpose of diluted loss/earnings per share	<u>4,438,967,838</u>	<u>4,401,169,982</u>

5. DIVIDENDS

Dividends payable to equity holders of the Company attributable to the year:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$0.007 per ordinary share (2007: HK\$0.006)	31,073	26,634
Final dividend proposed after the balance sheet date of HK\$0.012 per ordinary share (2007: HK\$0.012)	<u>53,268</u>	<u>53,268</u>
	<u>84,341</u>	<u>79,902</u>

6. TRADE AND OTHER RECEIVABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Ageing analysis of trade receivables:		
Within 30 days	<u>2,174</u>	<u>2,369</u>
31 days to 60 days past due	820	1,312
61 days to 90 days past due	505	207
Over 90 days past due	<u>426</u>	<u>184</u>
Amounts past due	<u>1,751</u>	<u>1,703</u>
Trade receivables	3,925	4,072
Other receivables	<u>28,309</u>	<u>26,657</u>
	<u>32,234</u>	<u>30,729</u>

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. TRADE AND OTHER PAYABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Ageing analysis of trade payables:		
Within 30 days	12,249	6,504
31 days to 60 days	1,527	709
61 days to 90 days	1,940	926
Over 90 days	<u>9,420</u>	<u>658</u>
Trade payables	25,136	8,797
Deposits received from sale of properties	486,695	419,634
Other payables	<u>29,138</u>	<u>91,858</u>
	<u>540,969</u>	<u>520,289</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Group results and dividends

The Group's results for 2008 were substantially impaired by the adverse impacts of the financial crisis on the Group's previously held financial investment portfolio. The Group's net loss attributable to the shareholders amounted to HK\$527 million for the year ended 31 December 2008 compared to a net profit of HK\$222 million in 2007.

The Board has proposed the payment of a final dividend of HK1.2 cents per share for the year ended 31 December 2008. Together with the interim dividend of HK0.7 cent per share and subject to the shareholders' approval of the final dividend at the annual general meeting of the Company, the full year dividend per share for 2008 will amount to HK1.9 cents. The final dividend will be payable on 17 June 2009 to the shareholders registered on 10 June 2009.

Business review

While the Group's finance and investment activities were significantly affected by the "once-a-century" financial crisis in the fourth quarter last year, its core property development and investment business has been relatively less affected and contributed a major portion of the Group's operating income for 2008. This was mainly due to a profit recognition amounted to HK\$507 million having been made from the Group's investment in the Macau development project Villa de Mer in respect of sale of properties for the year ended 31 December 2008 and there was no such income as compared to 2007; and the Group's gross rental income from its investment property portfolio rose to HK\$34.6 million in 2008, an increase of 12% over the same period in 2007.

Property Development

As of 31 December 2008, the Group's land bank for development in Macau totaled approximately 1,000,000 sq. m. gross floor area, with a majority of the sites located adjacent to the oncoming Hong Kong-Zhuhai-Macau Bridge. The status of our major development projects in Macau is as follows.

Villa de Mer, The Orient Pearl District

Villa de Mer, the development project which is held by the Group with an 80% interest under a co-investment agreement, covers a gross floor area of approximately 138,100 sq. m. and comprises 5 towers with a total of about 1,300 residential units and a number of retail shops on the ground floor. The foundation work has been completed and the construction work for the superstructure has commenced and is expected to be completed in late 2010.

Pacifica Garden, Taipa

Pacifica Garden is the Group's 58% owned residential and commercial project in Taipa, Macau, with a gross floor area of 35,900 sq. m. in two building towers, comprising a total of 295 residential units which were already wholly pre-sold and a few retail shops on the ground floor. The construction work is expected to be completed in mid 2009.

Lote P, The Orient Pearl District

Lote P, which is an 80% owned development project, covers an aggregate site area of approximately 68,000 sq. m. will be developed by phases into various luxury residential towers, together with a large shopping arcade, a club house and numerous car parking spaces, with an aggregate gross floor area of approximately 699,800 sq. m.. The master plan of the development has been approved and the layout plan will be submitted to the relevant government authorities for approval shortly.

Lotes T & T1, The Orient Pearl District

Lotes T & T1 combined covers an aggregate site area of approximately 17,900 sq. m.. This project, which the Group owns an 80% interest, will be developed into a number of high-end residential blocks with certain retail shops and car parking spaces, having an aggregate gross floor area of approximately 187,000 sq. m.. The building plan was submitted to the relevant government authorities for approval.

Property Investment

The Group's gross rental income generated from its investment properties rose to HK\$34.6 million for the year ended 31 December 2008, an increase of 12% over the corresponding period of 2007. The increase was largely due to the improvement in occupancy rate of the office portion at the Group's major investment property, The Macau Square, with total rental income rising to HK\$30.1 million for the full year of 2008, an increase of 14.9% over the same period in 2007.

Ice and Cold Storage

The ice manufacturing and cold storage business recorded an operating profit of HK\$14.8 million for 2008, an increase of 9.6% over the same period in 2007. The Group will continue to explore possible expansion opportunities.

Financial and Investment

The meltdown on Wall Street and the global financial markets in the fourth quarter last year has significant adverse impact on the financial investment portfolio previously held by the Group. When the crisis intensified in October after the unexpected collapse of investment bank Lehman Brothers Holdings Inc., in order to avoid further losses on the Group's portfolio, which could be triggered by further downfall in the world financial markets, management decided and acted promptly to unwind over 90% of its derivative obligations and liquidate most of the listed securities owned in its investment portfolio.

As a result, the Group's finance and investment activities suffered a one-time substantial operating loss of HK\$1,131 million for the year ended 31 December 2008 as compared to an operating profit of HK\$330 million in the same period of 2007.

The Group will in future take a conservative and prudent approach on finance and investment activities. Management has been directed to limit short-term financial investment activities and to avoid derivative trading and to focus on medium- and long-term investment opportunities.

Financial review

As at 31 December 2008, the Group's total liquid assets amounted to HK\$423 million, of which HK\$394 million were in cash and cash equivalents. The decrease of HK\$406 million as compared with the corresponding amount in last year was mainly due to the substantial reduction in finance and investment activities of the Group after the financial turmoil resulting in a decrease in held for trading investments of HK\$490 million, but an increase in cash and cash equivalents of HK\$84 million.

As at 31 December 2008, the major current liabilities of the Group consisted of deposits received from the pre-sale of properties at Pacifica Garden of HK\$487 million and advances received from the Group's interests in Villa de Mer of HK\$1,613 million. Deposits received from the pre-sale of properties represent deferred revenue of the Group and will not have any cash outflow effect on the Group. Advances received from the Group's interests in Villa de Mer will be applied against the final distribution from the Group's interests in Villa de Mer of HK\$1,601 million which was made subsequent to the balance sheet date and the actual cash outflow is HK\$12 million only.

The Group's gearing ratio, expressed as a percentage of total borrowings, which includes bank borrowings and the amounts due to the holding companies of the Company, over the equity attributable to equity holders of the Company, was 9.6% as of 31 December 2008. The bank borrowings of the Group are repayable over 5 years from the date of the inception of the loans by monthly instalments, are denominated in Hong Kong dollars and bear interest at the prevailing market rates and will be wholly repayable in 2009. During the year, the Group also obtained certain

short-term borrowings and overdrafts for its finance and investment activities. Those short-term borrowings and overdrafts were denominated in Hong Kong dollars, bearing interest at the prevailing market rates and repaid during the year.

The outstanding balance for the acquisition from the ultimate holding company of an 80% interest in the development projects on the land situated at The Orient Pearl District in Macau, was reduced to HK\$686 million. This balance is unsecured and bears interest at bank lending rates and will be repaid when the liquidity position of the Group permits. Additional finance was provided to the Group by advances from its immediate holding company for the Group's working capital and other investment activities. These advances are also unsecured and bear interest at prevailing market rates with no fixed repayment terms.

During the year, minority shareholders of a subsidiary have granted loans of HK\$165 million to that subsidiary to finance its operations. The loans from minority shareholders are unsecured, and interest free and the minority shareholders will not demand for repayment of such loans until the liquidity position of that subsidiary permits the settlement.

As at 31 December 2008, certain assets of the Group with an aggregate net book value of approximately HK\$190 million were pledged to secure credit facilities granted to the Group.

The Group's earnings for 2009 will be secured by the final distribution from the Group's interests in Villa de Mer received subsequent to the balance sheet date, which will have a significant positive impact on the results for 2009 but no material impact on the net asset value of the Group as the amount of valuation surplus in respect thereof has already been retained in the fair value reserve. Further, the completion of Pacifica Garden in Taipa will contribute additional operating income to the Group for 2009.

The Group constantly assesses and reviews the returns of individual assets, balance between debts and equity, cost of each class of capital and associated risks of those assets and capital to determine appropriate arrangements to maximize returns to its shareholders.

Prospects

The global economy has deteriorated rapidly over the past six months and the recovery of economy may slow down further as fears are still mounting over economic uncertainties. The growth of Macau economy is expected to slow down considerably ending a double-digit annual growth rate period during 2003-2008 and the property market and other industries in Macau will undergo different degrees of consolidation.

However, we remain confident in the prospects of the Macau economy over the medium- and long-term as Macau still has its competitive advantage in the Greater China region as it is the only legalized gaming destination in the region. Moreover, the government's determination to build Macau into a gaming and tourist hub of Asia with its financial commitment in mega infrastructure projects will continue to add impetus to its economy which will be positive for the property market in the years ahead.

In the current outlook, the Macau property market will likely remain under downward adjustment pressures and the business environment in 2009 may be even more challenging than the one in 2008. However, the Group is well positioned to face the challenges caused by this slowing down of economy.

With its existing sizable land bank of 1,000,000 sq. m. gross floor area in the prime locations that are adjacent to the landing point of the oncoming Hong Kong-Zhuhai-Macau Bridge, the Group's plan is to build high quality residential complexes with different themes and to target different needs of buyers. More importantly, as this is a large scale joint-venture property development project with our parent company, the Group can also capitalize on the ultimate holding company's established reputation in the Macau property market for over two decades.

The Group is committed to intensify its effort in its property development business in Macau and will continue to enhance its competitiveness. The Group is expected to deliver good results in 2009 after a one-time substantial loss from our finance and investment activities caused by the crisis in the financial market in 2008.

The Group's earnings for 2009 will be supported by two development projects in Macau, with the income distribution from the co-investment development project Villa de Mer in the Oriental Pearl District and the revenue booking from another development project Pacifica Garden in Taipa.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 5 June 2009 to Wednesday, 10 June 2009 (both days inclusive) in order to determine entitlements of shareholders to the final dividend in respect of the year ended 31 December 2008. In order to qualify for the entitlement of the final dividend, the shareholders must ensure that all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 June 2009.

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 of the Company has reviewed the annual financial statements of the Group for the year ended 31 December 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions of the Code on Corporate Governance Practice (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2008, save for the following exception.

Code Provision A.4.1 of the 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 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 considers that the non-executive directors 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 Code.

By the Order of the Board
Or Wai Sheun
Chairman

Hong Kong, 7 April 2009

As at the date of this announcement, Mr. Or Wai Sheun (Chairman), Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching, Mr. Lam Chi Chung, Tommy and Ms. Chio Koc Ieng are executive directors of the Company, Mr. Lai Ka Fai is a non-executive director of the Company and Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang are independent non-executive directors of the Company.