

Chairman's Statement

In January 2004, our Company changed its name to Polytec Asset Holdings Limited. This change of name signified the adoption of a new proactive business approach by our Group. In fact, through several acquisitions and two rights issues, our Group's net asset value has increased from HK\$51 million in last year to HK\$616 million in this year with, a turnaround from an operating loss of HK\$0.4 million to an operating profit of HK\$25 million compared with last year.

To date, in order to quickly improve our Group's position, we have acquired certain property interests located at the central district in Macao, including The Macau Square and China Plaza. As Macao has entered into an era of high growth and rapid development, the value of these properties has already appreciated and we believe that the value of these properties will further appreciate in future. We have also acquired a site at the main residential area in Taipa, Macao from which the properties to be produced upon completion of the development will generate a satisfactory return as expected. In view of the continuous economic growth and the promising property market in Macao, we intend to increase our participation in the property sector there. We believe the investments that we have made should result over the next few years in a substantial improvement to our Group's balance sheet and profitability.

It is also our strategy to explore opportunities in different sectors. In 2004, we have acquired a leading crushed tube ice manufacturer in Hong Kong, namely The Hong Kong Ice & Cold Storage Company Limited and expect that it will contribute a stable recurrent income.

Looking forward, we will continue to capitalise the strength and expertise of our business and proactively identify new potential markets and other suitable investment opportunities with aims to further widen and strengthen our income and asset base and to maximize our shareholders' return.

Finally, I would like to thank all our staff members for their hard work and fellow directors and our business partners for their dedication to our Group.

Yeung Kwok Kwong

Chairman

Hong Kong , 15 April 2005