



**POLYTEC ASSET HOLDINGS LIMITED**  
**保利達資產控股有限公司**

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 208)  
(於開曼群島註冊成立之有限公司) (股份代號: 208)



INTERIM REPORT  
中期報告 **2014**

UP LIGHT

METAL CLADDING

METAL CLADDING

STONE FINISH

SYNTHETIC ALABASTER  
METAL CANOPY

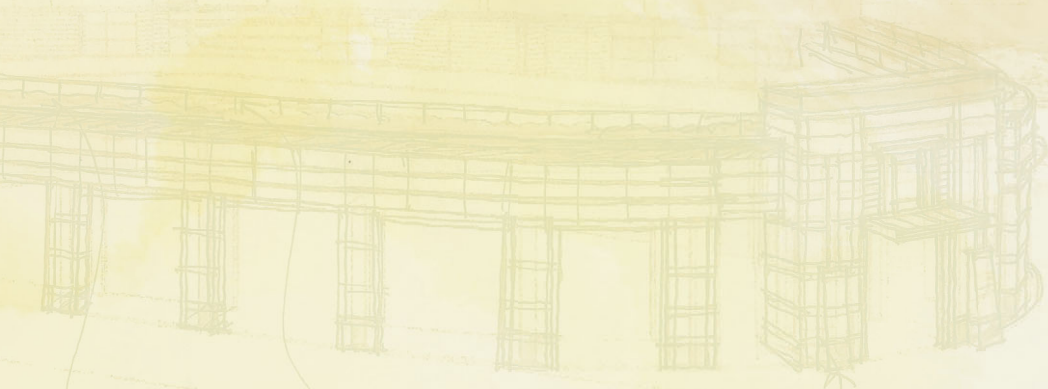
METAL CLADDING

STONE FINISH  
BASE

HEDGE

SOBBING PATH

PORTAL





# POLYTEC ASSET HOLDINGS LIMITED

Polytec Asset Holdings Limited (Stock Code: 208) currently focuses on the property market in Macau. In 2004, the Group started to invest in the Macau property market and acquired certain property interests, including a 50%-owned investment property in the central district, The Macau Square. In 2006, the Group acquired 80% interest in three property development projects in the Orient Pearl District of Macau, with its total attributable gross floor area of the remaining two property projects currently under development exceeding 700,000 sq. m.. The Group has become one of the leading property developers in Macau since then. The Group currently also engages in the oil business in Kazakhstan and the ice and cold storage business in Hong Kong.



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## 02 Corporate Information

### Board of Directors and Committees

#### Board of Directors

##### Executive Directors

Or Wai Sheun (*Chairman*)

Yeung Kwok Kwong

Wong Yuk Ching

Chio Koc leng

##### Non-executive Directors

Lai Ka Fai

Or Pui Ying, Peranza

##### Independent Non-executive Directors

Liu Kwong Sang

Siu Leung Yau

Tsui Wai Ling, Carlye

Teo Geok Tien Maurice

#### Committees

##### Executive Committee

Yeung Kwok Kwong (*Chairman*)

Wong Yuk Ching

Lai Ka Fai

##### Audit Committee

Liu Kwong Sang (*Chairman*)

Siu Leung Yau

Lai Ka Fai

##### Remuneration Committee

Siu Leung Yau (*Chairman*)

Liu Kwong Sang

Yeung Kwok Kwong

##### Nomination Committee

Or Wai Sheun (*Chairman*)

Liu Kwong Sang

Siu Leung Yau

### Corporate and Shareholders' Information

#### Company Secretary\*

Lau Sui Cheung (deceased on 22 May 2014)

#### Independent Auditors

KPMG

*Certified Public Accountants*

#### Authorised Representatives

Yeung Kwok Kwong

Lai Ka Fai

#### Principal Share Registrar and Transfer Office

The R&H Trust Co. Ltd.

Windward 1

Regatta Office Park

P.O. Box 897

Grand Cayman KY1-1103

Cayman Islands

#### Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

#### Registered Office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

\* Up to the date of the approval of this report, the Company has not yet appointed a new Company Secretary.

## Corporate and Shareholders' Information *(continued)*

### Head Office and Principal Place of Business

23rd Floor, Pioneer Centre  
750 Nathan Road  
Kowloon  
Hong Kong

### Website

[www.polytecasset.com](http://www.polytecasset.com)

### Stock Code

The Stock Exchange of Hong Kong Limited: 208

### Principal Bankers

Bank of China  
Hang Seng Bank

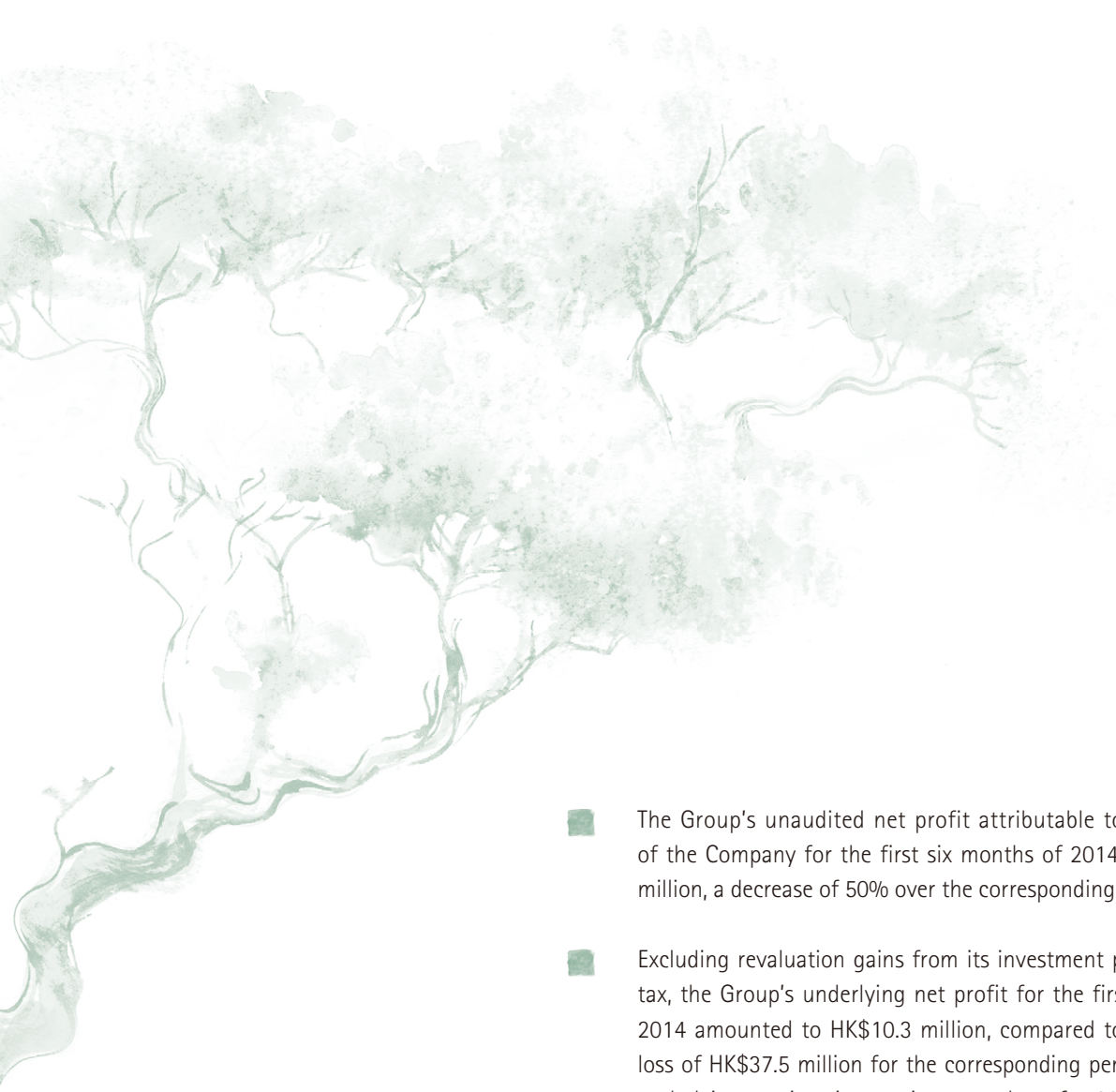
### Financial Calendar for Interim Results 2014

Interim results announcement	27 August 2014
Ex-dividend date for interim dividend	30 October 2014
Closure of register of members	3 November 2014 – 4 November 2014 (both days inclusive)
Interim dividend payable	11 November 2014



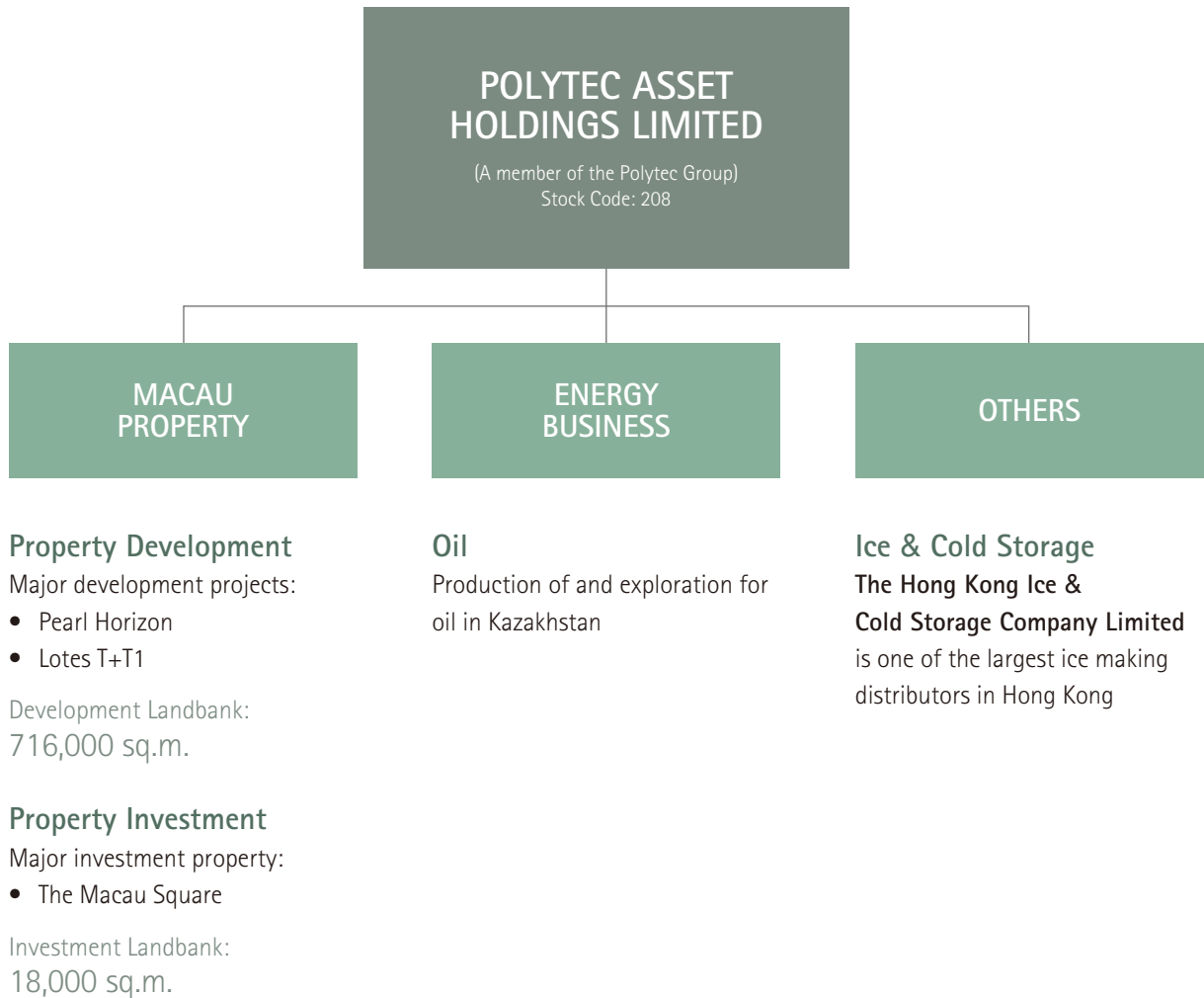


# 04 Highlights



- The Group's unaudited net profit attributable to equity holders of the Company for the first six months of 2014 fell to HK\$29.2 million, a decrease of 50% over the corresponding period in 2013.
- Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first six months of 2014 amounted to HK\$10.3 million, compared to underlying net loss of HK\$37.5 million for the corresponding period in 2013. The underlying net interim earnings per share for 2014 was 0.23 HK cent compared to the underlying net interim loss per share of 0.84 HK cent in 2013.
- Interim dividend per share for 2014 amounted to 0.20 HK cent (2013: 0.90 HK cent).

# 05 Group's Business Structure



# 06 Chairman's Statement

## Interim Results and Dividends

For the six months ended 30 June 2014, the unaudited net profit attributable to equity holders of the Company and its subsidiaries (collectively the "Group") amounted to HK\$29.2 million compared to HK\$58.5 million for the corresponding period of 2013. The interim earnings per share for 2014 amounted to 0.66 HK cent compared to 1.32 HK cents in 2013.

Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first six months of 2014 amounted to HK\$10.3 million compared to the net underlying loss of HK\$37.5 million for the first six months of 2013. The underlying net interim earnings per share for 2014 was 0.23 HK cent compared to the underlying net interim loss per share of 0.84 HK cent in 2013.

The Board of Directors has declared an interim dividend per share for 2014 of 0.20 HK cent (2013: 0.90 HK cent). The interim dividend will be payable on Tuesday, 11 November 2014 to the shareholders whose names appear on the Register of Members of the Company on Friday, 31 October 2014.

## Business Review

For the period under review, the Group's net profit fell to HK\$29.2 million, a decrease of 50% over the same period in 2013 and the substantial decline in net profit was mainly attributable to the decrease in the revaluation gains from the Group's investment property portfolio and the continued suspension of the oil production in Kazakhstan for the first six months of 2014.

The Group's underlying net profit amounted to HK\$10.3 million for the first six months of 2014 compared to underlying net loss of HK\$37.5 million for the same period in 2013. The improvement in the Group's underlying results for the first half of 2014 came from gains of the disposal of certain car parking spaces at Va long in Macau and the Group's residential development project in Tuen Mun, Hong Kong as well as the one-off exchange gain in the oil segment.





## Property Development

As at 30 June 2014, the development landbank in Macau attributable to the Group amounted to approximately 716,000 sq. m. gross floor area. All of the Group's existing development sites are favourably situated adjacent to the landing point of the Hong Kong-Zhuhai-Macau Bridge.

The status of the Group's major projects under development in Macau is set out below.

### Pearl Horizon, The Orient Pearl District

Pearl Horizon, a development project in which the Group owns an 80% interests, covers an aggregate site area of approximately 68,000 sq. m. and will be developed into various luxury residential towers, together with a full-facility sizable shopping arcade, a deluxe club house and numerous car parking spaces, with an aggregate gross floor area of approximately 699,700 sq. m.. The foundation work for the whole project will be commenced 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, in which the Group owns an 80% interest, will be developed into a number of high-end residential blocks with retail shops and car parking spaces. The project covers an aggregate gross floor area of approximately 195,600 sq. m.. The foundation work has been commenced in the fourth quarter of 2013.

## Property Investment

For the first half of 2014, the Group disposed of certain car parking spaces at Va long, Macau and a residential development project in Tuen Mun, Hong Kong, with combined gains from the disposal amounting to HK\$23.7 million.

For the period under review, the Group's share of gross rental income generated from its investment properties rose to HK\$26.7 million, an increase of 9.8% over the same period in 2013. The improvement in income was mainly due to an increase in rents from The Macau Square, the Group's 50%-owned investment property in Macau, with total rental income of the property attributable to the Group rising 13.1% to HK\$24.8 million for the first half of 2014.

## Oil

For the six months ended 30 June 2014, the segment recorded an operating loss of HK\$15.2 million compared to an operating loss of HK\$29.8 million for the same period in 2013. The continued loss in this segment was due to the fact that the normal oil production for the Group's South Alibek Oilfield in Kazakhstan (the "Oilfield") has not resumed since 1 January 2013, pending the approval of a gas flaring permit for the Oilfield from the government.

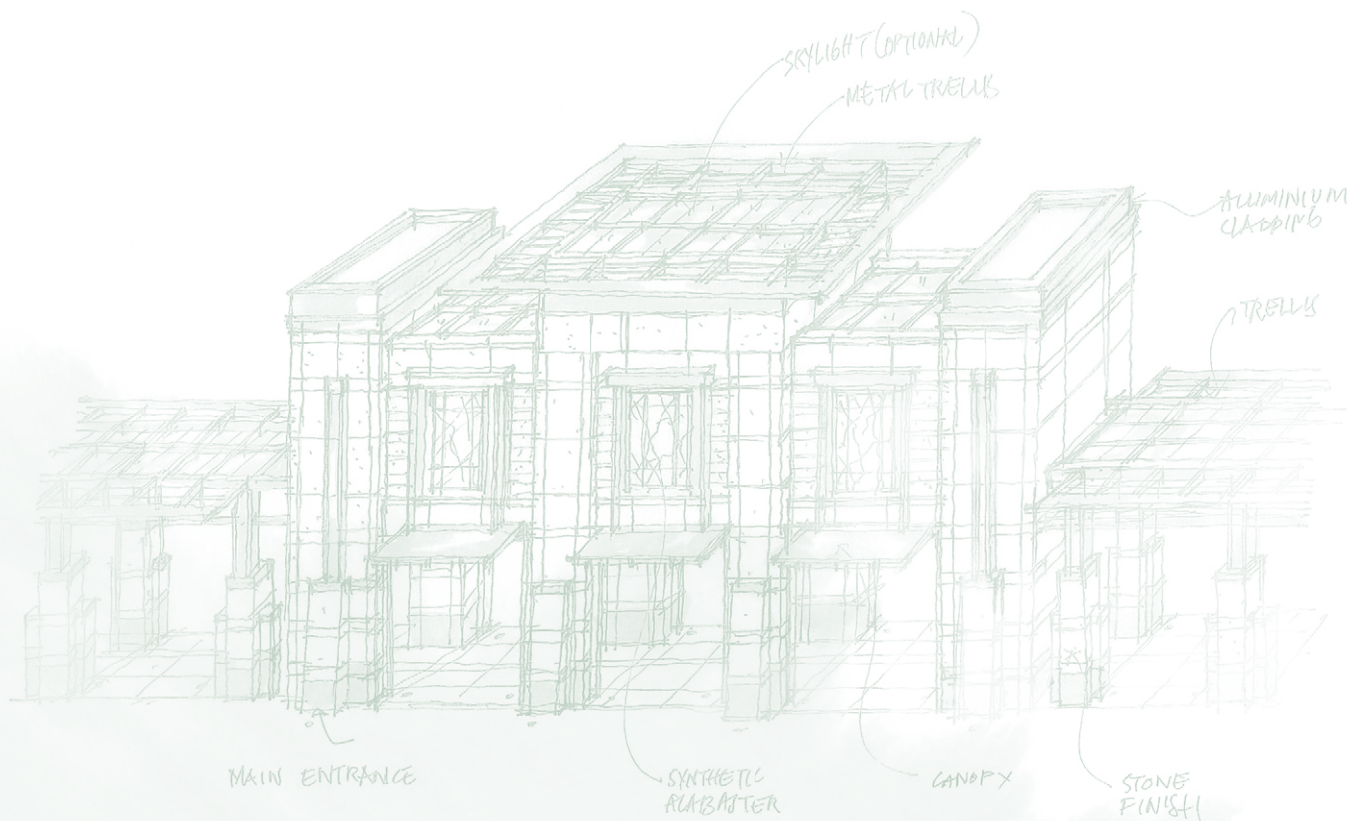
For the period under review, the decline in segment operating loss compared to the same period in 2013 was largely due to the one-off exchange gain from the devaluation of Tenge, the local currency of Kazakhstan.

The management has been taking all necessary steps to obtain a gas flaring permit so as to enable the Oilfield to resume normal oil production in Kazakhstan as soon

as possible over the past two years. In addition, the Group also has been seeking a long-term solution to tackle the gas flaring issue, with assessment of various viable options having recently been under consideration. However, the current disruption in normal oil production is expected to continue to impact adversely on the Group's earnings in this segment for the second half of 2014.

## Ice and Cold Storage

During the period under review, total operating profit for the combined cold storage and ice manufacturing segment amounted to HK\$7.1 million compared to HK\$6.2 million in the first six months of 2013. The increase in operating profit was chiefly attributable to the improvement in the industrial ice sector.

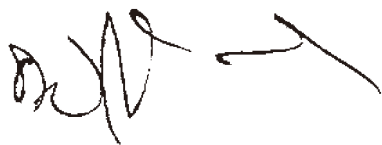


## Prospects

The Macau economy remained robust in the first half of 2014, being supported by tourism and gaming industries. While the Macau government implemented a new transit visa restriction on 1 July 2014 and this policy may adversely affect short-term performance of the tourism and gaming sectors, the strong fundamentals remain. The economy will continue to be buoyed by the on-going mega infrastructure investment projects and tourism-related development projects. In addition, the government's determination to develop Macau into a world-class leisure destination and tourism hub will make economic growth more sustainable. Hence, the Group remains optimistic about the medium to long-term economic outlook for Macau.

The presale programs for the Group's two luxury residential and commercial development projects in the Orient Pearl District, Macau, Pearl Horizon and Lotes T+T1 have been put on hold since the new laws on property sale activities became effective on 1 June 2013. However, the presale of the two projects is expected to be relaunched after two years of their respective construction when all relevant requirements for presale can possibly be fulfilled.

I would like to take this opportunity to express my gratitude to my fellow directors for their support and all staff for their dedication and hard work.



**Or Wai Sheun**  
*Chairman*

Hong Kong, 27 August 2014





# 10 Financial Review

## Liquidity, Financial Resources and Capital Structure

The Group continued to maintain a sound financial liquidity position for the period under review. As at 30 June 2014, the Group maintained a balance of cash and cash equivalents of HK\$179 million (31 December 2013: HK\$209 million), which were mainly denominated in Hong Kong dollars.

As at 30 June 2014, total borrowings amounted to HK\$2,130 million (31 December 2013: HK\$2,248 million), comprised only the amount due to ultimate holding company repayable after more than one year. The amount due was denominated in Hong Kong dollars and interest bearing at prevailing market rates.

The Group also had unutilised banking facilities of HK\$180 million (31 December 2013: HK\$180 million), which were secured by the Group's land and buildings, denominated in Hong Kong dollars and interest bearing at prevailing market rates, which were subject to review from time to time.

As at 30 June 2014, total equity attributable to equity holders of the Company amounted to HK\$11,239 million (31 December 2013: HK\$10,926 million). The Group's gearing ratio, expressed as a percentage of total borrowings over the equity attributable to equity holders of the Company, slightly decreased to 19.0% from 20.6% as at 31 December 2013.

## Treasury Policies

Apart from the Group's oil business, the majority of the Group's sales and purchases are denominated in Hong Kong dollars and Macau Patacas. Due to the fact that the Hong Kong dollar is pegged to the Macau Pataca, the Group's exposure to this foreign exchange risk is relatively low. In respect of the Group's oil business in Kazakhstan, the Group has been exposed to the exchange fluctuations in Tenge ("KZT"), the local currency of Kazakhstan, because the majority of operating expenses and capital expenditure are denominated in KZT, while a significant portion of its revenue is denominated in United States dollars. As at 30 June 2014, the Group did not have any outstanding financial instruments entered into for hedging purposes. Nevertheless, the Group is closely monitoring its overall foreign exchange exposure and interest rate exposure and will adopt a proactive but prudent approach to minimise the relevant exposures when necessary.

### Capital Commitments

As at 30 June 2014, the Group had capital commitments contracted but not provided for in the amount of HK\$35 million (31 December 2013: Nil), mainly for the acquisition of property, plant and equipment of the oil business.

### Charges on Assets

As at 30 June 2014, certain assets of the Group, with total book value of approximately HK\$118 million (31 December 2013: HK\$120 million), were pledged to secure the banking facilities of the Group.

### Contingent Liabilities

As at 30 June 2014, the Group did not have any significant contingent liabilities (31 December 2013: Nil).

# 12 Consolidated Income Statement

	Note	Six months ended 30 June	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Turnover</b>	3	93,756	57,087
Cost of sales		(20,645)	(14,587)
<b>Gross profit</b>		73,111	42,500
Other income		17,807	4,553
Selling and distribution expenses		(24,191)	(13,266)
Administrative expenses		(26,320)	(33,407)
Other operating expenses		(30,826)	(28,601)
<b>Profit/(Loss) from operations</b>		9,581	(28,221)
Finance costs	4	(16,389)	(14,760)
Share of profit of joint venture		40,678	116,923
<b>Profit before tax</b>	5	33,870	73,942
Income tax expenses	6	(3,952)	(14,589)
<b>Profit for the period</b>		29,918	59,353
<b>Attributable to:</b>			
Equity holders of the Company		29,232	58,454
Non-controlling interests		686	899
		29,918	59,353
<b>Earnings per share – Basic/Diluted</b>	7	0.66 HK cent	1.32 HK cents



# 13 Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
<b>Profit for the period</b>	<b>29,918</b>	<b>59,353</b>
<b>Other comprehensive income for the period</b>		
Item that may be reclassified subsequently to profit or loss:		
Changes in fair value of interests in property development	306,131	112,165
<b>Other comprehensive income for the period, net of tax</b>	<b>306,131</b>	<b>112,165</b>
<b>Total comprehensive income for the period</b>	<b>336,049</b>	<b>171,518</b>
<b>Attributable to:</b>		
Equity holders of the Company	335,363	170,619
Non-controlling interests	686	899
	<b>336,049</b>	<b>171,518</b>

# 14 Consolidated Balance Sheet

	<i>Note</i>	At 30 June 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		1,131,645	1,136,716
Oil exploitation assets		83,972	84,322
Interests in property development	9	10,920,232	10,614,101
Interest in joint venture		1,037,680	997,002
Deferred tax assets		81,716	82,702
Goodwill		16,994	16,994
		<b>13,272,239</b>	<b>12,931,837</b>
<b>Current assets</b>			
Amount due from joint venture		14,765	32,766
Held for trading investments		6,810	8,685
Inventories		74,228	105,506
Trade and other receivables	10	74,465	156,994
Cash and cash equivalents		179,200	209,347
		<b>349,468</b>	<b>513,298</b>
<b>Current liabilities</b>			
Dividend payable		22,195	-
Trade and other payables	11	106,796	120,546
Current taxation		55,845	52,347
		<b>184,836</b>	<b>172,893</b>
<b>Net current assets</b>		<b>164,632</b>	<b>340,405</b>
<b>Total assets less current liabilities</b>		<b>13,436,871</b>	<b>13,272,242</b>

	<i>Note</i>	At 30 June 2014 <i>HK\$'000</i> (unaudited)	At 31 December 2013 <i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>			
Amount due to ultimate holding company		2,130,011	2,247,683
Other payables		37,525	41,416
Deferred tax liabilities		19,504	20,085
		<b>2,187,040</b>	<b>2,309,184</b>
<b>NET ASSETS</b>		<b>11,249,831</b>	<b>10,963,058</b>
<b>Capital and reserves</b>			
Share capital		443,897	443,897
Reserves		10,794,830	10,481,662
<b>Equity attributable to equity holders of the company</b>		<b>11,238,727</b>	<b>10,925,559</b>
<b>Non-controlling interests</b>		<b>11,104</b>	<b>37,499</b>
<b>TOTAL EQUITY</b>		<b>11,249,831</b>	<b>10,963,058</b>



# 16 Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company					Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2014 (audited)	443,897	5,912,600	3,318,101	1,250,961	10,925,559	37,499	10,963,058
Profit for the period	-	-	-	29,232	29,232	686	29,918
Other comprehensive income for the period	-	-	306,131	-	306,131	-	306,131
Total comprehensive income for the period	-	-	306,131	29,232	335,363	686	336,049
Dividends approved in respect of the previous year	-	-	-	(22,195)	(22,195)	-	(22,195)
Dividends paid to non-controlling interests	-	-	-	-	-	(27,081)	(27,081)
At 30 June 2014 (unaudited)	443,897	5,912,600	3,624,232	1,257,998	11,238,727	11,104	11,249,831
At 1 January 2013 (audited)	443,897	5,912,600	2,902,258	1,353,116	10,611,871	13,090	10,624,961
Profit for the period	-	-	-	58,454	58,454	899	59,353
Other comprehensive income for the period	-	-	112,165	-	112,165	-	112,165
Total comprehensive income for the period	-	-	112,165	58,454	170,619	899	171,518
Dividends approved in respect of the previous year	-	-	-	(66,585)	(66,585)	-	(66,585)
At 30 June 2013 (unaudited)	443,897	5,912,600	3,014,423	1,344,985	10,715,905	13,989	10,729,894

# 17 Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash from/(used in) operating activities	118,781	(44,617)
Net cash from/(used in) investing activities	11,153	(9,674)
Net cash (used in)/from financing activities	(160,081)	37,757
Net decrease in cash and cash equivalents	(30,147)	(16,534)
Cash and cash equivalents at 1 January	209,347	267,057
Cash and cash equivalents at 30 June	179,200	250,523

# 18 Notes to the Unaudited Interim Financial Statements

## 1. Basis of Presentation

The unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual accounts, except for the accounting policy changes that are expected to be reflected in the 2014 annual accounts. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated accounts and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual accounts. The condensed consolidated interim accounts and notes thereon do not include all of the information required for full set of accounts prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory accounts for that financial year but is derived from those accounts. The auditors have expressed an unqualified opinion on those accounts in their report dated 26 March 2014.

## 2. Change in Accounting Policies

The HKICPA has issued a number of amendments to HKFRSs and one new interpretation that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. Segment Information

The Group had four operating segments which included properties investment, trading and development related activities ("Properties"), oil exploration and production related activities ("Oil"), manufacturing of ice and provision of cold storage and related services ("Ice and Cold Storage") and other miscellaneous operations ("Others").

	Six months ended 30 June 2014				
	Properties <i>HK\$'000</i>	Oil <i>HK\$'000</i>	Ice and Cold Storage <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	12,000	35,209	46,547	–	93,756
Segment result	25,672	(15,161)	7,096	(1,790)	15,817
Corporate portion					(6,236)
Profit from operations					9,581
Finance costs					(16,389)
Share of profit of joint venture	40,678	–	–	–	40,678
Profit before tax					33,870

	At 30 June 2014				
	Properties <i>HK\$'000</i>	Oil <i>HK\$'000</i>	Ice and Cold Storage <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	11,018,417	1,104,231	178,060	6,887	12,307,595
Interest in and amount due from joint venture	1,052,445	–	–	–	1,052,445
Corporate assets					261,667
					13,621,707



## 3. Segment Information (continued)

	Six months ended 30 June 2013				Total HK\$'000
	Properties HK\$'000	Oil HK\$'000	Storage HK\$'000	Others HK\$'000	
Turnover	190	19,009	37,888	-	57,087
Segment result	2,726	(29,839)	6,185	(1,344)	(22,272)
Corporate portion					(5,949)
Loss from operations					(28,221)
Finance costs					(14,760)
Share of profit of joint venture	116,923	-	-	-	116,923
Profit before tax					73,942
	At 31 December 2013				Total HK\$'000
	Properties HK\$'000	Oil HK\$'000	Storage HK\$'000	Others HK\$'000	
Segment assets	10,823,418	1,116,039	174,364	8,685	12,122,506
Interest in and amount due from joint venture	1,029,768	-	-	-	1,029,768
Corporate assets					292,861
					13,445,135

## 4. Finance Costs

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Interest expense on		
Bank and other borrowings wholly repayable within five years	–	9
Amount due to immediate holding company with no fixed repayment terms	–	8,055
Amount due to ultimate holding company repayable after more than one year	15,328	5,906
	15,328	13,970
Other finance costs	1,061	790
	16,389	14,760

## 5. Profit Before Tax

Profit before tax is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Depreciation and amortisation	12,259	13,388

## 6. Income Tax Expenses

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Current tax		
– Hong Kong Profits Tax	1,320	661
– Overseas income tax	2,227	924
Deferred tax	405	13,004
	<b>3,952</b>	<b>14,589</b>

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the six months ended 30 June 2014. Overseas taxation has been provided for at the applicable rates ruling in the respective jurisdictions.

## 7. Earnings Per Share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$29,232,000 (six months ended 30 June 2013: HK\$58,454,000) and 4,438,967,838 (six months ended 30 June 2013: 4,438,967,838) ordinary shares in issue during the period.

### (b) Diluted earnings per share

There is no diluted potential share in existence during the six months ended 30 June 2014 and 2013.

## 8. Dividends

## (a) Dividends attributable to the interim period

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of 0.20 HK cent (six months ended 30 June 2013: 0.90 HK cent) per share	8,878	39,951

The interim dividend declared after the interim period has not been recognised as a liability at the interim period end date.

## (b) Dividends attributable to the previous financial year and approved during the interim period

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Final dividend in respect of the previous financial year, approved during the interim period, of 0.50 HK cent (six months ended 30 June 2013: 1.50 HK cents) per share	22,195	66,585

## 9. Interests in Property Development

	At 30 June	At 31 December
	2014	2013
	HK\$'000	HK\$'000
At 1 January	10,614,101	10,198,258
Changes in fair value recognised in other comprehensive income	306,131	415,843
At 30 June/31 December	10,920,232	10,614,101

Interests in property development represent the Group's interests in the development of various properties in Macau under two co-investment agreements with two wholly owned subsidiaries of the ultimate holding company respectively. Pursuant to the terms of the co-investment agreements, the Group will provide funding to cover any shortfall in the funding of the development projects which is subject to an aggregate maximum amount. In return, the two wholly owned subsidiaries of the ultimate holding company will pay to the Group cash flows from the development projects according to the formulas set out in the co-investment agreements. Interests in property development are stated at fair value at the balance sheet date.



## 10. Trade and Other Receivables

	At 30 June 2014 <i>HK\$'000</i>	At 31 December 2013 <i>HK\$'000</i>
Ageing analysis of trade receivables:		
Within 30 days	15,458	124,653
31 days to 60 days past due	5,057	2,788
61 days to 90 days past due	1,542	1,748
Over 90 days past due	670	1,657
Amounts past due	7,269	6,193
Trade receivables	22,727	130,846
Other receivables	51,738	26,148
	<b>74,465</b>	<b>156,994</b>

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.

## 11. Trade and Other Payables

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Ageing analysis of trade payables:		
Within 30 days	516	-
31 days to 60 days past due	77	-
Over 90 days past due	3	-
Amounts past due	80	-
Trade payables	596	-
Other payables		
- Government fees and levies	45,434	51,721
- Others	60,766	68,825
	106,200	120,546
	106,796	120,546

## 12. Related Party Transactions

The Group had the following transactions with related parties:

- (a) During the six months ended 30 June 2014, interest of HK\$15,328,000 (2013: HK\$5,906,000) was payable to the ultimate holding company. The amount due to the ultimate holding company was unsecured and interest bearing at a premium over the Hong Kong Interbank Offering Rates ("HIBOR") and repayable after more than one year.
- (b) During the six months ended 30 June 2013, interest of HK\$8,055,000 was payable to the immediate holding company. The amount due to the immediate holding company was unsecured, interest bearing at a premium over the HIBOR and with no fixed repayment terms. No interest was payable to the immediate holding company during the six months ended 30 June 2014.

### 13. Oil Production Assets and Oil Exploitation Assets

As at 30 June 2014, the Group has oil production assets of HK\$991,498,000 (31 December 2013: HK\$992,961,000) (included in property, plant and equipment) and oil exploitation assets of HK\$83,972,000 (31 December 2013: HK\$84,322,000). Oil production assets and oil exploitation assets are stated at cost less accumulated depreciation/amortisation and impairment losses.

The normal crude oil production of the South Alibek Oilfield of Caspi Neft TME, a wholly owned subsidiary of the Company in Kazakhstan, has been temporarily suspended since 1 January 2013, as the gas flaring permit to flare associated gas for the South Alibek Oilfield expired on 31 December 2012. Caspi Neft TME applied to the Kazakhstan Government for renewal of the gas flaring permit in October 2012 and provided the information as requested by the Kazakhstan Government. Up to the date of approval of the unaudited interim financial report, although some approvals have been obtained from the relevant governmental authorities, further approvals are required to accomplish the application for renewal of the gas flaring permit to enable Caspi Neft TME to resume normal oil production. Caspi Neft TME has been taking all necessary steps to obtain the permit and is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of the associated gas permanently, including studying the feasibility of a plan having been recently proposed by the Ministry of Oil and Gas of the Kazakhstan Government, as well as obtaining approvals from the relevant authorities of the Kazakhstan Government and engaging in active communication with other external parties in order to substantiate the other alternatives. Based on advice received from its technical experts and external legal advisor and the alternatives under consideration, the Group considers that there is no indication that the gas flaring permit will not be renewed. Normal crude oil production will be resumed as soon as practicable upon obtaining the permit.

As at 30 June 2014, the Group assessed the values of the oil production assets and oil exploitation assets. As the recoverable amounts of the oil production assets and oil exploitation assets exceeded their carrying values, no impairment loss is considered necessary for the period ended 30 June 2014.

### 14. Fair Value Measurement

At the balance sheet date, the Group has the following financial instruments measured at fair value across the three levels of fair value hierarchy based on the degree to which fair value is observable:

	At 30 June 2014 HK\$'000	At 31 December 2013 HK\$'000
Assets		
Level 1 (Notes)		
– Held for trading investments	6,810	8,685
Level 3 (Notes)		
– Interests in property development	10,920,232	10,614,101

*Notes:*

Level 1: Assets/liabilities carrying at fair values measured using unadjusted quoted prices in active markets for identical financial instruments

Level 2: Assets/liabilities carrying at fair values using quoted prices in active markets for similar financial instruments or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

Level 3: Assets/liabilities carrying at fair values measured using valuation techniques in which any significant input is not based on observable market data

#### 14. Fair Value Measurement *(continued)*

Interests in property development are stated at their fair value measured using a discounted cash flow model. Any unrealised gains/losses from the remeasurement of the interests in property development are recognised in fair value reserve in other comprehensive income. In preparing the discounted cash flow model, the Group estimates the future cash flows expected to arise from the interests in property development and a suitable discount rate based on the past performance, current market conditions, development and building plans, sale and marketing plans and management's expectations for the market development and terms provided under the co-investment agreements. The key unobservable market data used in the model includes estimated selling prices of the underlying properties which are derived from observable market data, including the average market price of residential properties in Macau, varied with certain adjustments to reflect the impacts of those factors on the development. The adjustments on the selling price range from -10% to +10%.

The fair value measurement is positively correlated to adjustments to the selling price of the underlying properties. As at 30 June 2014, it is estimated that an increase/decrease of 5% in the selling price of the underlying properties of the Group's interests in property development classified as non-current assets, with all other variables held constant, would have increased/decreased the Group's fair value reserve by HK\$1,177,495,000/HK\$1,177,490,000 (31 December 2013: HK\$1,047,623,000/HK\$1,038,571,000).

The Group has a team reporting to the top management which performs the valuation of the interests in property development required for financing reporting purposes. Discussions of valuation processes and results are held between the top management and the team at least once every six months, in line with the Group's half-yearly reporting dates.

#### 15. Approval of Interim Financial Statements

The unaudited interim financial statements were approved and authorised for issue by the Board of Directors on 27 August 2014.



# 28 Other Information

## Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2014, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") were as follows:

### Long positions in the shares of the Company

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares (Note 1)
Mr. Or Wai Sheun (Notes 2 and 4)	Founder and beneficiary of a trust	3,260,004,812	73.44%
Mr. Yeung Kwok Kwong	Personal	2,000,000	0.05%
Ms. Wong Yuk Ching	Personal	6,655,000	0.15%
Ms. Chio Koc leng	Personal	270,000	0.01%
Mr. Lai Ka Fai	Personal	430,000	0.01%
Ms. Or Pui Ying, Peranza (Notes 3 and 4)	Beneficiary of a trust	3,260,004,812	73.44%

### Long positions in the shares of associated corporations – Kowloon Development Company Limited ("KDC")

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares (Note 6)
Mr. Or Wai Sheun (Notes 2 and 5)	Founder and beneficiary of a trust	830,770,124	72.20%
	Corporate	277,500	0.02%
Mr. Yeung Kwok Kwong	Personal	180,000	0.02%
Ms. Wong Yuk Ching	Personal	1,170,000	0.10%
Ms. Chio Koc leng	Personal	225,000	0.02%
Mr. Lai Ka Fai	Personal	751,000	0.07%
Ms. Or Pui Ying, Peranza (Notes 3 and 5)	Beneficiary of a trust	830,770,124	72.20%

Directors' Interests and Short Positions in Shares and Underlying Shares (*continued*)Long positions in the shares of associated corporations (*continued*)

## – Ors Holdings Limited

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares
Mr. Or Wai Sheun ( <i>Note 7</i> )	Founder and beneficiary of a trust	1	100.00%
Ms. Or Pui Ying, Peranza ( <i>Note 7</i> )	Beneficiary of a trust	1	100.00%

## Notes:

- As at 30 June 2014, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.
- Mr. Or Wai Sheun was deemed to be interested in 830,770,124 ordinary shares in KDC as the founder and one of the beneficiaries of a discretionary family trust. Mr. Or Wai Sheun was also deemed to be interested in 277,500 ordinary shares in KDC owned by China Dragon Limited due to his corporate interest therein.  
  
Mr. Or Wai Sheun was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through his interest in KDC.
- Ms. Or Pui Ying, Peranza was deemed to be interested in 830,770,124 ordinary shares in KDC as one of the beneficiaries of a discretionary family trust.  
  
Ms. Or Pui Ying, Peranza was also deemed to be interested in 3,260,004,812 ordinary shares in the Company through her interest in KDC.
- The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in this section and as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in the section under the heading of "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" were the same interests in the Company.
- The interest in 830,770,124 ordinary shares in KDC as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively were the same interests in KDC.
- As at 30 June 2014, the total number of issued shares of KDC was 1,150,681,275 ordinary shares.
- The interest in 1 ordinary share in Ors Holdings Limited as disclosed above by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza respectively were the same interests in Ors Holdings Limited.

Save as disclosed above, as at 30 June 2014, none of the Directors or Chief Executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2014, the interests and short positions of the persons, other than the Directors and Chief Executives, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

### Long positions

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares (Note 1)
Ors Holdings Limited (Notes 2 and 4)	Corporate	3,260,004,812	73.44%
HSBC International Trustee Limited (Notes 3 and 4)	Trustee	3,260,004,812	73.44%
Kowloon Development Company Limited (Notes 4 and 5)	Corporate	3,260,004,812	73.44%

#### Notes:

- As at 30 June 2014, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.
- Ors Holdings Limited held 830,770,124 ordinary shares in KDC (being 72.20% of the issued ordinary shares of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
- Based on information available to the Company, HSBC International Trustee Limited held 831,495,074 ordinary shares in KDC (being 72.26% of the issued ordinary shares of KDC) and therefore was deemed to be interested in 3,260,004,812 ordinary shares in the Company.
- The interest in 3,260,004,812 ordinary shares in the Company as disclosed respectively by KDC, Ors Holdings Limited and HSBC International Trustee Limited mentioned in this section and as disclosed respectively by Mr. Or Wai Sheun and Ms. Or Pui Ying, Peranza mentioned in the section under the heading of "Directors' Interests and Short Positions in Shares and Underlying Shares" were the same interests in the Company.
- According to the register of the Company, as at 30 June 2014, KDC was interested in 3,245,004,812 ordinary shares in the Company (being 73.10% of the issued ordinary shares of the Company). On specific enquiries made, KDC had confirmed that as at 30 June 2014, it was interested in 3,260,004,812 ordinary shares in the Company. There was a difference of 15,000,000 ordinary shares between the actual number of shares interested in of KDC and the number of shares interested in as disclosed by KDC because KDC did not have any obligations pursuant to the SFO to disclose such interest in 15,000,000 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2014, no person had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

### Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2014.

## Compliance with the Model Code

The Company has adopted the Model Code as a code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period under review and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

## Review of Interim Report

The Audit Committee of the Company has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2014.

## Employees

As at 30 June 2014, the total number of employees of the Group was about 380. The Group remunerates its employees by means of salary and bonus based on their performance, working experience, degree of hardship and prevailing market practice.

## Compliance with the Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2014, save for the following exceptions.

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 of Directors (the "Board") considers that the non-executive directors of the Company so appointed with no specific term will not impair the quality of corporate governance of the Company as required by the principle of good governance laid down in A.4 of the Code.

The second sentence of Code Provision A.6.7 of the Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An independent non-executive director of the Company was unable to attend the annual general meeting of the Company held on 11 June 2014 as he was abroad overseas at the time.

Code Provision F of the Code stipulates that the Board should appoint a company secretary to support the Board by ensuring good information flow within the Board and that board policy and procedures are followed. Unfortunately, due to the pass away of the late Mr. Lau Sui Cheung, the ex-Company Secretary of the Company, on 22 May 2014 and the Company has not yet appointed a new Company Secretary up to the date of the approval of this report, the Company has not met the requirement under Rule 3.28 and Code Provision F of the Listing Rules since then. Nevertheless, the Company will appoint the position as soon as practicable to ensure the ongoing compliance of the Listing Rules being fulfilled.

### Change in Composition of the Board

During the period under review, Mr. Lam Chi Chung, Tommy resigned as an Executive Director of the Company on 30 April 2014.

### Change in Information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are set out below:

The monthly salary of the following Directors has been changed as follows with effect from 1 July 2014:

	Before change	After change
Mr. Yeung Kwok Kwong	HK\$162,000	HK\$169,300
Ms. Wong Yuk Ching	HK\$98,700	HK\$103,100
Ms. Chio Koc Ieng	HK\$100,000	HK\$104,500

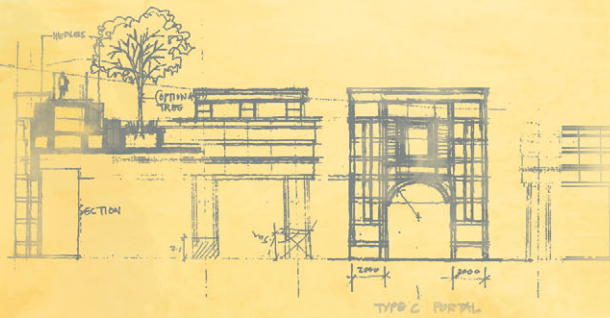
Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 3 November 2014 to Tuesday, 4 November 2014, both dates inclusive. During this period, no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 pm on Friday, 31 October 2014.







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