

2015  
INTERIM  
REPORT  
中期報告

PEARL  
HORIZON

LANDSCAPE

Pearl Horizon

SHOPPING ARCADE



**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)

1,000,000 呎  
Shopping & Entertainment  
消閒·娛樂·購物大型商場

500,000 呎  
Greenery & Leisure  
全澳門半島最大型園林及會所

5 分鐘  
Transportation Hub  
直通橫洲·港澳碼頭

PEARL HORIZON  
海一居





# 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 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

Mr. Or Wai Sheun (*Chairman*)

Mr. Yeung Kwok Kwong

Ms. Wong Yuk Ching

Ms. Chio Koc Ieng

#### Non-executive Directors

Mr. Lai Ka Fai

Ms. Or Pui Ying, Peranza

#### Independent Non-executive Directors

Mr. Liu Kwong Sang

Mr. Siu Leung Yau

Dr. Tsui Wai Ling, Carlye

Prof. Dr. Teo Geok Tien Maurice

### Committees

#### Executive Committee

Mr. Yeung Kwok Kwong (*Chairman*)

Ms. Wong Yuk Ching

Mr. Lai Ka Fai

#### Audit Committee

Mr. Liu Kwong Sang (*Chairman*)

Mr. Siu Leung Yau

Mr. Lai Ka Fai

#### Remuneration Committee

Mr. Siu Leung Yau (*Chairman*)

Mr. Liu Kwong Sang

Mr. Yeung Kwok Kwong

#### Nomination Committee

Mr. Or Wai Sheun (*Chairman*)

Mr. Liu Kwong Sang

Mr. Siu Leung Yau

## Corporate and Shareholders' Information

### Company Secretary

Mr. Lee Chi Ming

### Independent Auditor

KPMG

*Certified Public Accountants*

### Authorised Representatives

Mr. Yeung Kwok Kwong

Mr. 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



**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**

Hang Seng Bank  
Bank of China


**Financial Calendar for Interim Results 2015**

Interim results announcement	26 August 2015
Ex-dividend date for interim dividend	29 October 2015
Closure of Register of Members	2 November 2015 – 3 November 2015 (both dates inclusive)
Interim dividend payable	10 November 2015

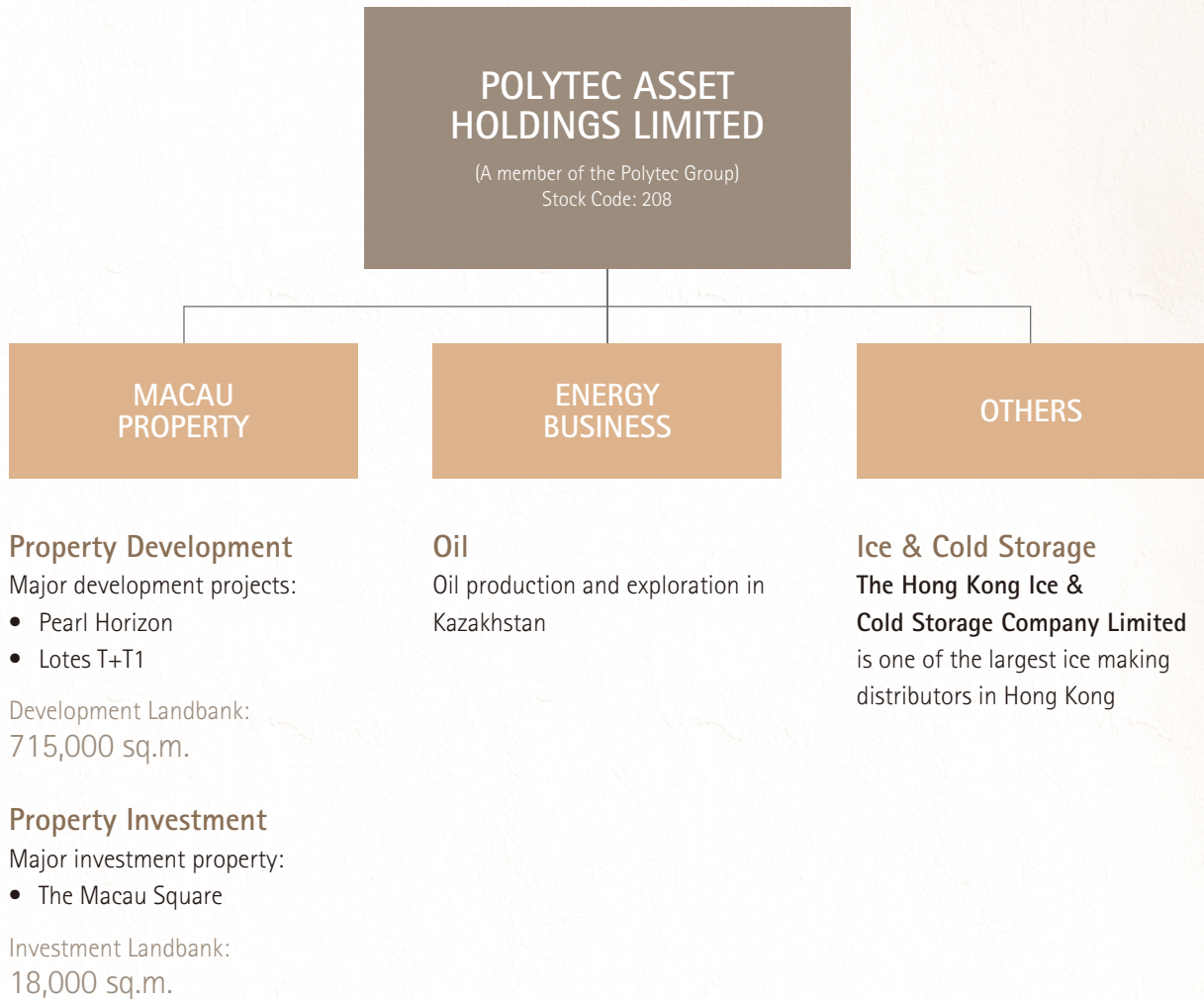




## 04 Highlights

- 
- The Group's unaudited net profit attributable to equity shareholders of the Company for the first six months of 2015 rose to HK\$41.2 million, an increase of 41% over the corresponding period in 2014.
  - Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first six months of 2015 amounted to HK\$21.9 million, compared to underlying net profit of HK\$10.3 million for the corresponding period in 2014. The underlying net interim earnings per share for 2015 was 0.49 HK cent compared to the underlying net interim earnings per share of 0.23 HK cent in 2014.
  - Interim dividend per share for 2015 amounted to 0.20 HK cent (2014: 0.20 HK cent).







# 06 Chairman's Statement

## Interim Results and Dividends

For the six months ended 30 June 2015, the unaudited net profit attributable to equity shareholders of the Company and its subsidiaries (collectively the "Group") amounted to HK\$41.2 million, an increase of 41% over the corresponding period of 2014. The interim earnings per share for 2015 amounted to 0.93 HK cent compared to 0.66 HK cent in 2014.

Excluding revaluation gains from its investment properties net of tax, the Group's underlying net profit for the first six months of 2015 amounted to HK\$21.9 million compared to the net underlying profit of HK\$10.3 million for the first six months of 2014. The underlying net interim earnings per share for 2015 was 0.49 HK cent compared to the underlying net interim earnings per share of 0.23 HK cent in 2014.

The Board of Directors has declared an interim dividend per share for 2015 of 0.20 HK cent (2014: 0.20 HK cent). The interim dividend will be payable on Tuesday, 10 November 2015 to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 3 November 2015.

## Business Review

For the period under review, the Group's underlying net profit amounted to HK\$21.9 million compared to underlying net gain of HK\$10.3 million for the same period in 2014. The increase in the Group's underlying earnings for the first half of 2015 was due to the improvement in the performance of the ice and cold storage segment and a rise in the Group's rental income.

## Property Development

As at 30 June 2015, the development landbank in Macau attributable to the Group amounted to approximately 715,000 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% interest, covers an aggregate site area of approximately 68,000 sq.m. and will be developed into various high-end 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 697,000 sq.m.. The foundation work is in progress.

### 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 196,000 sq.m.. The foundation work is in progress.

## Property Investment

For the period under review, the Group's share of gross rental income generated from its investment properties rose to HK\$31.2 million, an increase of 17% over the same period in 2014. 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 to HK\$29.0 million for the first half of 2015 compared HK\$24.8 million for the same period in 2014.



## Oil

For the six months ended 30 June 2015, the segment recorded a profit of HK\$8.1 million. Excluding a reversal of provision for property taxes for the Group's oilfield in Kazakhstan, the sector registered a net loss of HK\$6.6 million from its operations in the first half of 2015 compared to an operating loss of HK\$15.2 million for the same period in 2014. While the Group resumed normal oil production in Kazakhstan in late September 2014, the net segment operating loss for the period under review was due to the persistently low oil prices in the first half of 2015. As previously mentioned, Management has been taking all necessary steps for a long-term solution for the gas flaring requirements for its South Alibek Oilfield in Kazakhstan. While various options are still under consideration, the Group has submitted the application for renewal of its current gas flaring permit which will expire on 31 August 2015.

## Ice and Cold Storage

During the period under review, total operating profit for the combined cold storage and ice manufacturing segment rose to HK\$11.2 million, an increase of 57.7% over the same period in 2014.

## PROSPECTS

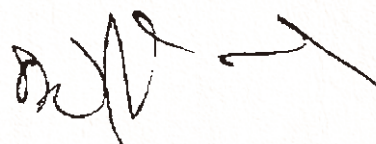
In Macau, the recession deepened, with real gross domestic product contracting over 24% year-on-year in the first quarter of 2015 after falling approximately 10% in the second half of 2014. The economic downturn was largely attributable to the badly hit gaming industry with gross gaming revenue posting persistent declines and it will continue to weigh heavily on the property market, with property sales activity remaining sluggish throughout the first six months of 2015. The property market is expected to remain weak in the second half of 2015 and is unlikely to recover in the short term.

Nevertheless, as previously mentioned, the Group has pre-sold over 3,000 residential units of its two major high-end residential development projects in the Orient Pearl District Macau over the past few years, with contracted presales exceeding HK\$20 billion. Therefore the short-term fluctuations in the residential property market do not adversely affect the Group's two development projects under construction. The Group will continue to expedite construction work of its two development projects, aiming for completion and handover to home buyers in 2018.

The Group expects its investment property portfolio in Macau and its cold storage and ice manufacturing business in Hong Kong will continue to generate stable income for the second half of 2015.

The Group's oil business in Kazakhstan is expected to record a net operating loss for 2015 as oil prices will likely stay at the current exceptionally low levels for the remaining of 2015 and there are uncertainties over extension for its gas flaring permit. However, the recent significant depreciation of the Tenge, the Kazakhstan currency, which was allowed to float freely on 20 August 2015, and hence a possible reduction of local expenses may help partially offset the expected loss incurred during the year.

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, 26 August 2015



# 08 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 2015, the Group maintained a balance of cash and cash equivalents of HK\$221 million (31 December 2014: HK\$227 million), which was mainly denominated in Hong Kong dollars. The Group maintained a robust current ratio of 2.41 times (31 December 2014: 1.95 times).

As at 30 June 2015, the Group had bank borrowings of HK\$335 million (31 December 2014: HK\$335 million), with HK\$13 million being repayable within one year and HK\$322 million being repayable between one year and two years. The amount due to ultimate holding company was HK\$1,805 million (31 December 2014: HK\$1,799 million), which was unsecured, denominated in Hong Kong dollars, interest bearing at prevailing market rates and repayable after more than one year.

The Group had banking facilities of HK\$335 million (31 December 2014: HK\$335 million), which were fully utilised as at 30 June 2015 (31 December 2014: fully utilised). The banking facilities were secured by the Group's leasehold land and buildings, denominated in Hong Kong dollars and interest bearing at prevailing market rates, which are subject to review from time to time.

As at 30 June 2015, total equity attributable to equity shareholders of the Company amounted to HK\$11,272 million (31 December 2014: HK\$11,245 million). The Group's gearing ratio, expressed as a percentage of total borrowings over the equity attributable to equity shareholders of the Company, remained at 19% (31 December 2014: 19%).

## 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 Macau Pataca is pegged to the Hong Kong dollar, 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 2015, 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 2015, the Group had capital commitments contracted but not provided for in the amount of HK\$1 million (31 December 2014: HK\$2 million), mainly for the acquisition of property, plant and equipment of the oil business.

### Pledge of Assets

As at 30 June 2015, certain assets of the Group, with aggregate net book values of approximately HK\$115 million (31 December 2014: HK\$117 million), were pledged to secure the banking facilities of the Group.

### Contingent Liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).





# 10 Consolidated Income Statement

	Note	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<b>Turnover</b>	3	197,992	93,756
Cost of sales		(73,921)	(20,645)
<b>Gross profit</b>		124,071	73,111
Other income		4,223	17,807
Selling and distribution expenses		(68,432)	(24,191)
Administrative expenses		(27,174)	(26,320)
Other operating expenses		(18,782)	(30,826)
<b>Profit from operations</b>		13,906	9,581
Finance costs	4	(16,719)	(16,389)
Share of profit of joint venture		45,229	40,678
<b>Profit before taxation</b>	5	42,416	33,870
Income tax	6	(394)	(3,952)
<b>Profit for the period</b>		42,022	29,918
<b>Attributable to:</b>			
Equity shareholders of the Company		41,230	29,232
Non-controlling interests		792	686
<b>Profit for the period</b>		42,022	29,918
<b>Earnings per share – basic/diluted</b>	7	0.93 HK cent	0.66 HK cent

The notes on pages 16 to 26 form part of these interim financial statements.



## 11

Consolidated Statement of  
Comprehensive Income

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Profit for the period</b>	<b>42,022</b>	<b>29,918</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	8,374	306,131
<b>Other comprehensive income for the period, net of tax</b>	<b>8,374</b>	<b>306,131</b>
<b>Total comprehensive income for the period</b>	<b>50,396</b>	<b>336,049</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	49,604	335,363
Non-controlling interests	792	686
<b>Total comprehensive income for the period</b>	<b>50,396</b>	<b>336,049</b>

The notes on pages 16 to 26 form part of these interim financial statements.



## 12

Consolidated Statement of  
Financial Position

	<i>Note</i>	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
<b>Non-current assets</b>			
Property, plant and equipment		880,297	915,657
Oil exploitation assets		64,093	66,257
Interests in property development	9	10,929,297	10,920,923
Interest in joint venture		1,241,231	1,217,915
Deferred tax assets		105,278	104,078
Goodwill		16,994	16,994
		<b>13,237,190</b>	<b>13,241,824</b>
<b>Current assets</b>			
Held for trading investments		–	9,405
Inventories		89,177	88,471
Trade and other receivables	10	82,400	71,434
Cash and cash equivalents		221,387	226,503
		<b>392,964</b>	<b>395,813</b>
<b>Current liabilities</b>			
Trade and other payables	11	90,907	132,824
Bank loan		13,400	13,400
Current taxation		58,730	56,675
		<b>163,037</b>	<b>202,899</b>
<b>Net current assets</b>		<b>229,927</b>	<b>192,914</b>
<b>Total assets less current liabilities</b>		<b>13,467,117</b>	<b>13,434,738</b>



	<i>Note</i>	At 30 June 2015 <i>HK\$'000</i> (unaudited)	At 31 December 2014 <i>HK\$'000</i> (audited)
<b>Non-current liabilities</b>			
Amount due to ultimate holding company		1,804,797	1,798,553
Other payables		37,075	38,679
Bank loan		321,600	321,600
Deferred tax liabilities		18,697	19,159
		<b>2,182,169</b>	<b>2,177,991</b>
<b>NET ASSETS</b>			
		<b>11,284,948</b>	<b>11,256,747</b>
<b>Capital and reserves</b>			
Share capital		443,897	443,897
Reserves		10,828,477	10,801,068
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>11,272,374</b>	<b>11,244,965</b>
<b>Non-controlling interests</b>			
		<b>12,574</b>	<b>11,782</b>
<b>TOTAL EQUITY</b>			
		<b>11,284,948</b>	<b>11,256,747</b>

Approved and authorised for issue by the Board of Directors on 26 August 2015.



## 14

Consolidated Statement of  
Changes in Equity

	Attributable to equity shareholders 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 2015	443,897	5,912,600	3,624,923	1,263,545	11,244,965	11,782	11,256,747
Profit for the period	-	-	-	41,230	41,230	792	42,022
Other comprehensive income for the period	-	-	8,374	-	8,374	-	8,374
Total comprehensive income for the period	-	-	8,374	41,230	49,604	792	50,396
Dividends approved in respect of the previous year	-	-	-	(22,195)	(22,195)	-	(22,195)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-
At 30 June 2015	443,897	5,912,600	3,633,297	1,282,580	11,272,374	12,574	11,284,948
At 1 January 2014	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	443,897	5,912,600	3,624,232	1,257,998	11,238,727	11,104	11,249,831

The notes on pages 16 to 26 form part of these interim financial statements.



# 15 Condensed Consolidated Cash Flow Statement

	Six months ended 30 June	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Net cash generated from operating activities	228	118,781
Net cash generated from investing activities	23,851	11,153
Net cash used in financing activities	(29,195)	(160,081)
Net decrease in cash and cash equivalents	(5,116)	(30,147)
Cash and cash equivalents at 1 January	226,503	209,347
Cash and cash equivalents at 30 June	221,387	179,200

The notes on pages 16 to 26 form part of these interim financial statements.



# 16 Notes to the Unaudited Interim Financial Statements

## 1. Basis of Presentation

The unaudited interim financial statements have 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 statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial statements 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.

These interim financial statements contain condensed consolidated financial statements 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 2014 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

## 2. Changes in Accounting Policies

The HKICPA has issued certain amendments to HKFRSs 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 amendment that is not yet effective for the current accounting period.

## 3. Segment Reporting

The Group manages its businesses by segments which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified four operating segments for the period 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").



### 3. Segment Reporting (continued)

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items.

Reportable segment result represents result before taxation by excluding share of profit of joint venture, finance costs and head office and corporate expenses.

Segment assets include all tangible, intangible assets and current assets with exception of interest in joint venture, deferred tax assets and other corporate assets.

	Six months ended 30 June 2015				
	Properties HK\$'000	Oil HK\$'000	Ice and Cold Storage HK\$'000	Others HK\$'000	Total HK\$'000
Turnover	–	132,002	55,128	10,862	197,992
Reportable segment result	2,314	8,096	11,191	1,423	23,024
Head office and corporate expenses					(9,118)
Profit from operations					13,906
Finance costs					(16,719)
Share of profit of joint venture	45,229	–	–	–	45,229
Profit before taxation					42,416

	At 30 June 2015				
	Properties HK\$'000	Oil HK\$'000	Ice and Cold Storage HK\$'000	Others HK\$'000	Total HK\$'000
Reportable segment assets	11,007,150	880,278	173,980	–	12,061,408
Interest in joint venture	1,241,231	–	–	–	1,241,231
Head office and corporate assets					327,515
					13,630,154



3. Segment Reporting (*continued*)

	Six months ended 30 June 2014				Total HK\$'000
	Properties HK\$'000	Oil HK\$'000	Storage HK\$'000	Others HK\$'000	
Turnover	12,000	35,209	46,547	-	93,756
Reportable segment result	25,672	(15,161)	7,096	(1,790)	15,817
Head office and corporate expenses					(6,236)
Profit from operations					9,581
Finance costs					(16,389)
Share of profit of joint venture	40,678	-	-	-	40,678
Profit before taxation					33,870

	At 31 December 2014				Total HK\$'000
	Properties HK\$'000	Oil HK\$'000	Storage HK\$'000	Others HK\$'000	
Reportable segment assets	10,998,038	910,064	170,538	9,405	12,088,045
Interest in joint venture	1,217,915	-	-	-	1,217,915
Head office and corporate assets					331,677
					13,637,637



## 4. Finance Costs

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest expense on		
Bank borrowings wholly repayable within five years	2,724	-
Amount due to ultimate holding company repayable after more than one year	13,244	15,328
	15,968	15,328
Other finance costs	751	1,061
	16,719	16,389

## 5. Profit Before Taxation

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Depreciation and amortization <sup>#</sup>	46,409	12,259

<sup>#</sup> Cost of sales includes HK\$41,435,000 (six months ended 30 June 2014: HK\$7,472,000) relating to depreciation and amortisation expenses.



## 6. Income Tax

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
<b>Current tax</b>		
- Hong Kong Profits Tax	1,160	1,320
- Overseas income tax	896	2,227
<b>Deferred tax</b>	(1,662)	405
	<b>394</b>	<b>3,952</b>

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2014: 16.5%) of the estimated assessable profits for the six months ended 30 June 2015. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

## 7. Earnings Per Share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$41,230,000 (six months ended 30 June 2014: HK\$29,232,000) and 4,438,967,838 (six months ended 30 June 2014: 4,438,967,838) ordinary shares in issue during the period.

### (b) Diluted earnings per share

There were no dilutive potential shares in existence during the six months ended 30 June 2015 and 2014.



## 8. Dividends

## (a) Dividends attributable to the interim period

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend declared after the interim period of 0.20 HK cent (six months ended 30 June 2014: 0.20 HK cent) per share	8,878	8,878

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	
	2015	2014
	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 2014: 0.50 HK cent) per share	22,195	22,195

## 9. Interests in Property Development

	At 30 June	At 31 December
	2015	2014
	HK\$'000	HK\$'000
At 1 January	10,920,923	10,614,101
Changes in fair value recognised in other comprehensive income	8,374	306,822
At 30 June/31 December	10,929,297	10,920,923

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 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 formulae set out in the co-investment agreements. Interests in property development are stated at the fair value at the end of the reporting period.



## 10. Trade and Other Receivables

The following is an ageing analysis of trade receivables:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Ageing analysis of trade receivables:		
Within 30 days	49,194	45,171
31 days to 60 days past due	5,340	4,337
61 days to 90 days past due	2,272	700
Over 90 days past due	94	229
Amounts past due	7,706	5,266
Trade receivables	56,900	50,437
Other receivables	25,500	20,997
	<b>82,400</b>	<b>71,434</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

The following is an ageing analysis of trade payables:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Ageing analysis of trade payables:		
Within 30 days	734	560
31 days to 60 days past due	146	72
Over 90 days past due	3	3
Amounts past due	149	75
Trade payables	883	635
Other payables		
– Government fees and levies	27,049	41,710
– Others	62,975	90,479
	90,024	132,189
	90,907	132,824

## 12. Related Party Transaction

The Group had the following related party transaction:

During the six months ended 30 June 2015, interest of HK\$13,244,000 (six months ended 30 June 2014: HK\$15,328,000) 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 and repayable after more than one year.



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

As at 30 June 2015, the Group has oil production assets of HK\$747,391,000 (31 December 2014: HK\$778,116,000) (included in property, plant and equipment) and oil exploitation assets of HK\$64,093,000 (31 December 2014: HK\$66,257,000). Oil production assets and oil exploitation assets are stated at cost less accumulated depreciation/amortisation and impairment losses.

Oil production and exploitation assets are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amounts may exceed the recoverable amounts, which is considered to be the higher of the fair value less costs of disposal and value in use. The fair value for oil production and exploitation assets is determined based on the present value of estimated future cash flows arising from the continued use of the assets. Cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the assets. Determination as to whether and how much an asset is impaired involves management estimates and judgments such as the future crude oil price, discount rate used in discounting the projected cash flows and production profile. The impairment reviews and calculations are based on assumptions that are consistent with the Group's business plan and on the assumption that all relevant licences and permits are obtained. However, the business environment, such as the crude oil price, is affected by a wide range of global and domestic factors, which are all beyond the control of the Group. Any adverse change in the key assumptions could increase the impairment provision.

As at 30 June 2015, the Group reassessed the operation and the risk exposures of its oil exploration and production business as a whole. As the recoverable amounts of the oil production and exploitation assets exceeded their carrying values, no impairment loss is considered necessary for the period ended 30 June 2015. The recoverable amount of oil production and exploitation assets was determined based on the value in use calculations applying a discount rate of 12.5% (31 December 2014: 12.5%).

Crude oil price assumptions were based on market expectations. At 30 June 2015, it is estimated that an increase/decrease of 20% (31 December 2014: 20%) in the estimated crude oil price used in the assessment, with all other variables held constant would have increased/decreased the carrying amounts of the oil production and exploitation assets by HK\$354,154,000/HK\$468,302,000 (31 December 2014: HK\$391,618,000/HK\$495,854,000). The discount rate used represents the rate to reflect the time value of money and the risks specific to the assets. It is estimated that an increase/decrease of 200 basis points (31 December 2014: 50 basis points) in the discount rate used in the assessment, with all other variables held constant would have decreased/increased the carrying amounts of the oil production and exploitation assets by HK\$76,079,000/HK\$85,483,000 (31 December 2014: HK\$19,877,000/HK\$20,462,000).



### 13. Oil Production Assets and Oil Exploitation Assets *(continued)*

The gas flaring permit to flare associated gas for conducting normal crude oil production in the South Alibek Oilfield of Caspi Neft TME, a wholly owned subsidiary of the Company, in Kazakhstan will expire on 31 August 2015. Caspi Neft TME has been taking all necessary steps to obtain a gas flaring permit valid for a certain period so as to enable it to continue to conduct normal crude oil production and is also currently considering several alternatives to resolve the issue regarding the treatment and utilisation of associated gas permanently, including 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 new gas flaring permit will not be obtained.

Up to the date of approval of these financial statements, Caspi Neft TME has obtained the approvals from the Ecology Committee and the Geology Committee of the Kazakhstan Government which are necessarily required for applying for the gas flaring permit. Further approvals from other local authorities are also needed to obtain the gas flaring permit which allows the Group to continue normal crude oil production after 31 August 2015.

### 14. Fair Value Measurement

At the end of the reporting period, 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 the fair value is observable:

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Assets		
Level 1 <i>(Notes)</i>		
– Held for trading investments	–	9,405
Level 3 <i>(Notes)</i>		
– Interests in property development	10,929,297	10,920,923

*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. 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. Any adverse change in the key assumptions could decrease the fair value.

The Group has a team reporting to the senior management which performs the valuation of the interests in property development required for financial reporting purposes. Discussions of valuation processes and results are held between the senior management and the team at least once every six months, in line with the Group's half-yearly reporting dates. The key unobservable market data used in the valuation model include estimated selling prices of the underlying properties which are derived from observable market data, including the average market prices of residential properties in Macau, with certain adjustments to reflect the impact of those factors on the development. The adjustments to 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 2015, 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\$1,311,786,000/HK\$1,311,656,000 (31 December 2014: HK\$1,322,474,000/HK\$1,322,444,000).

#### 15. Capital Commitments

As at 30 June 2015, the Group had capital commitments contracted but not provided for in the amount of HK\$1 million (31 December 2014: HK\$2 million), mainly for the acquisition of property, plant and equipment of the oil business.

#### 16. Pledge of Assets

As at 30 June 2015, certain assets of the Group, with aggregate net book values of approximately HK\$115 million (31 December 2014: HK\$117 million), were pledged to secure the banking facilities of the Group.

#### 17. Contingent Liabilities

As at 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).



## 27 Other Information

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

As at 30 June 2015, 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

Directors	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 Ieng	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%



Directors' Interests and Short Positions in Shares and Underlying Shares (*continued*)

## Long positions in the shares of associated corporations

## – Kowloon Development Company Limited ("KDC")

Directors	Capacity and nature of interests	Number of ordinary shares held	Percentage of the issued ordinary shares ( <i>Note 6</i> )
Mr. Or Wai Sheun ( <i>Notes 2 and 5</i> )	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 Ieng	Personal	225,000	0.02%
Mr. Lai Ka Fai	Personal	751,000	0.07%
Ms. Or Pui Ying, Peranza ( <i>Notes 3 and 5</i> )	Beneficiary of a trust	830,770,124	72.20%

## – Ors Holdings Limited

Directors	Capacity and nature of interests	Number of ordinary share 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%



## Directors' Interests and Short Positions in Shares and Underlying Shares *(continued)*

### Notes:

1. As at 30 June 2015, the total number of issued shares of the Company was 4,438,967,838 ordinary shares.
2. 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.
3. 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.
4. 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.
5. 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.
6. As at 30 June 2015, the total number of issued shares of KDC was 1,150,681,275 ordinary shares.
7. 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 2015, 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 2015, 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

Substantial Shareholders	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 2015, 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 831,417,074 ordinary shares in KDC (being 72.25% 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 2015, 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 2015, 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 2015, 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 2015.

## 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 2015.

## Employees

As at 30 June 2015, 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 "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015, save for the following exceptions.

Code Provision A.4.1 of the CG 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 are 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 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 CG Code.

Code Provision A.6.7 of the CG 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 27 May 2015 since he was overseas at that time.



### Changes 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 2015:

	Before change	After change
Mr. Yeung Kwok Kwong	HK\$169,300	HK\$179,500
Ms. Wong Yuk Ching	HK\$103,100	HK\$109,300
Ms. Chio Koc leng	HK\$104,500	HK\$110,800

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

For the purpose of determining member who qualify for the interim dividend, the Register of Members of the Company will be closed from Monday, 2 November 2015 to Tuesday, 3 November 2015, both dates inclusive. During this period, no transfer of shares will be registered. In order to qualify for the interim dividend, all the transfer documents 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, 30 October 2015.



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