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POLYTEC ASSET HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 208)

ANNOUNCEMENT

The Directors announce that the Company has been informed by Mr. Or, the ultimate controlling shareholder of the Company, that he entered into the Agreement on 12 October 2005 with KDC to dispose of his entire equity interest in, and shareholder's loan to, Marble King, the controlling shareholder of the Company, to KDC at a consideration of approximately HK\$826 million. Such transaction is subject to, among others, the approval of independent shareholders of KDC. If the Agreement does not become unconditional by 31 December 2005 (being the long stop date for the Agreement) or such other date as the parties to the Agreement may agree, the Agreement will then lapse.

Shareholders of the Company and public investors are advised to exercise caution when dealing in shares in the Company.

Trading in shares in the Company was suspended with effect from 9:30 a.m. on 12 October 2005 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in shares in the Company on the Stock Exchange from 9:30 a.m. on 14 October 2005.

This announcement is made pursuant to Rule 13.09 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The board of directors (the "Directors") of Polytec Asset Holdings Limited (the "Company", together with its subsidiaries, the "Group") announces that the Company has been informed by Mr. Or Wai Sheun ("Mr. Or"), the ultimate controlling shareholder of the Company, that he entered into a sale and purchase agreement (the "Agreement") on 12 October 2005 with Kowloon Development Company Limited ("KDC"), a company listed on the Main Board of the Stock Exchange (stock code: 34), to dispose of his entire equity interest in, and shareholder's loan to, Marble King International Limited ("Marble King") to KDC at a consideration of approximately HK\$826 million. Marble King is wholly beneficially owned by Mr. Or immediately before completion ("Completion") of the Agreement. As at the date of this announcement, Marble King is the controlling shareholder of the Company holding 698,975,374 ordinary shares, representing approximately 56.84% of the issued ordinary share capital and all the outstanding partly paid non-voting convertible redeemable preference shares ("CPS") of the Company, which are the principal assets of Marble King. Details relating to the issue of the CPS have been set out in the joint announcement

and circular of the Company and Marble King dated 4 August 2001 and 20 August 2001 respectively. KDC is beneficially owned as to approximately 62.3% by a discretionary trust of the Or family of which Mr. Or and his family members are the beneficiaries. The above transaction is subject to, among others, the approval of independent shareholders of KDC. If the Agreement does not become unconditional by 31 December 2005 (being the long stop date for the Agreement) or such other date as the parties to the Agreement may agree, the Agreement will then lapse. The Agreement may or may not proceed to Completion. Further announcement will be made by the Company if Completion does not take place within 3 business days after the Agreement has become unconditional by 31 December 2005.

The following table illustrates the change in shareholding in the Company as a result of the Completion and assuming full conversion of the CPS:

Shareholder	Prior to		Immediately		After	
	Completion	%	Completion	%	Completion and full conversion of the CPS	%
KDC	—	—	698,975,374	56.84	949,709,379	64.15
Mr. Or	698,975,374	56.84	—	—	—	—
Directors	7,900,000	0.64	7,900,000	0.64	7,900,000	0.53
Public shareholders	522,939,110	42.52	522,939,110	42.52	522,939,110	35.32
Total	<u>1,229,814,484</u>	<u>100.00</u>	<u>1,229,814,484</u>	<u>100.00</u>	<u>1,480,548,489</u>	<u>100.00</u>

The Group is principally engaged in securities investment and trading, property investment, development and trading, as well as ice manufacturing and provision of cold storage services.

Upon Completion, KDC will become the holding company of Marble King which is, in turn, the holding company of the Company. Up to the date of this announcement, the Company has not been informed by KDC or Mr. Or that they have any intention to change the existing management and business of the Company. As at the date of this announcement, the Directors are not aware of any material impact on the Group as a result of the entering into of the Agreement.

The Executive Director of the Corporate Finance Division of the Hong Kong Securities and Futures Commission or any of his delegates has confirmed that no obligation on the part of KDC and its concert parties (including Mr. Or) to make a general offer for the shares in the Company not already owned or agreed to be acquired by KDC and its concert parties as a result of the Completion.

The Directors also confirm that save as disclosed above, they are not aware of any matter which is or may be of a price-sensitive nature, discloseable under the general obligation imposed by Rule 13.09(1) of the Listing Rules.

Shareholders of the Company and public investors are advised to exercise caution when dealing in shares in the Company.

Trading in shares in the Company was suspended with effect from 9:30 a.m. on 12 October 2005 at the request of the Company pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in shares in the Company on the Stock Exchange from 9:30 a.m. on 14 October 2005.

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

Hong Kong, 13 October 2005

As at the date of this announcement, Mr. Yeung Kwok Kwong, Ms. Wong Yuk Ching and Mr. Lam Chi Chung, Tommy are executive Directors; Mr. Lai Ka Fai is a non-executive Director; and Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang are independent non-executive Directors.

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