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## **POLYTEC ASSET HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 208)**

### **ANNOUNCEMENT — HIGH CONCENTRATION OF SHAREHOLDING AND SHARE PRICE MOVEMENT**

This announcement is issued at the request of the Stock Exchange.

On 4 April 2006, the Company was informed by the Stock Exchange that, on the basis of the information provided by the Securities and Futures Commission to the Stock Exchange, as at 27 January 2006, a large proportion of the Shares was held by a small number of shareholders with 450,854,036 Shares, representing approximately 36.66% of the Company's issued ordinary share capital being held by 15 shareholders. When the holdings of such 15 persons were aggregated with the Shares held by the controlling shareholder of the Company, they accounted for 93.5 % of the Company's issued Shares, which implied that only 6.5% of the Company's issued Shares were held by other small shareholders.

The Board also notes that the closing price of the Shares quoted on the Stock Exchange increased from HK\$1.08 per Share on 26 January 2006 to HK\$1.95 per Share on 3 March 2006, which represented an increase of 80.56% in around one month. During this period, the average daily turnover also increased to 2.21 million Shares (or HK\$3.69 million) as compared with the average daily turnover of 654,154 Shares (or HK\$699,155) for the previous 30 trading days. As stated in the announcement dated 28 February 2006, the Company is not aware of any reasons for such increase in Share price and turnover.

**In view of the high concentration of the Shares in the hands of a small number of shareholders, the price of the Shares could fluctuate substantially even with a small number of shares trade. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

This announcement is issued at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 4 April 2006, Polytec Asset Holdings Limited (the "Company") was informed by the Stock Exchange that, on the basis of the information provided by the Securities and Futures Commission to the Stock Exchange, as at 27 January 2006, a large proportion of the Company's ordinary shares ("Shares") was held by a small number of shareholders with 450,854,036 Shares, representing approximately 36.66% of the Company's issued ordinary share capital, being held by 15 shareholders.

When the holdings of such 15 persons were aggregated with the Shares held by the controlling shareholder of the Company, Marble King International Limited, they accounted for 93.5% of the Company's issued Shares, which implied that only 6.5% of the Company's issued Shares were held by other small shareholders.

The board of directors of the Company (the "Board") also notes that the closing price of the Shares quoted on the Stock Exchange increased from HK\$1.08 per Share on 26 January 2006 to HK\$1.95 per Share on 3 March 2006, which represented an increase of 80.56% in around one month. During this period, the average daily turnover also increased to 2.21 million Shares (or HK\$3.69 million) as compared with the average daily turnover of 654,154 Shares (or HK\$699,155) for the previous 30 trading days. As stated in the announcement dated 28 February 2006, the Company is not aware of any reasons for such increase in Share price and turnover.

The Company has also reviewed the list of the shareholders as at 31 March 2006 of the Company provided by the branch registrar of the Company in Hong Kong, Tengis Limited. Based on this information, the shareholding structure of the Company as at 31 March 2006 is set out below:

		<b>As at 31 March 2006</b>	
		<b>No. of shares</b>	<b>% of issued Shares</b>
Controlling shareholder	Marble King International Limited ( <i>Note 1</i> )	698,975,374	56.84
Connected persons	Three directors of the Company	7,900,000	0.64
	Two directors of Kowloon Development Company Limited ("KDC")	1,480,000	0.12
	Three other connected persons	39,260,000	3.19
Other shareholders	HKSCC Nominees Ltd. ( <i>Note 2</i> )	363,747,851	29.58
	Two shareholders ( <i>Note 3</i> )	116,000,000	9.43
	Seventy nine other shareholders	<u>2,451,259</u>	<u>0.20</u>
	Total	<u><u>1,229,814,484</u></u>	<u><u>100.00</u></u>

*Note 1:* Marble King International Limited is wholly owned by KDC. Mr. Or Wai Sheun, through a discretionary family trust of which Mr. Or is the founder and a beneficiary, is interested in 62.3% of the existing issued capital of KDC.

*Note 2:* The number of Shares held by HKSCC Nominees Ltd was calculated by deducting the interest held by the connected persons. The 368,747,851 Shares under the name of HKSCC Nominees Limited are held by 213 CCASS participants, of which 191,775,035 Shares are held by three CCASS participants representing 15.59% of the issued ordinary share capital of the Company.

*Note 3:* The two shareholders are not connected persons.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Company has no knowledge of the identities of the 15 investors as informed by the Stock Exchange and their respective shareholdings in the Company and whether any of them are (i) connected persons of the Company or (ii) related to/connected with each other and/or any of the connected persons of the Company.

The Board confirms that to the best of the Directors' knowledge, information and belief, based on the information available to the Company, the Company is in compliance with Rule 13.32 and 8.08 of the Listing Rules with respect to public float in its shares. The public float as at 31 March 2006 was 482,199,110 Shares, representing approximately 39.21% of the issued ordinary share capital of the Company.

Given that a large proportion of the issued Shares is held by a small number of shareholders, Share price might be volatile even with a small number of Shares traded. **In view of the high concentration of the Shares in the hands of a small number of shareholders, the price of the Shares could fluctuate substantially even with a small number of Shares trade shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**Polytec Asset Holdings Limited**  
**Yeung Kwok Kwong**  
*Director*

*The board of directors of the Company comprises five executive directors, being Mr. Or Wai Sheun (Chairman) Mr. Yeung Kwok Kwong, Mr. Lam Chi Chung, Tommy, Mr. Chio Koc Ieng, Ms. Wong Yuk Ching; one non-executive director, being Mr. Lai Ka Fai; and three independent non-executive directors, being Mr. Anthony Francis Martin Conway, Mr. Siu Leung Yau and Mr. Liu Kwong Sang.*

Hong Kong, 10 April 2006

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