POLY DEVELOPMENT HOLDINGS LIMITED
保興發展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The board of directors (the "Board") of Poly Development Holdings Limited (the "Company") announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 together with comparative figures for the previous period. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2008

		Six months ended 30 September	
		2008	2007
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	4	**238,175**	75,300
Cost of sales		**(230,362)**	(65,218)
Gross profit		**7,813**	10,082
Net loss on investment at fair value through profit or loss		**(709)**	–
Other income and gains		**2,019**	1,221
Selling and distribution costs		**(93)**	(89)
Administrative expenses		**(4,975)**	(11,661)
Other expenses		**(971)**	(542)
Finance costs		**(1,725)**	(1,011)
Equity settled share-based payment expenses		**(2,931)**	–
Loss before taxation	5	**(1,572)**	(2,000)
Taxation	6	**(2,181)**	(1,484)
Loss for the period		**(3,753)**	(3,484)
Attributable to:			
Equity holders of the Company		**(3,263)**	(5,174)
Minority interests		**(490)**	1,690
		(3,753)	(3,484)
Loss per share attributable to equity holders of the Company	7		
– Basic and diluted (HK cent per share)		**(0.27)**	(0.90)

* *For identification only*

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

	Notes	As at 30 September 2008 HK$'000 (Unaudited)	As at 31 March 2008 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**1,082**	26
Total non-current assets		**1,082**	26
Current assets			
Inventories		**991**	1,234
Accounts and bills receivable	8	**25,953**	36,468
Prepayments, deposits and other receivables		**6,836**	4,036
Loans receivable		**10,500**	8,000
Amounts due from related companies		**2,586**	1,204
Investments at fair value through profit or loss		**2,265**	5,340
Pledged bank deposits		**450**	48,256
Cash and cash equivalents		**250,695**	186,285
Total current assets		**300,276**	290,823
Current liabilities			
Accounts and bills payable	9	**11,890**	6,884
Other payables and accruals		**5,653**	1,854
Amount due to a minority shareholder		**32,929**	34,255
Tax payable		**2,631**	1,611
Total current liabilities		**53,103**	44,604
Net current assets		**247,173**	246,219
Total assets less current liabilities		**248,255**	246,245

	Notes	As at 30 September 2008 HK$'000 (Unaudited)	As at 31 March 2008 HK$'000 (Audited)
Non-current liabilities			
Convertible notes		**29,271**	69,074
Total non-current liabilities		**29,271**	69,074
Net assets		**218,984**	177,171
Capital and reserves			
Share capital		**12,457**	10,699
Reserves		**206,406**	165,864
Equity attributable to equity holders of the Company		**218,863**	176,563
Minority interests		**121**	608
Total equity		**218,984**	177,171

Notes:

1. **Basis of preparation**

   The condensed consolidated interim financial statements for the six months ended 30 September 2008 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets and financial liabilities, which are carried at fair value. These condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated. These condensed consolidated interim financial statements are unaudited but have been reviewed by the Company's Audit Committee.

2. **Significant accounting policies**

   The accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2008 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA as discussed below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2008.

The applicable new HKFRSs adopted in these condensed consolidated interim financial statements are set out below:

HKAS 39 and HKFRS 7 (Amendments)	Financial Instruments: Recognition and Measurement and Financial Instruments: Disclosures
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new/revised standards, amendments or interpretations of HKFRSs that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidations[1]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 July 2008.
4 Effective for annual periods beginning on or after 1 October 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these new/revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. Segment information

Segment information is presented by way of business segment, which is the primary reporting segment of the Group.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. Summary details of business segments are as follows:

(a) the supply and procurement segment represents supply and procurement activities in office equipment and office supplies, machinery, machinery parts, lubricating oil, bunkerage for vessels, fuel, metal minerals and recycled metal materials;

(b) the provision of finance segment represents provision of short-term loan financing activities;

(c) the securities investment segment represents investment activities in equity securities; and

(d) the corporate and others segments comprise of corporate income and expenses items and holding of property activities.

Business segments

The following tables present revenue and loss for the Group's business segments.

	Six months ended 30 September 2008 (Unaudited)				
	Supply and procurement *HK$'000*	**Provision of finance** *HK$'000*	**Securities investment** *HK$'000*	**Corporate and others** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:					
Sales to external customers	**237,441**	**734**	**–**	**–**	**238,175**
Other revenue and gains	**–**	**–**	**–**	**–**	**–**
	237,441	**734**	**–**	**–**	**238,175**
Segment results	**5,474**	**378**	**(709)**	**–**	**5,143**
Interest income and unallocated revenue and gains					**1,389**
Unallocated expenses					**(3,448)**
Finance costs					**(1,725)**
Equity settled share-based payment expenses					**(2,931)**
Loss before taxation					**(1,572)**
Taxation					**(2,181)**
Loss for the period					**(3,753)**

	Six months ended 30 September 2007 (Unaudited)		
	Supply and procurement *HK$'000*	Corporate and others *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales to external customers	75,300	–	75,300
Other revenue and gains	31	200	231
	75,331	200	75,531
Segment results	8,271	200	8,471
Interest income and unallocated revenue and gains			990
Unallocated expenses			(10,450)
Finance costs			(1,011)
Loss before taxation			(2,000)
Taxation			(1,484)
Loss for the period			(3,484)

4. Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, as well as interest income from provision of finance during the period.

5. Loss before taxation

The Group's loss before taxation is arrived at after charging:

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs including directors' remuneration	**2,028**	1,616
Equity settled share-based payment expenses	**2,931**	–
Retirement benefits schemes contributions	**87**	91
Total staff costs	**5,046**	1,707
Depreciation	**125**	1,233
Amortisation of prepaid land lease payments	**–**	390

6. Taxation

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong	**117**	–
Current – elsewhere		
Charge for the period	**–**	1,484
Underprovision in prior period	**2,064**	–
	2,181	1,484

Hong Kong Profits Tax for the six months ended 30 September 2008 was calculated at 16.5% of the estimated assessable profit for the period.

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong or had tax losses brought forward from prior years to set off assessable profits for the six months ended 30 September 2007.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. Loss per share attributable to equity holders of the Company

The calculation of basic loss per share is based on the unaudited net loss for the period attributable to equity holders of the Company for the six months ended 30 September 2008 of HK$3,263,000 (six months ended 30 September 2007: HK$5,174,000) and the weighted average of 1,197,744,291 (six months ended 30 September 2007: 579,131,376) ordinary shares in issue during the period.

Basic and diluted loss per share for the six months ended 30 September 2008 and 2007 were equal as the convertible notes and share options outstanding during the periods had anti-dilutive effect on the basic loss per share for both periods.

8. Accounts and bills receivable

	As at 30 September 2008	As at 31 March 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts receivable	**25,005**	36,468
Less: Impairment loss recognised	**–**	–
	25,005	36,468
Bills receivable	**948**	–
	25,953	36,468

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three to six months for major customers. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Accounts receivable are non-interest bearing. The carrying amounts of the accounts receivable approximate to their fair values.

An aged analysis of the accounts and bills receivable at the balance sheet date, based on invoice date, and net of allowances, is as follows:

	As at 30 September 2008 *HK$'000* **(Unaudited)**	As at 31 March 2008 *HK$'000* (Audited)
Within 30 days	**6,532**	4,962
31 to 60 days	**5,273**	4,912
61 to 90 days	**4,937**	6,651
91 to 180 days	**9,211**	19,943
Over 180 days	**–**	–
Total	**25,953**	36,468

9. Accounts and bills payable

An aged analysis of the accounts and bills payable at the balance sheet date, based on the invoice date, is as follows:

	As at 30 September 2008 *HK$'000* **(Unaudited)**	As at 31 March 2008 *HK$'000* (Audited)
Within 30 days	**6,460**	4,083
31 to 60 days	**4,111**	2,184
61 to 90 days	**456**	47
91 to 180 days	**559**	294
Over 180 days	**304**	276
Total	**11,890**	6,884

The accounts payable are non-interest bearing and are normally settled on 60-day terms. The carrying amounts of the accounts payable approximate to their fair values. As at 30 September 2008, included in the above are bills payable of approximately HK$956,000 (31 March 2008: nil), which were within 30 days and 31 to 60 days.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2008 (six months ended 30 September 2007: nil).

MANAGEMENT DISCUSSION AND OUTLOOK

BUSINESS REVIEW

For the six months ended 30 September 2008, the loss attributable to equity holders of the Company was HK$3,263,000, reduced by 37% when compared to the loss of HK$5,174,000 in the same period last year. Basic loss per share was HK0.27 cent (30 September 2007: HK0.9 cent).

During the period under review, the Group has expanded the business scope of its supply and procurement business into commodities of fuel, metal minerals and recycled metal materials. Very encouraging business results were achieved for supplying these commodities and that also mainly accounted for the increase of the Group's revenue to HK$238,175,000, representing a 216% growth from the previous period (30 September 2007: HK$75,300,000). Despite such revenue growth, the Group's gross profit declined by 23% to HK$7,813,000 (30 September 2007: HK$10,082,000), mainly resulting from keen competition and downturn of global economy which lowered profit margin. During the review period, the Group has also commenced its financing business which the management believes possessing good earnings potential. Interest income of HK$734,000 was generated by the operation and a loan portfolio of HK$10,500,000 was held by the Group at 30 September 2008. The Group's securities investment recorded a loss of HK$709,000 for the period under review primarily as a result of the continuous downfall of Hong Kong stock market. The market value of the Group's securities portfolio, comprising blue chips stocks, was HK$2,265,000 at the period end.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

At 30 September 2008, the Group had current assets of HK$300,276,000 (31 March 2008: HK$290,823,000) and liquid assets comprising cash and marketable Hong Kong listed securities of HK$252,960,000 (31 March 2008: HK$191,625,000). The Group's current ratio, calculated based on current assets of HK$300,276,000 over current liabilities of HK$53,103,000, was at a strong ratio of 5.65 at the period end (31 March 2008: 6.52).

The Group issued 175,850,856 new shares during the review period as a result of conversion of convertible notes issued and exercise of share options. At the period end, equity attributable to equity holders of the Company amounting to HK$218,863,000, representing an increase of 24% when compared to HK$176,563,000 at the last balance sheet date, and is also equivalent to a consolidated net asset value of HK$0.176 per share of the Company (31 March 2008: HK$0.165).

At 30 September 2008, the Group's total indebtedness comprised only convertible notes of HK$29,271,000 (31 March 2008: HK$69,074,000) which will be due for repayment in November 2009, if not previously converted. The convertible notes were interest-free and denominated in Hong Kong dollars. The Group's gearing ratio, calculated on the basis of total indebtedness divided by total indebtedness and equity attributable to the Company's shareholders, was at a low level of 12% at the period end (31 March 2008: 28%).

With the amount of liquid assets on hand as well as credit facilities available, the Group will have sufficient financial resources to meet its ongoing operational requirements.

Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Singaporean dollars and US dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimized via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

Pledge of Assets

At 30 September 2008, a bank deposit of HK$450,000 (31 March 2008: HK$48,256,000) was pledged to secure credit facilities granted to the Group.

Contingent Liabilities

At 30 September 2008, the Group had no significant contingent liabilities.

HUMAN RESOURCES

At 30 September 2008, the Group had a total of 18 employees and directors. Total staff costs for the review period, including directors' remuneration but excluding equity settled share-based payment expenses, was HK$2,115,000 (30 September 2007: HK$1,707,000). The equity settled share-based payment expenses of HK$2,931,000 (30 September 2007: nil) represented fair value of share options granted to employees, directors and consultants of the Group and were not associated with any cash outlay. Remuneration packages are structured by reference to market terms and individual performance. Staff benefits plans maintained by the Group include mandatory provident fund scheme, medical insurance, share option scheme and discretionary bonuses.

PROSPECTS

Following the outbreak of financial crises in the United States, significant market uncertainties and instabilities have grown across major economies worldwide. Against this backdrop, the Group has been cautious in managing its businesses. Nevertheless, the management has been active, while adopting a prudent approach, in seeking new investment opportunities. In December 2008, the Group entered into an agreement to acquire 25% equity interest in an investment holding company which in turn is interested in 26% interest of a company which is engaged in the development and manufacturing of a Chinese herbal medicine for malignancy in the United States. The management believes that the acquisition is in line with the Company's growth strategy of acquiring strategic stakes in potential growth businesses, with a view of enhancing long-term value for shareholders. The proposed transaction is subject to shareholders' approval, details of the transaction are set out in the Company's announcement dated 5 December 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company had adopted the principles and complied with all the applicable provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2008 except the following deviation:

Code Provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive directors of the Company are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in Bye-Law 87 of the Company which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, all of them confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 September 2008.

AUDIT COMMITTEE

At 30 September 2008, the Audit Committee comprised four independent non-executive directors, namely Mr. Wong Kwok Tai (Chairman), Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei. The principal duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2008.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 13 July 2005 with specific terms of reference. At 30 September 2008, it comprised six members, including two executive directors, namely Mr. Lo Ming Chi, Charles (Chairman) and Mr. Yu Wai Man, and four independent non-executive directors of the Company, namely Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei. On 5 November 2008, Mr. Yu Wai Man resigned as executive director of the Company and member of the Remuneration Committee and Mr. Sue Ka Lok, an executive director of the Company was appointed as member of the Remuneration Committee with effect from 5 November 2008. The principal duties of the Remuneration Committee are to review and determine the remuneration package of the directors and senior management of the Group.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and on the website of the Company (www.polydevelop.com.hk). The interim report of the Company for the six months ended 30 September 2008 will be despatched to shareholders of the Company and will be published on the same websites in due course.

On behalf of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 18 December 2008

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Lo Ming Chi, Charles (Deputy Chairman and Chief Executive Officer), Mr. Zhang Zhidong and Mr. Sue Ka Lok as executive directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei as independent non-executive directors.