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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 2009

The Board of Directors (the "Board") of Poly Development Holdings Limited (the "Company") presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2009 together with comparative figures. The condensed consolidated interim financial statements have not been audited but have been reviewed by the Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2009

		Six months ended 30 September	
		2009	2008
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	4	**210,859**	238,175
Cost of sales		**(201,692)**	(230,362)
Gross profit		**9,167**	7,813
Net gain/(loss) on investments at fair value through profit or loss	5	**1,519**	(709)
Other income and gains		**10,838**	2,019
Selling and distribution costs		**(142)**	(93)
Administrative expenses		**(12,550)**	(4,975)
Other expenses		**–**	(971)
Finance costs		**(800)**	(1,725)
Equity settled share-based payment expenses		**(20,958)**	(2,931)
Loss before taxation	5	**(12,926)**	(1,572)
Taxation	6	**(32)**	(2,181)
Loss for the period		**(12,958)**	(3,753)

* *For identification only*

	Notes	Six months ended 30 September **2009** *HK$'000* **(Unaudited)**	2008 *HK$'000* (Unaudited)
Loss for the period attributable to:			
Owners of the Company		**(13,004)**	(3,263)
Non-controlling interests		**46**	(490)
		(12,958)	(3,753)
Loss per share attributable to owners of the Company	8		
Basic and diluted (HK cent per share)		**(0.81)**	(0.27)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(12,958)**	(3,753)
Other comprehensive income		
Exchange differences arising on translation of overseas operations	**9**	(29)
Other comprehensive income for the period (net of tax)	**9**	(29)
Total comprehensive income for the period	**(12,949)**	(3,782)
Total comprehensive income attributable to:		
Owners of the Company	**(12,997)**	(3,295)
Non-controlling interests	**48**	(487)
	(12,949)	(3,782)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

	Notes	As at 30 September 2009 HK$'000 (Unaudited)	As at 31 March 2009 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**2,659**	1,302
Total non-current assets		**2,659**	1,302
Current assets			
Accounts and bills receivable	9	**34,499**	20,001
Prepayments, deposits and other receivables		**11,069**	4,392
Loans receivable		**10,000**	10,500
Investments at fair value through profit or loss		**91,844**	83,398
Pledged bank deposits		**68,516**	37,626
Cash and cash equivalents		**180,503**	118,050
Total current assets		**396,431**	273,967
Current liabilities			
Bills payable	10	**19,900**	12,967
Other payables and accruals		**8,473**	3,288
Tax payable		**387**	418
Convertible notes		**–**	30,563
Total current liabilities		**28,760**	47,236
Net current assets		**367,671**	226,731
Total assets less current liabilities		**370,330**	228,033
Net assets		**370,330**	228,033
Capital and reserves			
Share capital		**19,770**	13,957
Reserves		**350,501**	214,065
Equity attributable to owners of the Company		**370,271**	228,022
Non-controlling interests		**59**	11
Total equity		**370,330**	228,033

Notes:

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2009 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 on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). They have been prepared under the historical cost convention, except for financial assets and financial liabilities, which are carried at fair value. The 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. The condensed consolidated interim financial statements are unaudited but have been reviewed by the Audit Committee.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparing the 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 2009 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 or revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 April 2009.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008 except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendment to paragraph 80 to HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfer of Assets from Customers

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 except for the impact as described below.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (note 3), but has had no impact on the reported results or financial position of the Group.

HKAS 1 (Revised) "Presentation of Financial Statements"

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidation and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[6]
HK(IFRIC) – Int 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their lnteraction[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009.

2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2010.

4 Effective for annual periods beginning on or after 1 February 2010.

5 Effective for annual periods beginning on or after 1 January 2011.

6 Effective for annual periods beginning on or after 1 January 2013.

7 Effective for annual periods beginning on or after 1 July 2010.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group'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 anticipate that the application of the other new or revised standards, amendments or interpretations will not have material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 requires operating segment to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard

(HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach with the entity’s “system of internal financing reporting to key management personnel” serving only as the starting point for the identification of such segments. As a result, following the adoption of HKFRS 8, the identification of the Group’s reportable segments has changed.

The Group’s reportable segments under HKFRS 8 do not differ materially from those previously disclosed under HKAS 14. In prior years, segment information reported externally was analysed by the types of the Group’s core activities which consisted of supply and procurement, provision of finance and securities investment. The directors of the Company considered that the current segment presentation provides sufficient and appropriate information to the Group’s executive directors for the allocation of resources to the segment and to assess its performance. The Group’s reportable segments under HKFRS 8 are therefore as follows:

(a) the supply and procurement segment represents supplies 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; and

(c) the securities investment segment represents investment activities in equity securities and equity-linked notes.

Business segments

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

	Six months ended 30 September 2009 (Unaudited)			
	Supply and procurement *HK$’000*	**Provision of finance** *HK$’000*	**Securities investment** *HK$’000*	**Consolidated** *HK$’000*
Segment revenue				
Sales to external customers	**207,241**	**917**	**2,701**	**210,859**
Other revenue and gains	**–**	**–**	**–**	**–**
	207,241	**917**	**2,701**	**210,859**
Segment results	**5,584**	**856**	**4,220**	**10,660**
Interest income and unallocated revenue and gains				**10,409**
Unallocated expenses				**(12,237)**
Finance costs				**(800)**
Equity settled share-based payment expenses				**(20,958)**
Loss before taxation				**(12,926)**
Taxation				**(32)**
Loss for the period				**(12,958)**

	Six months ended 30 September 2008 (Unaudited)			
	Supply and procurement *HK$'000*	Provision of finance *HK$'000*	Securities investment *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)

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, interest income from provision of finance, dividend income and interest income from securities investment during the period.

5. LOSS BEFORE TAXATION

	Six months ended 30 September 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)
The Group's loss before taxation is arrived at after charging:		
Staff costs including directors' remuneration	**1,873**	2,028
Equity settled share-based payment expenses	**20,958**	2,931
Retirement benefits schemes contributions	**73**	87
Total staff costs	**22,904**	5,046
Cost of inventories sold	**196,258**	214,576
Depreciation of property, plant and equipment	**327**	125
and after crediting:		
Reimbursement for legal and other professional costs incurred from counterparties due to termination of an investment project	**8,159**	–
Reversal of impairment loss recognised in respect of an other receivable	**2,040**	–
Net gain/(loss) on investments at fair value through profit or loss:		
Net realised loss on investment in listed equity securities	**(85)**	(304)
Unrealised gain/(loss) on investment in listed equity securities	**1,716**	(405)
Unrealised loss on investment in equity-linked notes	**(112)**	–
	1,519	(709)

6. TAXATION

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Hong Kong	**163**	117
Current – elsewhere		
(Over)/under provision in prior period	**(131)**	2,064
	32	2,181

Hong Kong Profits Tax for the six months ended 30 September 2009 and 2008 was calculated at 16.5% of the estimated assessable profit for the period.

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. DIVIDENDS

No dividends were declared during the six months ended 30 September 2009 (six months ended 30 September 2008: nil).

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the unaudited net loss for the period attributable to owners of the Company for the six months ended 30 September 2009 of HK$13,004,000 (six months ended 30 September 2008: HK$3,263,000) and the weighted average of 1,597,378,660 (six months ended 30 September 2008: 1,197,744,291) ordinary shares in issue during the period.

Basic and diluted loss per share for the six months ended 30 September 2009 and 2008 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.

9. ACCOUNTS AND BILLS RECEIVABLE

	As at 30 September 2009	As at 31 March 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts receivable	**860**	1,073
Bills receivable	**33,639**	18,928
	34,499	20,001

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. The carrying amounts of the accounts and bills 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 impairment, is as follows:

	As at 30 September 2009	As at 31 March 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**15,636**	19,632
31 to 60 days	**–**	–
61 to 90 days	**18,725**	231
91 to 180 days	**–**	–
Over 180 days	**138**	138
Total	**34,499**	20,001

10. BILLS PAYABLE

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

	As at 30 September 2009 *HK$'000* **(Unaudited)**	As at 31 March 2009 *HK$'000* (Audited)
Within 30 days	**2,826**	12,967
31 to 60 days	**16,767**	–
61 to 90 days	**–**	–
91 to 180 days	**307**	–
Over 180 days	**–**	–
Total	**19,900**	12,967

The bills payable are normally settled on 60-day terms. The carrying amounts of the bills payable approximate to their fair values.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 September 2009 (six months ended 30 September 2008: nil).

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30 September 2009, the loss attributable to owners of the Company was HK$13,004,000, compared to a loss of HK$3,263,000 in the same period last year. Basic loss per share for the period was HK0.81 cent (30 September 2008: HK0.27 cent). Nevertheless, if the effect of the non-cash equity settled share-based payment expenses, which amounted to HK$20,958,000 and HK$2,931,000 respectively for the periods concerned, were excluded from the results of both periods, the Company would have reported a profit attributable to owners of the Company of HK$7,954,000 for the current period and a comparable loss of HK$332,000 in the previous period. This improvement in the Group's operating results reflects encouraging progress of all business operations during the review period, despite the challenging global economic conditions subsisting in the aftermath of the financial tsunami.

During the period under review, the Group continued to engage in the business of supply and procurement, provision of finance and securities investment. When compared to the previous period, the Group's revenue was down by 11% to HK$210,859,000 (30 September 2008: HK$238,175,000) whereas gross profit was up by 17% to HK$9,167,000 (30 September 2008: HK$7,813,000). The decrease in the Group's revenue was primarily attributable to the lower revenue recorded by the supply and procurement operation during the current period, which in turn was a result of the cessation of the business in supplying various merchandise to vessels based in Singapore. Despite the drop in the Group's overall revenue, the Group managed to improve its gross profit mainly by successfully increasing the overall profit margin derived from the supply and procurement business and the profit contribution from the financing and securities investment business. The Group's other income and gains for the current period included an amount of HK$8,159,000, being the reimbursement from counterparties for legal and other professional costs incurred (which have been recognised as administrative expenses) due to termination of an investment project; and an amount of HK$2,040,000 being the reversal of impairment loss recognised in respect of an other receivable. The equity settled share-based payment expenses of HK$20,958,000 reported in the current period represented expenses recognised for fair values of share options granted to directors and employees of the Company which involved no cash outlays. If the effect of these expenses were excluded from the Group's results, the Group would have reported a profit attributable to owners of the Company of HK$7,954,000 for the current period, and a comparable loss of HK$332,000 in the previous period.

During the review period, the Group's supply and procurement operation was focus on the sourcing and sales of metal minerals and recycled metal materials to customers based in Mainland China, and that the business of supplying office equipment and supplies, machinery and parts, lubricating oil and bunkerage for vessels based in Singapore was ceased mainly due to low profitability of the business. As a result of the lower trading volume, the revenue of the operation was decreased by 13% to HK$207,241,000 (30 September 2008: HK$237,441,000) whereas in contrast, the operation's profit was increased by 2% to HK$5,584,000 (30 September 2008: HK$5,474,000) mainly due to the higher profit margin derived from the sales of metal minerals and recycled metal materials. The management is optimistic about the economic conditions of China and expects this operation will continue to perform well for the remainder of the financial year.

The interest income and operating profit generated by the financing operation were up by 25% to HK$917,000 (30 September 2008: HK$734,000) and 126% to HK$856,000 (30 September 2008: HK$378,000) respectively. Such increases were mainly due to the higher average loan balance outstanding during the review period. The loan portfolio held by the Group amounted to HK$10,000,000 at the period end.

The Group's securities investment operation recorded a profit of HK$4,220,000 for the period (30 September 2008: loss of HK$709,000) primarily as a result of investing in listed equity securities and equity-linked notes. At the period end, the Group's securities portfolio comprised Hong Kong listed equity securities and equity-linked notes aggregated to HK$91,844,000 (31 March 2009: HK$83,398,000).

In July 2009, the Group entered into a formal agreement to acquire a group of companies engaged in the design, manufacturing, sales and leasing of heavy infrastructure construction equipment and related businesses. The agreement was subsequently terminated primarily for the reasons that the target group of companies involves legal proceedings. Details of the transactions are set out in the Company's announcements dated 11 August 2009 and 24 August 2009.

The Group's principal business in supply and procurement, provision of finance as well as securities investment all continued to deliver encouraging results for the review period. There are indications that global major economies and financial systems have stabilized and effects of the financial tsunami are fading out. In addition, economic data released by the Chinese government also give support to the common expectation that the growth momentum of China economy will sustain. Given these positive indicators, the management is optimistic about the business prospects of the Group. Looking ahead into 2010, the Group will continue to manage its existing businesses in a prudent manner, and will evaluate any new investment opportunities with a cautious approach to ensure a stable prospect to shareholders.

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

During the six months ended 30 September 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

CORPORATE GOVERNANCE PRACTICES

The Company had adopted the principles and complied with all the applicable provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2009 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.

Deviation

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 Bye-law 87 of the Company's Bye-laws 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. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 15 December 2009

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer) and Mr. Chau Chung Tak as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang, Mr. Lu Xinsheng and Mr. Xiong Wei as Independent Non-executive Directors.