保 利（香 港）投 資 有 限 公 司

Poly (Hong Kong) Investments Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 119)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011

FINANCIAL HIGHLIGHTS

1. Turnover increased by 65.7% to HK$14,105 million, with property development business making up the greatest proportion of about 94.1% of the turnover.

2. Profit for the year increased by 50.8% to HK$3,222 million.

3. Basic earnings per share increased by 37.8% to HK76.96 cents.

RESULTS

The directors (the "Directors") of Poly (Hong Kong) Investments Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2011 with comparative figures for the previous year ended 31st December, 2010 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2011** **HK$'000**	*2010* *HK$'000*
Revenue	*2*	**14,104,913**	8,514,136
Cost of sales		**(8,531,463)**	(5,030,365)
Gross profit		**5,573,450**	3,483,771
Increase in fair value of investment properties		**453,905**	140,269
Other income		**732,268**	389,783
Selling expenses		**(554,399)**	(306,980)
Administrative expenses		**(1,095,399)**	(763,814)
Net (decrease) increase in fair value of held-for-trading investments		**(782)**	1,105
Gain on disposal of available-for-sale investments		**231,482**	–
Gain on disposal of interests in subsidiaries		**–**	352,349
Gain on disposal of interest in an associate		**96,397**	98,060
Discount on acquisition of interests in subsidiaries		**–**	81,303
Impairment loss on trade receivables		**–**	(2,019)
Impairment loss on other receivables		**(3,676)**	(42,276)
Finance costs	*3*	**(440,197)**	(257,316)
Share of results of associates		**16,352**	19,428
Share of result of a jointly controlled entity		**(8,030)**	(7,818)
Profit before taxation	*4*	**5,001,371**	3,185,845
Income tax expense	*5*	**(1,778,964)**	(1,049,392)
Profit for the year		**3,222,407**	2,136,453
Attributable to:			
Owners of the Company		**2,777,119**	1,838,367
Non-controlling interests		**445,288**	298,086
		3,222,407	2,136,453
Earnings per share	*7*		
– basic		**76.96 cents**	55.83 cents
– diluted		**76.63 cents**	55.20 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 *HK$'000*	2010 *HK$'000*
Profit for the year	**3,222,407**	2,136,453
Other comprehensive income		
Exchange differences arising on translation of financial statements of foreign operations	**663,356**	376,952
Change in fair value of available-for-sale investments	**21,423**	72,786
(Deficit) surplus arising on revaluation of properties	**(8,084)**	118,037
Investment revaluation reserve released on disposal of available-for-sale investments	**(100,276)**	–
Translation reserve released on disposal of interest in a subsidiary	**–**	(1,428)
Translation reserve released upon dissolution of a subsidiary	**–**	(5,797)
Other comprehensive income before tax effect	**576,419**	560,550
Deferred tax asset (liability) arising on revaluation of properties	**2,020**	(29,509)
Other comprehensive income for the year, net of tax	**578,439**	531,041
Total comprehensive income for the year	**3,800,846**	2,667,494
Attributable to:		
Owners of the Company	**3,222,788**	2,260,099
Non-controlling interests	**578,058**	407,395
	3,800,846	2,667,494

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2011**	2010
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Investment properties		**6,578,020**	5,025,391
Property, plant and equipment		**1,995,829**	1,751,532
Prepaid lease payments – non-current portion		**411,287**	385,060
Goodwill		**804,890**	785,299
Interests in associates		**102,473**	135,480
Interests in a jointly controlled entity		**1,646**	1,515
Available-for-sale investments		**148,383**	419,166
Club membership		**1,226**	1,169
Deposits paid for acquisition of land use rights		**3,032,591**	2,611,577
Deposits paid for acquisition of a subsidiary		**246,914**	235,294
Deferred tax assets		**208,671**	158,001
		13,531,930	11,509,484
CURRENT ASSETS			
Properties under development		**60,359,693**	37,990,453
Properties held for sale		**5,895,473**	5,495,438
Other inventories		**57,071**	42,237
Trade and other receivables	*8*	**1,596,981**	1,215,033
Prepaid lease payments – current portion		**11,565**	10,621
Short-term loan receivables		**185,185**	176,471
Held-for-trading investments		**782**	11,002
Deposits paid for acquisition of a property development project		**125,236**	976,544
Amount due from a jointly controlled entity		**–**	2,582
Amounts due from fellow subsidiaries		**34,566**	34,015
Amounts due from non-controlling shareholders of subsidiaries		**790,947**	189,012
Amounts due from related companies		**7,407**	17,431
Taxation recoverable		**288,631**	136,366
Pledged bank deposits		**326,131**	181,864
Bank balances, deposits and cash		**12,295,634**	15,872,810
		81,975,302	62,351,879

	Notes	2011 HK$'000	2010 HK$'000
CURRENT LIABILITIES			
Trade and other payables	*9*	**6,168,692**	3,881,360
Pre-sale deposits		**11,944,749**	8,884,824
Property rental deposits		**91,248**	67,622
Amount due to the ultimate holding company		**434,064**	98,635
Amount due to an intermediate holding company		**3,873,396**	2,625,820
Amounts due to fellow subsidiaries		**2,535,024**	1,407,760
Amounts due to non-controlling shareholders of subsidiaries		**2,291,217**	1,018,110
Amount due to an associate		**74,074**	70,588
Amount due to a related company		**1,867**	–
Taxation payable		**1,882,792**	1,235,521
Bank and other borrowings – due within one year		**13,101,876**	9,522,631
		42,398,999	28,812,871
NET CURRENT ASSETS		**39,576,303**	33,539,008
TOTAL ASSETS LESS CURRENT LIABILITIES		**53,108,233**	45,048,492
CAPITAL AND RESERVES			
Share capital		**1,804,219**	1,804,219
Reserves		**22,866,721**	20,205,948
Equity attributable to owners of the Company		**24,670,940**	22,010,167
Non-controlling interests		**2,500,812**	1,819,329
TOTAL EQUITY		**27,171,752**	23,829,496
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		**24,857,356**	20,300,639
Loan from a fellow subsidiary		**209,644**	188,470
Deferred tax liabilities		**869,481**	729,887
		25,936,481	21,218,996
		53,108,233	45,048,492

Notes:

1. Application of new and revised Hong Kong Financial Reporting Standards

(a) Initial application of Hong Kong Financial Reporting Standards

In the current year, the Group initially applied the following new or revised standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning on 1st January, 2011:–

HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HKFRSs	Improvements to HKFRSs (2010)

Other than as further explained below regarding the impact of HKAS 24 (Revised), the adoption of the new HKFRSs had no material impact on the Group's consolidated financial statements for the current or prior accounting periods.

HKAS 24 (Revised), "Related party disclosures", issued in November 2009. It supersedes HKAS 24, "Related party disclosures", issued in 2003. HKAS 24 (Revised) is mandatory for periods beginning on or after 1st January, 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Group has applied the revised standard from 1st January, 2011. As the result of the adoption, the Group, which is a part of China Poly Group and controlled by the PRC government, is allowed to simplify the disclosure and is only required to disclose following information for its transaction with government-related entities (i) the name of the government entity and the nature of its relationship with the Group; (ii) the nature and amount of each individual significant transaction; and (iii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

(b) Hong Kong Financial Reporting Standards in issue but not effective

The following HKFRSs in issue at 31st December, 2011 have not been applied in the preparation of the consolidated financial statements for the year then ended since they were not yet effective for the annual period beginning on 1st January, 2011:–

HKAS 19 (Revised 2011)	Employee Benefits[4]
HKAS 27	Separate Financial Statements[4]
HKAS 28	Investments in Associates and Joint Ventures[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
Amendments to HKFRS 7 (2010)	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7 (2011)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]

[1] *Effective for annual periods beginning on or after 1st July, 2011*

[2] *Effective for annual periods beginning on or after 1st January, 2012*

[3] *Effective for annual periods beginning on or after 1st July, 2012*

[4] *Effective for annual periods beginning on or after 1st January, 2013*

[5] *Effective for annual periods beginning on or after 1st January, 2014*

[6] *Effective for annual periods beginning on or after 1st January, 2015*

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements.

2. Segment and entity-wide information

Reportable segments

For management purposes, the Group is organised into four operating divisions. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:–

Property development business	–	property development
Property investment and management	–	property investment and management
Hotel operations	–	hotel and restaurant business and its related services
Other operations	–	manufacturing and sales of digital discs and others

Information about these segments is presented below:–

For the year ended 31st December, 2011

	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel operations *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
REVENUE						
External revenue	13,279,121	499,507	200,149	126,136	–	14,104,913
Inter-segment revenue*	–	16,632	–	–	(16,632)	–
Total revenue	13,279,121	516,139	200,149	126,136	(16,632)	14,104,913
SEGMENT RESULT	4,001,209	624,769	(29,801)	25,545	–	4,621,722
Unallocated income						577,616
Unallocated expenses						(93,971)
Gain on disposal of available-for-sale investments	–	–	–	231,482	–	231,482
Gain on disposal of interest in an associate	96,397	–	–	–	–	96,397
Finance costs						(440,197)
Share of results of associates	16,352	–	–	–	–	16,352
Share of result of a jointly controlled entity	–	–	–	(8,030)	–	(8,030)
Profit before taxation						5,001,371
Income tax expense						(1,778,964)
Profit for the year						3,222,407

* *Inter-segment revenue were charged with reference to prices charged to external parties for similar services or products.*

For the year ended 31st December, 2010

	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel operations *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
REVENUE						
External revenue	7,806,224	443,243	146,885	117,784	–	8,514,136
Inter-segment revenue*	1,492	25,760	–	474,482	(501,734)	–
Total revenue	7,807,716	469,003	146,885	592,266	(501,734)	8,514,136
SEGMENT RESULT	2,335,868	272,264	(74)	38,575	–	2,646,633
Unallocated income						343,000
Unallocated expenses						(89,794)
Gain on disposal of interests in subsidiaries	352,349	–	–	–	–	352,349
Gain on disposal of interest in an associate	98,060	–	–	–	–	98,060
Finance costs						(257,316)
Discount on acquisition of interests in subsidiaries	81,303	–	–	–	–	81,303
Share of results of associates	19,428	–	–	–	–	19,428
Share of result of a jointly controlled entity	–	–	–	(7,818)	–	(7,818)
Profit before taxation						3,185,845
Income tax expense						(1,049,392)
Profit for the year						2,136,453

* *Inter-segment revenue were charged with reference to prices charged to external parties for similar services or products.*

3. Finance costs

	2011 **_HK$'000_**	2010 *HK$'000*
Interest on bank and other borrowings:–		
– wholly repayable within five years	**3,171,343**	1,015,698
– not wholly repayable within five years	**125,413**	144,323
Imputed interest expense on loan from a fellow subsidiary	**11,580**	10,544
Total borrowing costs	**3,308,336**	1,170,565
Less: amounts capitalised	**(2,868,139)**	(913,249)
	440,197	257,316

Borrowing cost capitalised during the year arose from specific borrowings.

4. Profit before taxation

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging and (crediting):–		
Amortisation of prepaid lease payments (included in administrative expenses)	**12,918**	9,072
Depreciation of property, plant and equipment	**117,898**	83,030
Total depreciation and amortisation	**130,816**	92,102
Loss on disposal of property, plant and equipment	**2,008**	6,880
Gain on disposal of investment properties	**(1,442)**	(1,527)

5. Income tax expense

	2011	2010
	HK$'000	*HK$'000*
The charge comprises:–		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**1,042,860**	610,450
Land appreciation tax ("LAT")	**662,460**	471,697
Deferred taxation	**73,644**	(32,755)
	1,778,964	1,049,392

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as there is no assessable profit for both years.

Except for certain PRC subsidiaries, which are subject to concessionary tax rates lower than the PRC statutory enterprise income tax rate ("Statutory EIT rate") in accordance with relevant tax rules and regulations, all other PRC subsidiaries are subject to Statutory EIT rate at 25% based on the estimated assessable profit for both years.

Certain PRC subsidiaries are also subject to the PRC LAT which is levied at progressive rates ranging from 30% to 60% on the appreciation of properties, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction.

6. Dividends

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:–		
2010 final dividend of HK$0.155 (2010: HK$0.044 for 2009) per share	**559,308**	140,938

No interim dividend was paid for both years.

The Directors of the Company do not recommend the payment of a final dividend for the year ended 31st December, 2011 (2010: a final dividend of HK$0.155 per share).

7. Earnings per share

The calculation of the basic and diluted earnings per share for the year is based on the following data:–

	2011	2010
	HK$'000	*HK$'000*
Earnings:–		
Profit for the year attributable to owners of the Company	**2,777,119**	1,838,367

	2011	2010
Number of shares:–		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,608,437,046**	3,292,564,487
Effect of dilutive potential ordinary shares on share options	**15,656,229**	37,610,582
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,624,093,275**	3,330,175,069

8. Trade and other receivables

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**524,781**	263,600
Less: Allowance for doubtful debts	**(31,817)**	(13,400)
	492,964	250,200
Bills receivable on disposal of 上海盛奕資產經營管理有限公司	**–**	100,000
Other receivables (net of allowance of HK$40,897,000) (2010: HK$59,937,000)	**1,104,017**	864,833
Total trade and other receivables	**1,596,981**	1,215,033

The credit terms in connection with sales of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables arise from sales of properties as the Group has numerous customers. In respect of sales of goods granted to trade customers, the Group allows an average credit period of 30 to 90 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the end of the reporting period:–

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**337,947**	204,802
31 to 90 days	**13,546**	27,471
More than 90 days	**141,471**	17,927
	492,964	250,200

9. Trade and other payables

The following is an aged analysis of trade payables at the end of the reporting period:–

	2011	2010
	HK$'000	*HK$'000*
0 to 30 days	**3,134,306**	1,936,817
31 to 90 days	**79,294**	15,453
More than 90 days	**371,651**	349,343
Total trade payables	**3,585,251**	2,301,613
Other payables	**2,583,441**	1,579,747
	6,168,692	3,881,360

The average credit period is 90 days. The Group has financial risk management policies in place to ensure that all payable is within the credit time frame.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend in respect of the year ended 31st December, 2011 (2010: HK$0.155).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

In 2011, the Group recorded a turnover of HK$14,104,913,000(corresponding period in 2010: HK$8,514,136,000), representing an increase of 65.7% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$2,777,119,000 (corresponding period in 2010: HK$1,838,367,000), representing an increase of 51.1% as compared with the corresponding period last year. Basic earnings per share was HK76.96 cents (corresponding period in 2010: HK55.83 cents), while diluted earnings per share was HK76.63 cents (corresponding period in 2010: HK55.2 cents), an increase of 37.8% and 38.8% respectively as compared with the corresponding period last year.

As at 31st December, 2011, total shareholders' equity of the Group amounted to HK$24,670,940,000 (31st December, 2010: HK$22,010,167,000) and net asset value per share was HK$6.84 (31st December, 2010: HK$6.1).

Property Development Business

Throughout 2011, new commenced construction area reached a gross floor area of approximately 7.16 million square meters. A total of 34 projects were put on sale, with a pre-sold and sold area of approximately 2.15 million square meters, and among which, 14 projects were newly launched. Properties with a gross floor area of approximately 1.75 million square meters were completed. As of 31st December, 2011, the Group held more than 47 projects (engaging in different stages of development), with both projects under development and land reserved for future development covered a total gross floor area of approximately 22.89 million square meters.

Property Sales

In 2011, the Central Government continued to reinforce austerity measures which were implemented in 2010. The "home purchase restriction" and various tightening measures were stringent and extended to more cities, resulting in considerable impacts and fluctuations in the property market. In face of the increasingly complex market and regulatory environment, the Group remains its focused sales strategy on residential products, and responsiveness to the changing market dynamics to ensure growth. During the period, the pre-sold and sold areas of 34 projects totaled to about 2.15 million square meters, representing an increase of 0.72 million square meters or 50% as compared with the pre-sold and sold area of 1.43 million square meters in 2010, which exceeded the target area of 2.10 million square meters set at the beginning of the year. The contract sales amounted to RMB15.8 billion, representing an increase of RMB4.4 billion or 39% as compared with contract sales of RMB11.4 billion achieved in 2010. Contracted sales of more than RMB4 billion was marked particularly in Guizhou Province. Also, contracted sales exceeding RMB2 billion was recorded respectively in Shanghai, Wuhan and Guangxi Province. Among sixteen cities with contracted sales, of which the market shares in Liuzhou and Zunyi ranked top while the market share in Nanning was amongst the top three.

Contracted Sales in 2011 by Region

Area	***RMB*** *(Million)*			**Gross floor area** *('000 square meters)*		
	2011	2010	Change%	**2011**	2010	Change%
Yangtze River Delta Region	**2,506**	2,885	–13%	**197**	163	+21%
Pearl River Delta Region	**1,710**	1,115	+53%	**226**	181	+25%
Southwestern Region	**6,621**	4,295	+54%	**1,078**	695	+55%
Other Regions	**4,841**	3,011	+61%	**648**	388	+67%
Total	**15,678**#	11,306#	+39%	**2,149**	1,427	+50%

Note: Sales of Car Park are not included

Newly Land Acquisition

In 2011, the Group added 6 land parcels in Ningbo, Huizhou, Yantai, Weihai, Guiyang and Zunyi respectively, with a total site area of approximately 2.08 million square meters and a total planned gross floor area of approximately 6.6 million square meters. The Group expanded its footholds from 17 cities to 20 cities and further improved its national strategic layout including the new presence in Yantai, Weihai and Zunyi. They all achieved rapid pace of development that construction works were commenced within a year after acquisition. Pre-sale of Zunyi Poly Metropolis of Future was launched in October 2011.

Land Parcels Acquired in 2011

Land Parcel		**Usage**	**Site area** *('000 square meters)*	**Planned gross floor area** *('000 square meters)*	**Group's interests**	**Project Status**
1.	Ningbo Project	Mixed-use	208	564	100%	Under Construction
2.	Huizhou Poly Sunshine Town	Residential	66	238	70%	Under Construction
3.	Guiyang Poly The Place of A Lake	Residential	291	830	51%	Under Construction
4.	Zunyi Poly Metropolis of Future	Mixed-use	1,326	4,432	35.7%	Pre-sale Launched
5.	Weihai Poly Triumph Mansion	Residential	89	219	100%	Under Construction
6.	Yantai Poly Champs Elysees Mansion	Residential	100	295	100%	Under Construction
Total:			2,080	6,578		

Summary of Newly Acquired Projects

1. Ningbo Project

Ningbo Project is located in between Yuyao city and Ningbo Jiangbei District and 5km away from the city centre, with an aggregate site area of about 208,000 square meters and planned gross floor area of about 564,000 square meters. It is composed of two plots of lands which are designated to residential and commercial use respectively. The project's commercial part is set to be one of the high end commercial centers in Yuyao, and the residential community will be developed to mainly comprising furnished apartments.

2. Huizhou Poly Sunshine Town

Huizhou Poly Sunshine Town is located in Huiyang District of Huizhou, Guangdong Province. It stands to the Shenshan Expressway and neighbors to Palm Island Golf Course to the east. The project enjoys high accessibility as well as ancillary facilities nearby. It covers a site area of approximately 66,000 square meters with a planned gross floor area of approximately 238,000 square meters. The project is positioned as a large comprehensive residential community in the new centre of Huiyang District, comprising high-rise residential buildings, apartments, commercial facilities and low density town houses.

3. Guiyang Poly The Place of A Lake

Guiyang Poly The Place of A Lake is located in the center of the ecological tourism area in Huaxi District of Guiyang. It is adjacent to the Huaxi District Administration Center and State Guesthouse, as well as the Luo Ping River Reservoir Wetland Park. It enjoys convenient transportation networks with only 15 minutes ride to the downtown of Guiyang and the planned Guiyang Light Rail No.3 Link is also nearby. The project covers a site area of approximately 291,000 square meters with a planned gross floor area of approximately 830,000 square meters. It is planned to be developed into residential community mainly comprising garden villas and high-rise buildings.

4. Zunyi Poly Metropolis of Future

Zunyi Poly Metropolis of Future is located in Honghuagang District of Guizhou. Seamless transport network is establishing in the vicinity, which includes the Ruili-Hangzhou, Chongqing-Zunyi and Guiyang-Zunyi Expressway. The project has a site area of about 1,326,000 square meters and a total gross floor area of about 4,432,000 square meters. It is designed to be a multi-faceted community with comprehensive facilities comprising central commercial district, administrative offices, cultural and entertainment zone.

5. Weihai Poly Triumph Mansion

Weihai Poly Triumpth Mansion is sited in Cuihuan District of Weihai, Shandong Province, neighboring to the sea to the east with an excellent open view and ancillary facilities nearby. The project also enjoys the accessibility that is only 2km away from the Xian Gu Ding National Park and 6km away from the Wei Hei Train Station. The project has a site area of about 89,000 square meters with a gross floor area of about 219,000 square meters. It will be developed into a high-rise residential community.

6. Yantai Poly Champs Elysees Mansion

Yantai Poly Champs Elysees Mansion is located in Laishan District of Yantai, Shandong Province, right next to the Feng Huang Shan River Reservoir Wetland Park. It enjoys a convenient transport network with only minutes away from the downtown area. The project covers a site area of about 100,000 square meters with a planned gross floor area of about 295,000 square meters, comprising both high-rise and mid-rise residential units.

Projects under Construction and Projects under Planning

As at 31st December 2011, the Group held a total of 47 projects in 20 cities. Among the gross floor area, of which approximately 21% and 12% are located in Yangtze River Delta and Pearl River Delta regions respectively, approximately 46 % and 21% are located in cities in southwest and other regions respectively. The Group had 43 projects under construction with a gross floor area of approximately 10.06 million square meters (attributable area approximately 8.06 million square meters), a land reserve of planned gross floor area of approximately 12.83 million square meters (attributable area approximately 9.15 million square meters).

List of Development Projects as at 31st December 2011

Project		**Gross floor area under construction** *('000 square meters)*	**Planned gross floor area** *('000 square meters)*	**Group's interests**
Yangtze River Delta Region				
1.	Shanghai Poly Town	127	–	100%
2.	Shanghai Poly Lakeside Garden	236	–	100%
3.	Shanghai Poly Royal Garden	180	–	50.1%
4.	Shanghai Poly Deluxe Mansion	105	60	100%
5.	Shanghai Poly Elegant Mansion	185	–	100%
6.	Shanghai Poly Star Island	311	166	100%
7.	Shanghai Poly Felicity	97	–	100%
8.	Suzhou Poly West Bank Villa	124	214	100%
9.	Suzhou Poly Lake Mansion	457	583	100%
10.	Hangzhou Poly Origin	240	283	100%
11.	Ningbo Poly City	303	674	100%
12.	Ningbo Project	135	429	100%
Sub Total		2,500	2,409	

Project	Gross floor area under construction *('000 square meters)*	Planned gross floor area *('000 square meters)*	Group's interests
Pearl River Delta Region			
13. Shenzhen Poly Up Town	357	–	70%
14. Guangzhou Poly City	178	–	51%
15. Guangzhou Poly Golf Shire	242	161	100%
16. Guangzhou Poly Zephyr City	235	236	100%
17. Huizhou Poly Deutch Kultur	154	222	80%
18. Huizhou Poly Sunshine Town	41	197	70%
19. Foshan Poly Cullinan Garden	169	–	100%
20. Foshan Poly Prestige City	366	68	100%
Sub Total	1,742	884	
Southwestern Region			
21. Chongqing Poly Spring Villa	14	–	51%
22. Guiyang Poly Hot Spring Newisland	231	21	66.5%
23. Guiyang Poly Clouds Hill International	165	–	100%
24. Guiyang Poly International Center	242	–	66.5%
25. Guiyang Poly Spring Street	174	339	66.5%
26. Guiyang Poly Park 2010	398	1,310	70%
27. Guiyang Poly The Place of A Lake	115	715	51%
28. Zunyi Poly Metropolis of Future	1,273	3,159	35.7%
29. Nanning Poly Crescendo	261	192	100%
30. Nanning Poly Sincere Garden	192	–	100%
31. Nanning Poly City	368	–	100%
32. Nanning Poly Shanjian Hong	–	368	100%
33. Liuzhou Poly Merization World	364	523	100%
34. Kunming Poly Lakeside Mansion	79	–	100%
Sub Total	3,876	6,627	

Project	Gross floor area under construction *('000 square meters)*	Planned gross floor area *('000 square meters)*	Group's interests
Other Regions			
35. Wuhan Poly Plaza	143	–	100%
36. Wuhan Poly Cai Sheng Garden	156	–	100%
37. Wuhan Poly Blue Ocean District	419	–	100%
38. Wuhan Yangyuan Project	–	130	51%
39. Wuhan Poly Park	54	98	55%
40. Wuhan Poly City	–	1,488	68%
41. Harbin The Tsinghua Summer Palace of Poly	335	–	51%
42. Harbin Poly The Water's Fragrant Dike	177	250	58%
43. Jinan Poly Hyde Mansion	279	155	100%
44. Jinan Poly Daming Lake	194	–	80%
45. Yantai Poly Champs Elysees Mansion	100	195	100%
46. Weihai Poly Triumph Mansion	86	133	100%
47. Hainan Shenzhou Peninsula Project	–	464	100%
Sub Total	1,943	2,913	–
Grand Total	10,061	12,833	

Projects with Work Completion

In 2011, among the Group's projects under construction, the area completed was approximately 1.75 million square meters:

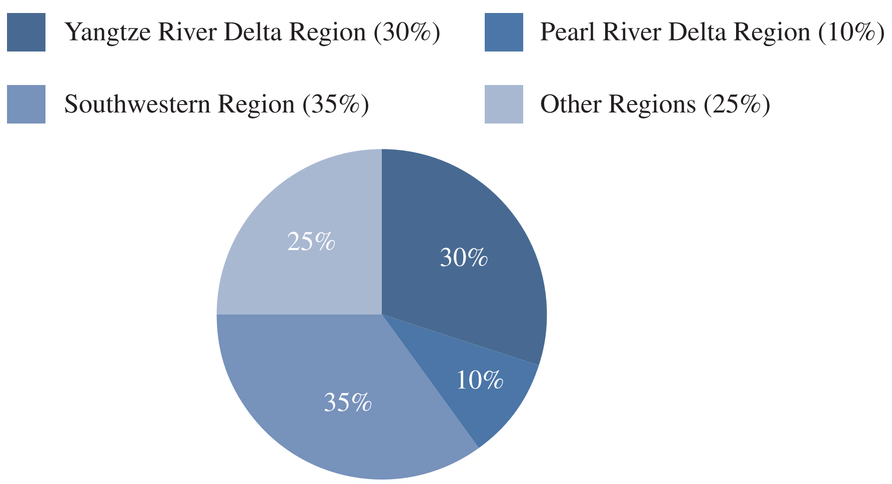
List of Projects with Work Completion in 2011

Project	**Completed gross floor area in 2011** *('000 square meters)*	**Accumulative completed gross floor area till 2011** *('000 square meters)*
Yangtze River Delta Region		
1. Shanghai Poly Town	39	310
2. Shanghai Poly Royal Garden	51	51
3. Shanghai Poly Villa Garden	17	17
Pearl River Delta Region		
4. Guangzhou Poly City	160	385
5. Huizhou Poly Deutch Kultur	138	138
Southwestern Region		
6. Guiyang Poly Hot Spring Newisland	286	800
7. Guiyang Poly Spring Street	184	184
8. Guiyang Poly Clouds Hill International	206	484
9. Nanning Poly Crescendo	73	73
10. Kunming Sunny Lake & Splendid Life	30	315
11. Chongqing Poly Spring Villa	11	39
Other Regions		
12. Wuhan Poly Royal Palace	293	618
13. Poly Harbin Contemporary No.9 Park Life	139	280
14. Harbin Poly The Water's Fragrant Dike	55	222
15. Jinan Poly Garden	38	266
16. Jinan Poly Daming Lake	29	29
Grand Total:	1,749	4,211

Recognized Property Sales

A total of more than 23 projects were delivered and recognized in 2011 with a total sales value of RMB11.51 billion and gross floor area of 1.39 million square meters. The booked average selling price approximated to RMB8,200 per square meter. Among the area delivered, mass residential housing accounted for 76%, villas 20%, offices 1%, and the remaining 3% were retail shops and other products.

Geographical Distribution of Recognized Property Sales in 2011



List of Major Projects with Sales Recognized in 2011

Project		**Sales recognized in 2011** *(RMB million)*
Yangtze River Delta Region		
1.	Shanghai Poly Plaza	741
2.	Shanghai Poly Noble Duke	162
3.	Shanghai Poly Town	1,611
4.	Shanghai Poly Lakeside Garden	193
5.	Shanghai Poly Villa Garden	331
6.	Shanghai Poly Royal Garden	366
7.	Others	20
Sub Total:		**3,424**

Project	Sales recognized in 2011 *(RMB million)*
Pearl River Delta River Region	
8. Guangzhou Poly City	781
9. Huizhou Poly Deutch Kultur	419
Sub Total:	**1,200**
Southwestern Region	
10. Nanning Poly Century	63
11. Nanning Poly Landscape	726
12. Nanning Poly Crescendo	432
13. Nanning Poly Upper House	47
14. Kunming Sunny Lake & Splendid Life	387
15. Guiyang Poly Clouds Hill International	992
16. Guiyang Poly Hot Spring Newisland	735
17. Chongqing Poly Spring Villa	178
18. Guiyang Poly Spring Street	496
19. Others	9
Sub Total	**4,065**
Other Regions	
20. Wuhan Poly Royal Palace	733
21. Poly Harbin Contemporary No.9 Park Life	385
22. Harbin Poly The Water's Fragrant Dike	647
23. Jinan Poly Garden	627
24. Jinan Poly Lotus	150
25. Jinan Poly Daming Lake	277
26. Others	5
Sub Total	**2,824**
Total:	**11,513**

Recognized Sales in 2011 by Property Type

Property Type	Sales recognized in 2011 *(RMB million)*	%
Apartment	7,247	63%
Villa	2,783	24%
Offices	723	6%
Commercial	652	6%
Car parking spaces	108	1%
Total	11,513	100%

Investment Properties

The Group owns investment properties in major cities, such as Shanghai, Beijing, Guangzhou, Wuhan and Shenzhen, which all provide stable and recurrent income. The Group's investment properties amounted to a gross floor area of 0.485 million square meters as at 31 December 2011. Rental income amounted to RMB448,346,000 in 2011. Leasing performance of the Group's offices and retails spaces remained stable with rental rates comparable to 2010.

In 2011, a new operator was brought in for Radegast Resort Guiyang Hotel which has since been renamed to Regal Poly Guiyang Hotel. The hotel has seen occupancy rates gradually increase. Shanghai Poly Plaza earned the Luban Award representing the highest honor to receive in the China construction industry.

List of Investment Properties

List of major investment properties and hotels as at 31 December, 2011

Region	Property	Gross Floor Area *('000 square meters)*	Occupancy Rate in 2011	Occupancy Rate in 2010	Change *(%)*	Attributable interests of the Group *(%)*	Property Type
Shanghai	Shanghai Stock Exchange Building (partial)	48	96.4%	82.7%	+13.7%	100%	Office
Shanghai	Shanghai Poly Plaza – Main Building and ground area	72	28.1%	–	–	90%	Office and commercial
Beijing	Beijing Poly Plaza	95				75%	Office, hotel and theatre
	(Office Building)		100%	98.3%	+1.7%		
	(Hotel)		74.3%	70.6%	+3.7%		
Beijing	Beijing Legend Garden Villas (partial)	24	94.9%	93.3%	+1.6%	51%	Apartment, villa and others
Guangzhou	Guangzhou Citic Plaza (partial)	38	98.3%	99.9%	–1.6%	60%	Office
Shenzhen	Shenzhen Poly Cultural Plaza (partial)	135	95.2%	95.0%	+0.2%	100%	Shopping mall and theatre
Wuhan	Hubei Poly White Rose Hotel	34	56.7%	53.9%	+2.8%	100%	Hotel
Guiyang	Regal Poly Guiyang Hotel	39	47.7%	23.8%	+23.9%	66.5%	Hotel
	Total：	485					

Review of Property Management Business

The Group has several property management companies providing hotel management and high-quality property services and they have been awarded for quality services and creditability.

In 2011, a total of 87 properties with a gross floor area of about 13.28 million square meters subscribed to the Group's property management services which marked an increase of 27 properties compared with 2010. The managed area also grew by 78% entailing office buildings, hotels, shopping centers, villas and residences. The Group's property management services realized an income of RMB132,368,000.

Summary for Major Project Developments

1. Yangtze River Delta Region

Being the initial area the Group focused on property development, Yangtze River Delta region remains one of the key strategic development areas. Land bank in Yangtze River Delta region aggregated a gross floor area of about 4.91 million square meters and served 21.4% of the Group's property development portfolio as at 31 December 2011. A total of 12 projects were under development that accounted for a gross floor area of 2.41 million square meters, and a gross floor area of approximately 2.5 millions square meters of land bank reserved for future development.

In Shanghai, all seven development projects are currently under development with five being located in Jiading Xincheng of Jiading District. These developments are multifaceted comprising of residential, commercial and retail premises, office buildings, theatre and hotel. Shanghai Poly Garden has introduced the unconventional concept of a cultural property 'family community' that brought together the idea of kinship into its planning, development and property management and is now under phase four of development. Shanghai Poly Lakeside Garden is a residential development that offers easy accessibility to the downtown area with the extension of the Light Railway Line Number 11. Phase two of development is currently underway. Additionally, Shanghai Poly Deluxe Mansion, Shanghai Poly Elegant Mansion, Shanghai Poly Star Island , Poly Theatre & a Hotel are all situated in the prime location of Jiading Xincheng. Poly Grand Theatre, high-rise residential units and office building are currently under construction.

Separately five other projects in the Yangtze River Delta region located in Suzhou, Ningbo and Hangzhou are currently underway. Both Suzhou projects boast panoramic lake views as Suzhou Poly Lake Mansion benefits from the natural scenery to the north of Yinshan Lake in the economic development zone of the Wuzhong District. The first phase of this development is underway. Suzhou Poly West Bank Villa stands at the peninsula along Dushu Lake with phase two of construction already being commenced.

Additionally, Ningbo Poly City is one of the biggest lakeside mixed-use developments situated at the prime location of Zhenhai Xincheng in Ningbo and is currently under development. Acquired and construction works have progressed since 2011, the Ningbo Project is being developed into a high-end commercial centre and residential community in Yuyao. Hangzhou Poly Origin resides at the natural scenery in the east of Deqing County and neighbors to Hangning Expressway. Construction work has also commenced.

2. Pearl River Delta Region

The property development portfolio in Pearl River Delta had a total gross floor area of approximately 2.62 million square meters (around 11.5% of the Group's entire land bank) as at 31 December 2011. Eight projects under construction covered a gross floor area of about 1.74 million square meters with the remaining gross floor areas to be developed measured at a gross floor area of around 0.88 million square meters.

The projects in the region offer distinctive features tailored to meet residential housing demand. Located in the Huadu District of Guangzhou, Guangzhou Poly City is the first project in Guangzhou to offer a unique English architectural style neighboring Auto City Centre and the Asian Games Huadu Stadium. Property sales have been well received since its initial launch in 2008, and with the completion of both first and second phases, construction works of phase three have since commenced. Guangzhou Poly Golf Shire also shares the same neighborhood being one block away from Guangzhou Poly City and is currently under the first phase of development. Situated in Xinhua Town of Huadu District and east to the district government, Guangzhou Poly Zephyr City commenced construction in 2011. Also, Foshan Poly Cullinan Garden is an exceptionally new development in the city district of Foshan. Standing in the centre of Chancheng District, the project is only 500 meters away from Jihua Station of Guangfo Metro Line Number 1 and is equipped with amenities and ancillary facilities including medical, educational and entertainment establishments. Foshan Poly Prestige City is situated in Longjiang Town of Shunde District, which is reputed for its robust home furniture business. In addition, Shenzhen Poly Up Town resides in the prime commercial location of Longgang District and is easily accessible via the Shenzhen Metro Number 5 being in close proximity. Huizhou Poly Sunshine Town enjoys the prime location of being settled next to Shenshan Expressway and Palm Island Golf Course. It was acquired and construction commenced in 2011.

3. Southwestern Region

Genuine end-user demand is relatively strong across cities in the Southwestern region. The combined land bank of fourteen projects in the Southwestern region amounted to a gross floor area of approximately 10.5 million square meters that accounted for about 45.9% of the Group's development portfolio as at 31 December 2011. Thirteen projects under development accounted for an approximate gross floor area of about 3.87 million square meters. The gross area of about 6.63 million square meters of land bank is yet to be developed.

Guiyang projects are strategically placed with defined product positioning including apartments, Villas and high-rise apartments that cater for genuine home user demand. The standard or living in the region has also improved as a result. Six projects are held for development in Guiyang in Guizhou Province. Guiyang Poly Hot Spring Newisland is located in the Wudang District of Guiyang and developed as a comprehensive residential establishment with hot spring offerings. Construction works are currently progressing for phase four. Guiyang Poly International Center is settled at the heart of Nanming District and adjacent to the Guiyang Grand Theatre in Guiyang City. Standing on the bank of Nanming River with a shoreline line of about 300 meters, the project is an exceptional high-end integrated development comprising of residential accommodation, shopping centres, office buildings and an art gallery. Sited at the south of Wudang District and within a kilometre away from the centre of the district, Guiyang Poly Spring Street is well served by a full range of community facilities. Construction of phase two has already commenced. Guiyang Poly Clouds Hill International is located next to Qianling Park and in close proximity to the provincial government and educational institutions. The second phase of development is progressing. Standing against the backdrop of Huaxi National Wetland Park, Guiyang Poly The Place of A Lake is situated in the prime location within the scenic eco-tour zone in Huaxi District. It was acquired and being developed in 2011. Guiyang Poly Park 2010 is located in Wudang District and in close proximity to the district administration centre. Boasting greenery surroundings, the project incorporates an 18-hole international standard golf course. Construction commenced in 2011.

Further complementing the presence and coverage in the Southwestern region, the Group extended its land bank acquisition in Zunyi in 2011. Zunyi Poly Metropolis of Future is an integrated development featuring a community with cultural and entertainment establishments, commercial and retail shops, office buildings and residential units. Construction works has been progressing and pre-sale has been launched.

Additionally, there are six other projects spread across three different cities in the Southwestern region namely, Nanning, Liuzhou and Kunming.

Over the years, brand value, high quality properties and professional property services has contributed to the market share of property in Nanning. Nanning Poly Cresendo is located in the north of Nanning City and is 20 minutes away from the city centre. It will encompass a residential community of mostly low-density residences, high-rise residential units and serviced apartments. Phase one development has been completed. Nanning Poly Sincere Garden is situated in the Qingxiu District of Nanning within close proximity to the Nanning International and Exhibition Centre and the planned station serviced by the Nanning Light Rail Line 1. Nanning Poly City resides at the emerging new community in Jiangnan District and is only 5 minutes driving distance to the city centre. Construction commenced in 2011.

Standing at the Liu River bank and with a shoreline of more than 200 meters, Liuzhou Poly Merization World is situated in prime location in north Liuzhou City with the main Binjiang Road East just adjacent to the east. Kunming Poly Lakeside Mansion is located in Ninghu Xincheng of Dutun New District in Anning City. It also enjoys the tranquil neighborhood with walking distance to Kunming Sunny Lake & Splendid Life. Chongqing Poly Spring Villa resides in the scenic zone of Southern Hot Spring Park, which is lusted as a Chongqing top-ten scenic spot. Designed as a high-end villa community, it boasts onsite hot springs and honored with numerous awards.

4. Other Regions

As part of the Group's development portfolio, thirteen projects are based in regions namely, Wuhan, Harbin, Jinan and Hainan with ten were currently being under construction as at 31 December 2011. Land bank amounted to a gross floor area of approximately 4.85 million square meters that contributed to roughly 21.2% of the Group's property development portfolio. Projects under development accounted for a gross floor area of about 1.94 million square meters and an approximate gross floor area of 2.91 million square meters reserved for future development.

A total of six projects are sited in prime locations that are served by convenient transport options in Wuhan and with five being under construction. Wuhan Poly Plaza is situated at the centre of Hongshan Square in Wuchang District and is close to Line 2 and Line 4 of Wuhan Metro currently being built. Scheduled for completion in 2012, it will represent a future landmark in commercial and office complex development. Yangyuan Project is located in the main area of Central Districts near to Yangtze River; Wuhan Poly Cai Sheng Garden resides in the commercial circle in Xudong District and neighbours Wuhan University of Technology and head office of Wuhan Iron and Steel Group. Wuhan Poly Blue Ocean District inhabits in the north of South Lake in the Wuchang District with panoramic lakeside views and natural greenery of Lion Hill with construction being commenced in 2011. Wuhan Poly Park is located at Jinyintan Avenue in East and West Lake District and construction also began in 2011.

Harbin Poly The Water's Fragrant Dike neighbors major provincial government offices in Harbin. It focuses on a large-scale of high-end low density residential developments and phase four of this project is currently underway. Harbin The Tsinghua Summer Palace of Poly is situated in the Nangang District which is the cultural and education base for higher education and in close proximity to Harbin Poly Yi He Homeland Northern District. Construction commenced in 2011.

The Group owns another two projects in Jinan. Neighboring in the renowned scenic spot of Daming Lake in Jinan, Jinan Poly Daming will be developed to a high-end residential community with low density residential units. Jinan Hyde Mansion is situated in the new commercial centre in Licheng District in east Jinan City with about 30 minutes drive from Jinan Yaoqiang International Airport. This project will be developed to a large-scale commercial and residential community. In addition, the Group added two new sites in Yantai and Weihai in Shandong Province. Located next to the Fenghuang Shan River Reservoir Wetland Park, Yantai Poly Champs Elysees Mansion enjoys the convenient transport networks with only minutes away from the downtown area. Weihai Poly Triump Mansion is situated in Cuihuan District of Weihai. It is close to Xianguding Scenic Spot and east to the ocean offering unparalleled sea views. Both projects are under construction.

Hainan Shenzhou Peninsula Project is located at the central east coast and is about 7 kilometers away from Manning City in the Hainan Province. Leveraging the beautiful coastal resources, protected natural reserves and landscapes, it is expected to be a world-class comprehensive development featuring a large-scale international resort area, yacht club and high-end residential units.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 31st December, 2011, total equity attributable to shareholders of the Group amounted to HK$24,670,940,000 (2010: HK$22,010,167,000), while the net asset value per share was HK$6.84 (2010: HK$6.1). As at 31st December, 2011, the Group's gearing ratio (on the basis of the amount of total liabilities divided by the amount of total assets) was 72% (2010: 68%).

As at 31st December, 2011, the Group had an outstanding bank and other borrowings of HK$37,959,232,000. In terms of maturity, the outstanding bank and other borrowings can be divided into HK$13,101,876,000 (35%) to be repaid within one year, HK$16,202,813,000 (43%) to be repaid after one year but within two years, HK$7,050,532,000 (18%) to be repaid after two years but within five years, HK$1,604,011,000 (4%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings can be divided into HK$36,282,232,000 (96%) in Renminbi, and HK$1,677,000,000 (4%) in United States dollars.

26% of the bank and other borrowings of the Group are subject to fixed interest rates and the remaining 74% are subject to floating interest rates. Therefore, under circumstances of interest rates uncertainty or fluctuations or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

As at 31st December, 2011, the Group had a net current assets of HK$39,576,303,000 and total bank balances of HK$12,621,765,000 (2010: HK$33,539,008,000 and HK$16,054,674,000 respectively).

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimized via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures. The management believes that the foreign exchange rate between Hong Kong dollars and United States dollars is relatively stable. On the other hand, despite the recent mild appreciation of Renminbi, the Board believes that Renminbi will only gradually appreciate by a small percent in the foreseeable future. In this regard, the management believes that the exposure of the Group to foreign exchange risks is minimal.

Pledge of Assets

As at 31st December, 2011, certain of the Group's investment properties of approximately HK$2,729,734,000 (2010: HK$1,462,914,000), hotel properties of approximately HK$685,555,000 (2010: HK$642,353,000), buildings of approximately HK$791,167,000 (2010: HK$574,413,000), leasehold land of approximately HK$80,759,000 (2010: Nil), prepaid lease payments of approximately HK$391,989,000 (2010: HK$333,389,000), properties under development of approximately HK$16,842,914,000 (2010: HK$10,969,486,000), bank deposits of approximately HK$326,131,000 (2010: HK$181,864,000) and properties held for sales of approximately HK$1,298,174,000 (2010: HK$1,976,672,000) and shares in certain subsidiaries were pledged to secure credit facilities granted to the Group.

Contingent Liabilities

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amounted to HK$10,378,907,000 as at 31st December, 2011 (2010: HK$8,306,183,000). Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans generated by the Group in the event the purchasers default payments to the banks.

At 31st December, 2011, the Company had given guarantees to certain banks and a fellow subsidiary in respect of credit facilities granted to certain subsidiaries of the Company amounted to HK$6,782,716,000 (2010: HK$6,181,000,000), of which HK$6,710,740,000 (2010: HK$6,181,000,000) had been utilised by subsidiaries.

STAFF

As at 31st December, 2011, the Group employed about 6,450 staffs with remuneration for the year amounted to HK$565,058,000. The Group provides its staff with various benefits including year-ended double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEWED BY AUDIT COMMITTEE

The Audit Committee presently comprises one non-executive director, namely Mr. Ip Chun Chung, Robert and three independent non-executive directors, namely Mr. Yao Kang *J.P. (as Chairman)*, Mr. Choy Shu Kwan and Ms. Leung Sau Fan, Sylvia. The financial statements of the Group for the year ended 31st December, 2011 has been reviewed by the Audit Committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

Under code provision A.2.1 of the Code on Corporate Governance Practices ("CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the roles of Chairman and Chief Executive Officer of the Company have been performed by Mr. Xue Ming since 29th April, 2010. The Board believes that the roles of Chairman and Chief Executive Officer performed by Mr. Xue Ming provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and execution of business strategies. The Board also believes that the present arrangement is beneficial to the Company and the shareholders as a whole.

Except as aforesaid, the Company has complied throughout the year ended 31st December, 2011 with the code provisions set out in the CG Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

COMPLIANCE WITH THE MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the Model Code for the year ended 31st December, 2011.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcements is published on the Company's website at http://www.irasia.com/listco/hk/polyhk/ and the website of the Stock Exchange. The Annual Report 2011 will also be available at the Company's and the Stock Exchange's websites and will be despatched to shareholders of the Company in mid-April.

For and on behalf of the Board
Poly (Hong Kong) Investments Limited
XUE Ming
Chairman and Managing Director

Hong Kong, 16th March, 2012

As at the date of this announcement, the executive Directors of the Company are Mr. Chen Hong Sheng, Mr. Wang Xu, Mr. Xue Ming, Mr. Zhang Wan Shun and Mr. Ye Li Wen, the non-executive Director is Mr. Ip Chun Chung, Robert, and the independent non-executive Directors are Mr. Yao Kang J.P., Mr. Choy Shu Kwan and Ms. Leung Sau Fan, Sylvia.