Poly Property Group Co., Limited
保 利 置 業 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock code: 119)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

INTERIM RESULTS

The directors (the "Directors/Board") of Poly Property Group Co., Limited (the "Company", formerly known as Poly (Hong Kong) Investments Limited) hereby announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2012 with comparative figures for the six months ended 30th June, 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th June,	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**6,474,847**	4,196,720
Cost of sales		**(4,108,141)**	(2,407,167)
Gross profit		**2,366,706**	1,789,553
Other income		**119,409**	258,408
Selling expenses		**(225,101)**	(184,600)
Administrative expenses		**(508,770)**	(376,729)
Decrease in fair value of held-for-trading investments		**(254)**	(909)
Increase in fair value of investment properties		**203,818**	16,471
Gain on disposal of available-for-sale investments		**–**	151,975
Gain on disposal of interest in an associate		**–**	95,249
Finance costs		**(142,220)**	(190,777)
Share of results of a jointly controlled entity		**(4,109)**	(2,534)
Share of results of associates		**7,986**	5,086
Profit before taxation	*4*	**1,817,465**	1,561,193
Income tax expense	*5*	**(659,813)**	(638,783)
Profit for the period		**1,157,652**	922,410

	Notes	Six months ended 30th June, 2012 HK$'000 (Unaudited)	2011 HK$'000 (Unaudited)
Attributable to:			
Owners of the Company		**1,069,884**	892,871
Non-controlling interests		**87,768**	29,539
		1,157,652	922,410
Dividends	*6*	**–**	559,308
Earnings per share	*7*		
– Basic		**29.65 cents**	24.74 cents
– Diluted		**29.55 cents**	24.59 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June,	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**1,157,652**	922,410
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**10**	209,904
Change in fair value of available-for-sale investments	**(15,529)**	80,369
Surplus arising on revaluation of properties	**23,119**	7,332
Investment revaluation reserve released on disposal of available-for-sale investments	**–**	(36,535)
Other comprehensive income before tax effect	**7,600**	261,070
Deferred tax liability arising on revaluation of properties	**(5,780)**	(1,833)
Other comprehensive income for the period, net of tax	**1,820**	259,237
Total comprehensive income for the period	**1,159,472**	1,181,647
Attributable to:		
Owners of the Company	**1,066,810**	1,124,621
Non-controlling interests	**92,662**	57,026
	1,159,472	1,181,647

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30th June, 2012 HK$'000 (Unaudited)	31st December, 2011 HK$'000 (Audited)
Non-Current Assets			
Investment properties		**6,705,389**	6,578,020
Property, plant and equipment		**1,977,364**	1,995,829
Prepaid lease payments – non-current portion		**404,855**	411,287
Goodwill		**554,692**	804,890
Interests in associates		**110,459**	102,473
Interest in a jointly controlled entity		**1,485**	1,646
Available-for-sale investments		**132,854**	148,383
Club membership		**1,226**	1,226
Deposits paid for acquisition of land use rights		**3,090,614**	3,032,591
Deposits paid for acquisition of a subsidiary		**246,914**	246,914
Deferred tax assets		**234,783**	208,671
		13,460,635	13,531,930
Current Assets			
Properties under development		**64,566,863**	60,359,693
Properties held for sale		**6,017,639**	5,895,473
Other inventories		**86,642**	57,071
Trade and other receivables	*9*	**2,883,858**	1,596,981
Prepaid lease payments – current portion		**11,565**	11,565
Short-term loan receivables		**185,185**	185,185
Held-for-trading investments		**528**	782
Deposits paid for acquisition of a property development project		**190,894**	125,236
Amounts due from fellow subsidiaries		**33,989**	34,566
Amounts due from non-controlling shareholders of subsidiaries		**846,808**	790,947
Amounts due from related companies		**24,756**	7,407
Taxation recoverable		**420,452**	288,631
Pledged bank deposits		**177,034**	326,131
Bank balances, deposits and cash		**13,584,749**	12,295,634
		89,030,962	81,975,302

	Notes	**30th June, 2012** *HK$'000* **(Unaudited)**	31st December, 2011 *HK$'000* (Audited)
Current Liabilities			
Trade and other payables	*10*	**6,041,761**	6,168,692
Pre-sale deposits		**15,673,375**	11,944,749
Property rental deposits		**90,422**	91,248
Amounts due to fellow subsidiaries		**2,118,705**	2,535,024
Amount due to an intermediate holding company		**1,058,782**	3,873,396
Amount due to the ultimate holding company		**427,236**	434,064
Amounts due to non-controlling shareholders of subsidiaries		**2,561,301**	2,291,217
Amount due to an associate		**74,074**	74,074
Amount due to a related company		**–**	1,867
Taxation payable		**1,541,402**	1,882,792
Bank and other borrowings – due within one year		**17,225,299**	13,101,876
		46,812,357	42,398,999
Net Current Assets		**42,218,605**	39,576,303
Total Assets Less Current Liabilities		**55,679,240**	53,108,233
Capital and Reserves			
Share capital		**1,804,219**	1,804,219
Reserves		**23,936,341**	22,866,721
Equity attributable to owners of the Company		**25,740,560**	24,670,940
Non-controlling interests		**2,608,813**	2,500,812
Total Equity		**28,349,373**	27,171,752
Non-Current Liabilities			
Bank and other borrowings – due after one year		**26,206,892**	24,857,356
Loan from a fellow subsidiary		**215,933**	209,644
Deferred tax liabilities		**907,042**	869,481
		27,329,867	25,936,481
		55,679,240	53,108,233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

A number of new or revised standards, amendments and interpretations are effective for the financial year beginning on 1st January, 2012. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2011.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2012.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets

The initial application of these Hong Kong Financial Reporting Standards does not necessitate material changes in the Group's accounting policies or retrospective adjustments of the comparatives presented.

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

HKAS 19 (2011)	Employee Benefits[2]
HKAS 27	Separate Financial Statements[2]
HKAS 28	Investments in Associates and Joint Ventures[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Annual improvements to HKFRSs (2009-2011)	Amendments to HKAS 1, HKAS 16 and HKAS 32[2]

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

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

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

[4] *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 financial statements.

3. **Revenue and segment information**

The Group's reportable segments under HKFRS 8 are as follows:

For the six months ended 30th June, 2012

	Property development business HK$'000	Property investment and management HK$'000	Hotel operations HK$'000	Other operations HK$'000	Elimi-nations HK$'000	Total HK$'000
REVENUE						
External revenue	6,010,945	299,511	94,794	69,597	–	6,474,847
Inter-segment revenue*	–	3,543	–	–	(3,543)	–
Total revenue	6,010,945	303,054	94,794	69,597	(3,543)	6,474,847
SEGMENT RESULT	1,616,012	339,940	(15,389)	22,782	–	1,963,345
Unallocated income						34,439
Unallocated expenses						(41,976)
Finance costs						(142,220)
Share of results of a jointly controlled entity				(4,109)		(4,109)
Share of results of associates	7,986					7,986
Profit before taxation						1,817,465
Income tax expense						(659,813)
Profit for the period						1,157,652

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

For the six months ended 30th June, 2011

	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel operations *HK$'000*	Other operations *HK$'000*	Elimi- nations *HK$'000*	Total *HK$'000*
REVENUE						
External revenue	3,819,215	231,814	86,909	58,782	–	4,196,720
Inter-segment revenue*	1,976	1,104	–	322,809	(325,889)	–
Total revenue	3,821,191	232,918	86,909	381,591	(325,889)	4,196,720
SEGMENT RESULT	1,201,200	112,914	3,728	166,087	–	1,483,929
Unallocated income						212,308
Unallocated expenses						(42,068)
Gain on disposal of interest in an associate	95,249					95,249
Finance costs						(190,777)
Share of results of a jointly controlled entity				(2,534)		(2,534)
Share of results of associates	5,086					5,086
Profit before taxation						1,561,193
Income tax expense						(638,783)
Profit for the period						922,410

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

4. Profit before taxation

	Six months ended	
	30th June, 2012	30th June, 2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	**6,432**	4,542
Depreciation and amortisation of property, plant and equipment	**65,876**	40,427
Share of tax of associates (included in share of results of associates)	**–**	–
Gain on disposal of investment properties	**39,477**	–

5. Income tax expense

	Six months ended	
	30th June, 2012	30th June, 2011
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong profits tax calculated at 16.5% (six months ended 30th June, 2011: 16.5%) of the estimated assessable profits for the period	**–**	–
PRC enterprise income tax	**406,696**	384,699
	406,696	384,699
Land appreciation tax	**247,448**	247,988
Deferred taxation	**5,669**	6,096
	659,813	638,783

Hong Kong profits tax has not been provided as the Group has no estimated assessable profits which were earned in or derived from Hong Kong during the period.

PRC enterprise income tax is calculated in accordance with the relevant laws and regulations in the PRC.

6. Dividends

	Six months ended	
	30th June, 2012	30th June, 2011
	HK$'000	*HK$'000*
2010 final dividend of HK$0.155 per share	**–**	559,308

The Directors have decided not to declare any interim dividend for the six months ended 30th June, 2012 (2011: HK$nil).

7. Earnings per share

The calculation of basic and diluted earnings per share for the six months ended 30th June, 2012 is based on the following data:

	Six months ended	
	30th June, 2012	30th June, 2011
	HK$'000	*HK$'000*
Earnings:		
Profit for the period attributable to owners of the Company	**1,069,884**	892,871

	Six months ended	
	30th June, 2012	30th June, 2011
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**3,608,437,046**	3,608,437,046
Effect of dilutive potential ordinary shares on share options	**11,641,267**	23,075,411
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**3,620,078,313**	3,631,512,457

8. Transfer to and from reserves

During the six months ended 30th June, 2012, the Group's subsidiaries in the PRC appropriate net of non-controlling interests' share of approximately HK$422,000 out of accumulated profits to the PRC statutory reserves (2011: HK$nil).

9. Trade and other receivables

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 periods ranging from 30 days 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:

	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
0 to 30 days	**1,229,116**	337,947
31 to 90 days	**10,240**	13,546
More than 90 days	**172,922**	141,471
Total trade receivables	**1,412,278**	492,964
Other receivables	**1,471,580**	1,104,017
	2,883,858	1,596,981

10. Trade and other payables

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

	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
0 to 30 days	**2,979,895**	3,134,306
31 to 90 days	**28,983**	79,294
More than 90 days	**553,907**	371,651
Total trade payables	**3,562,785**	3,585,251
Other payables	**2,478,976**	2,583,441
	6,041,761	6,168,692

11. 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 amount to HK$12,169,209,000 as at 30th June, 2012 (31st December, 2011: HK$10,378,907,000). Such guarantees will 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 guaranteed by the Group in the event the purchasers default payments to the banks.

12. Capital commitments

	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– property development expenditures	**16,902,138**	10,869,472
– acquisition of land use rights	**219,513**	991,132
	17,121,651	11,860,604

The Group did not have any capital expenditure authorised but not contracted for as at 30th June, 2012 and 31st December, 2011.

INTERIM DIVIDEND

The board has resolved not to declare the payment of an interim dividend for the six months ended 30th June, 2012 (corresponding period in 2011: HK$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

Poly Property Group Co., Limited (the "Company") and its subsidiaries (the "Group") recorded a turnover of HK$6,475 million for the first half of 2012, representing an increase of HK$2,278 million or 54.3% from the HK$4,197 million recorded in the corresponding period of 2011. Profit attributable to shareholders for the period was HK$1,070 million, an increase of HK$177 million or 19.8% from HK$893 million in the corresponding period in 2011. Basic earnings per share were HK29.65 cents, compared to HK24.74 cents in the corresponding period of 2011, representing an increase of HK4.91 cents or 19.8%. Diluted earnings per share were HK29.55 cents, an increase of 20.2% from the HK24.59 cents in the corresponding period of 2011. As at 30th June, 2012, shareholders' equity had increased by 4.3% to HK$25,741 million, compared to HK$24,671 million as at 31st December, 2011, while net book asset value per share was HK$7.13, an increase of 4.2% from HK$6.84 at the end of last year.

Business Review

In the first quarter of 2012, the Central Government maintained its property tightening policies, designed to facilitate the re-establishment of reasonable home prices and to promote healthy market development. Owing to the stringent regulatory environment, property investment demand was restrained, speculative housing demand was limited and the housing market remained settled. Home buyers returned to the market in the second quarter, as a result of the Central Government's support for reasonable home-purchase demand and financial easing. The volume of home-sale transactions and the overall market sentiment improved throughout the period. On the whole, the regulatory policies helped to maintain stability of the market without relaxing the core principles of the home purchase restrictions and curbed investment and speculative demand.

Despite the heavily regulated and evolving market, the Group continued to be responsive to industry complexities and challenges; improved its core competitiveness and focused its efforts on achieving sustainable growth. The Group centred its focus on property sales during the period and as such, continued to maintain sensitivity to changing market situations and closely monitor market trends. Sales initiatives were implemented to leverage upon the resilient market during a window of opportunity, which actively fuelled the Group's market share. Sales initiatives included responding to client's needs; adopting differential product and brand strategies; optimizing product type; enhancing a price-for-value approach; implementing a flexible sales strategy and launching a comprehensive branding campaign. Contracted property sales achieved during the period reached record levels once again. Subscriptions to more than 10,000 residential units were recorded, exceeding a subscribed area of 1 million square metres for the first 6 months of the year. Subscription and contracted property sales both topped RMB 10 billion during the period. Separately, subscription sales and contracted sales each surpassed RMB 5 billion in the month of June. Overall, property sales progressed in line with the annual sales plan and cemented the Group's position within the industry.

While driving its property sales capabilities, the Group remained prudent in terms of risk control, continuing to tighten the scale of its investments in and expansion of new projects. The Group did not enter any new locations and only one project was acquired in the first half of the year, a significant reduction in comparison to the same period last year. This project is located within the Groups current foothold and will be developed as ordinary commodity housing. Construction work on the project has already commenced, demonstrating the Group's rapid rolling development strategy. The Group has also fine-tuned the scale of construction in some of its projects, in line with pace of sales and development progress. The Group also reorganised the pace of construction development with respect to market dynamics, to prepare for project launches in the second half of the year.

In terms of risk management, the Group safeguards its cash flow and sound business operations, with cash collection from property sales being one of the more important tasks. A rebound in the market and monetary policy adjustments provided favourable opportunities for the Group to secure cash collections in an orderly manner. The Group was able to realise its financing plan by prioritising bank development loans and actively expanding various financing channels. The Group also enhanced its credit structures and maintained financing costs at reasonable level throughout the period. Endeavours to achieve cost reduction and operational efficiency in order to enhance the Groups' core competitiveness were also adopted in response to market conditions. The Group continued to strengthen its management capabilities, focusing on the optimization of cost efficiency, streamlining operational structures and enhancing information system, in particular.

Looking ahead to the second half of the year, property tightening polices are expected to remain relatively steady and current market trends will not change fundamentally. With the Central Government supporting genuine homebuyer demand, the Group has crucially marked ordinary residential housing products as the major contributor to its sales performance and its targets achieved in the first six months of the year. The Group will continue to increase the supply of ordinary commodity homes and will launch more small-to-medium-sized housing in the second half of the year, catering to genuine mass-market demand. By managing a realistic pace of sale and applying flexible pricing strategies, the Group is confident that it can achieve its sales target for the year.

Property Sales

The Group recorded contracted sales of approximately 1.1 million square metres during the period, totalling RMB10.1 billion, or 63% of the Group's RMB16 billion annual sales target.

The Group has launched a total of 40 projects for sale during the first half of the year. Among which, eight projects were debut projects. These include, Guangzhou Poly Zephyr City, Guangzhou Poly Golf Shire, Foshan Poly Cullinan Garden, Ningbo Poly City, Kunming Poly Lakeside Mansion, Yantai Poly Champs Elysees Mansion, Weihai Poly Triumph Mansion and Guiyang Poly The Place of A Lake. Thanks to reasonable pricing and accurate product positioning, subscription rates were maintained at over 80%. Yantai Poly Champs Elysees Mansion and Weihai Poly Triumph Mansion represent the Group's initial presence in Yantai and Wehai respectively. 500 residential units of the two projects were first marketed in late May and were well received. Debut subscriptions totalled 378 units, or RMB 416 million in sales, further demonstrating the Group's nationwide brand influence and capabilities.

The Yangtze River Delta region accounted for 30% of contracted sales during the first six months of the year, southwestern region accounted for 31%, the Pearl River Delta region, 19% and other regions 20%.

Region and respective projects	**Contracted sales*** *(RMB million)*	**Percentage of total contracted sales** *(%)*
Yangtze River Delta Region	**2,972**	30%
Shanghai	1,767	
Ningbo	664	
Suzhou/Hangzhou	541	
Pearl River Delta Region	**1,929**	19%
Guangzhou	1,122	
Shenzhen/Huizhou	472	
Foshan	335	
Southwestern Region	**3,150**	31%
Guiyang	1,720	
Zunyi	574	
Nanning	477	
Liuzhou/Kunming/Chongqing	379	
Other Regions	**1,968**	20%
Wuhan	765	
Jinan	558	
Yantai/Weihai	346	
Harbin	299	
Total	**10,019**	

* *Note:* excluding sales of car parking spaces

The Group plans to launch about 7 new projects for sale in the second half of the year, namely Shanghai Poly Felicity, Shanghai Poly Elegant Mansion, Shanghai Poly Star Island, Ningbo Poly Jordan International, Suzhou Poly West Bank Villa, Nanning Poly Aegean Sea and Wuhan Poly Park.

Commencement of New Construction Projects

In the first half of the year, the Group commenced construction on 10 projects with a gross floor area of approximately 1,190,000 square metres. Among these, was the Poly Jinan Center, which the Group acquired in March and where the first phase of construction commenced in May.

As of 30th June 2012, the Group held a total of 44 projects under construction, with a gross floor area of approximately 10,680,000 square metres.

Project	**Gross floor area of commenced construction** *('000 square metres)*	**Group's Interest** *(%)*
Ningbo Poly Jordan International	135	100%
Huizhou Poly Deutch Kultur	11	80%
Guiyang Poly Hot Spring Newisland	21	66.5%
Guiyang Poly Spring Street	21	66.5%
Guiyang Poly Park 2010	40	70%
Zunyi Poly Metropolis of Future	380	35.7%
Wuhan Poly City	368	68%
Jinan Poly Center	114	85%
Yantai Poly Champs Elysees Mansion	50	100%
Weihai Poly Triumph Mansion	50	100%
Total:	1,190	

Region	Gross floor area of commenced construction *('000 square metres)*	Percentage of total gross floor area of project under construction *(%)*
Yangtze River Delta Region	135	11%
Pearl River Delta Region	11	1%
Southwestern Region	462	39%
Other Regions	582	49%
Total for the first half of the year	1,190	

Summary of newly commenced project

1. Jinan Poly Center

The Jinan Poly Center is situated in the Weiyin District of Jinan, where the Jinan west city's hundred-year-old commercial port is located. The location places the project in a strong commercial setting. Furthermore, the project is only 6 km away from Jinan Station (West), on the Beijing-Shanghai High-speed Rail, and adjoins established ancillary facilities nearby. The current portion, Phase I of the project, has a site area of approximately 19,000 sq. m., and a total gross floor area of about 114,000 sq. m. The project will be developed into an integrated community of residences, apartments, commercial buildings and offices.

Projects Sales Recognised

In the first half of the year, the Group recognised sales of RMB5.13 billion from property development and the respective recognised area was approximately 488,000 square metres. The breakdown of the recognised amount for each project is as follows:

Region with respective projects	Sales recognised in the first half of 2012 *(RMB million)*	Percentage of total sales recognised *(%)*
Yangtze River Delta Region	**2,107**	41%
1. Shanghai Poly Lakeside Garden	886	
2. Shanghai Poly Plaza	784	
3. Shanghai Poly Royal Garden	369	
4. Shanghai Poly Town	59	
5. Shanghai Poly Villa Garden	9	
Pearl River Delta Region	**513**	10%
6. Foshan Poly Prestige City	466	
7. Huizhou Poly Deutch Kultur	47	
Southwestern Region	**493**	10%
8. Nanning Poly Cresendo	62	
9. Nanning Poly Landscape	43	
10. Nanning Poly Century	2	
11. Nanning Poly Phoenixia Garden	2	
12. Guiyang Poly Hot Spring Newisland	168	
13. Guiyang Poly Spring Street	116	
14. Guiyang Poly Clouds Hill International	36	
15. Kunming Poly Sunny Lake & Splendid Life	49	
16. Chongqing Poly Spring Villa	15	
Other Regions	**2,013**	39%
17. Wuhan Poly Royal Palace	1,695	
18. Jinan Poly Daming Lake	267	
19. Harbin Poly The Water's Fragrant Dike	32	
20. Poly Harbin Contemporary No. 9 Park Life	19	
Total:	**5,126**	**100%**

Land Reserves

The Group maintained a more prudent investment strategy during the first six month of the year, adding only one land parcel in Jinan to its portfolio. The total site area of this land is approximately 19,000 square metres, with a planned gross floor area of approximately 114,000 square metres. The acquisition will enable the Group to further enhance its regional portfolio for a reasonable land purchase cost. Construction on the land has already commenced.

Land Reserves	**Proposed properties under planning**	**Total site area** *('000 square metres)*	**Total planned gross floor area** *('000 square metres)*	**Interests attributable to the Group**
Jinan Poly Center	Residential	19.3	114	85%
Total:		19.3	114	

As of 30 June 2012, The Group's land bank covered 20 cities with a total site area of approximately 8,580,000 square metres and a planned gross floor area (including projects under construction) of approximately 22,710,000 square metres. Land Use Rights Certificates or Confirmation of Transaction Notices were obtained for each land parcel acquired.

Investment Properties

The Group has various investment properties and hotels located in first-tier cities and second-tier provincial capitals. The gross floor area of these properties totals approximately 470,000 square metres, of which 400,000 square metres are attribute to the Group.

The occupancy rate of the Group's office buildings and shopping malls remained stable in the first half of 2012. Both occupancy rates and rental rates improved in comparison to the corresponding period last year. As for hotel operations, Beijing Poly Plaza, Hubei Poly White Rose Hotel and Regal Poly Guiyang Hotel also maintained satisfactory occupancy rates.

Location	Project	Gross floor area *('000 square metres)*	Interests attributable to the Group *(%)*	Property category
Shanghai	Shanghai Stock Exchange Building (portion)	48	100%	Office building
Shanghai	Shanghai Poly Plaza (main building and basement)	57	90%	Office building and commercial
Beijing	Beijing Poly Plaza	95	75%	Office building, hotel and theatre
Beijing	Beijing Legend Garden Villas (portion)	24	51%	Apartment, villa and others
Guangzhou	Guangzhou Citic Plaza (portion)	38	60%	Office building
Shenzhen	Shenzhen Poly Cultural Plaza (portion)	135	100%	Shopping mall and theatre
Wuhan	Hubei Poly White Rose Hotel	34	100%	Hotel
Guiyang	Regal Poly Guiyang Hotel	39	66.5%	Hotel
	Total:	470		

Property Management

The Group holds various property management companies which engage in the management of residential properties, hotels and high-end properties. The companies have received numerous titles and honours, including the honorary titles of quality, services and the integrity of a model unit.

In the first half of 2012, the Group's property management companies realized an income of RMB87.34 million from 99 property projects with an aggregate gross floor area of 13,600,000 square metres under management. These properties include office buildings, hotels, shopping malls, villas and residences.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 30th June, 2012, the shareholders' equity of the Group amounted to HK$25,740,560,000 (31st December, 2011: HK$24,670,940,000), while the net asset value per share was HK$7.13 (31st December, 2011: HK$6.84). As at 30th June, 2012, the Group's gearing ratio (on the basis of the amount of total liabilities divided by total assets) was 72% (31st December, 2011: 72%).

As at 30th June, 2012, the Group had outstanding bank and other borrowings of HK$43,432,191,000. In terms of maturity, the outstanding bank and other borrowings can be divided into HK$17,225,299,000 (40%) to be repaid within one year, 13,567,368,000 (31%) to be repaid after one year but within two years, HK$11,142,302,000 (26%) to be repaid after two years but within five years and HK$1,497,222,000 (3%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings can be divided into HK$41,755,191,000 (96%) in Renminbi and HK$1,677,000,000 (4%) in United State dollars.

20% of the bank and other borrowings of the Group are subject to fixed interest rates and the remaining 80% 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 30th June, 2012, the Group had net current assets of HK$42,218,605,000 and total bank balances of HK$13,761,783,000 (31st December, 2011: HK$39,576,303,000 and HK$12,621,765,000 respectively). With the available banking facilities and cash revenue from business operations, it is believed that the Group has sufficient resources to meet the foreseeable working capital demands and capital expenditure.

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, United State dollars and Renminbi. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised 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 State dollars is relatively stable. On the other hand, the exchange rate between Hong Kong dollars and Renminbi during the period under review is also relatively stable and the management believes that this situation will continue in the foreseeable future. In this regard, the Group believes that its exposure to foreign exchange risks is immaterial.

Pledge of Assets

As at 30th June, 2012, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	The Group	
	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
Investment properties	**3,195,240**	2,729,734
Hotel properties	**1,195,432**	685,555
Buildings	**246,625**	791,167
Prepaid lease payments	**386,164**	391,989
Properties under development	**28,521,968**	16,842,914
Properties held for sale	**521,343**	1,298,174
Leasehold land	**79,607**	80,759
Bank deposits	**177,034**	326,131
	34,323,413	23,146,423

In addition to above pledge of assets, as at 30th June, 2012, the Group's interests in certain subsidiaries were pledged to secure credit facilities granted to the Group. The details of net assets value of subsidiaries are as follows:

	The Group	
	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
Total assets	**13,498,682**	15,981,851
Total liabilities	**(11,673,741)**	(12,435,220)
	1,824,941	3,546,631

There are duplication between the carrying value of the Group's assets and the Group's interests in certain subsidiaries being pledged.

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 amount to HK$12,169,209,000 as at 30th June, 2012 (31st December, 2011: HK$10,378,907,000). Such guarantees will 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 guaranteed by the Group in the event the purchasers default payments to the banks.

STAFF

As at 30th June, 2012, the Group employed about 6,381 (30th June, 2011: 5,519) staff with remuneration for the period amounted to approximately HK$276,419,000. 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 six months period ended 30th June, 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) made various amendments to the Code on Corporate Governance Practices (the “Old Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and renamed it the Corporate Governance Code (the “CG Code”). The CG Code took effect on 1st April, 2012.

The Company has fully complied with all code provisions of the Old Code during the period from 1st January, 2012 to 31st March, 2012. It has also fully complied with the CG Code during the period from 1st April, 2012 to 30th June, 2012, other than code provisions A.2.1, A.5.1 to A.5.4 and E.1.2 of the CG Code. The reasons for deviation are explained below:

Code Provision A.2.1 of the CG Code – Role of Chairman and Chief Executive Officer

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.

Code Provisions A.5.1 to A.5.4 of the CG Code – Nomination Committee

The Company has considered the merits of establishing a nomination committee but is of the view that it is in the best interests of the Company that the Board collectively reviews, deliberates on and approves the structure, size and composition of the Board and the appointment of any new Director. The Board is tasked with ensuring that it has a balanced composition of skills and experience appropriate for the requirements of the businesses of the Group and that appropriate individuals with the relevant expertise and leadership qualities are appointed to the Board to complement the capabilities of the existing Directors.

Code Provision E.1.2 of the CG Code – Attendance of Chairman of the Board at the Annual General Meetings

The chairman should attend the annual general meeting. Due to illness, Mr. Xue Ming, the Chairman, was not able to attend the annual general meeting of the Company held on 30th May, 2012.

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 six months ended 30th June, 2012.

AUDIT COMMITTEE

The members of the Audit Committee have reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited financial statements.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim 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 Interim Report 2012 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-September.

For and on behalf of the Board
Poly Property Group Co., Limited
XUE Ming
Chairman and Managing Director

Hong Kong, 24th August, 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.