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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2012

FINANCIAL HIGHLIGHTS

1. Turnover increased by 46.7% to HK$20,695 million, with property development business making up the greatest proportion of about 95% of the turnover.

2. Profit for the year decreased by 5.6% to HK$3,043 million.

3. Basic earnings per share decreased by 5.3% to HK72.88 cents.

RESULTS

The directors (the "Directors") of Poly Property Group Co., Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2012 with comparative figures for the previous year ended 31st December, 2011 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	*2*	**20,695,429**	14,104,913
Cost of sales		**(14,408,157)**	(8,531,463)
Gross profit		**6,287,272**	5,573,450
Increase in fair value of investment properties		**444,503**	453,905
Other income		**232,773**	732,268
Selling expenses		**(619,864)**	(554,399)
Administrative expenses		**(1,367,918)**	(1,095,399)
Net decrease in fair value of held-for-trading investments		**(42)**	(782)
Gain on disposal of available-for-sale investments		**–**	231,482
Gain on disposal of interests in subsidiaries		**18,654**	–
Gain on disposal of interest in an associate		**–**	96,397
Impairment loss on other receivables		**–**	(3,676)
Finance costs	*3*	**(417,965)**	(440,197)
Share of results of associates		**12,297**	16,352
Share of results of jointly controlled entities		**(8,500)**	(8,030)
Profit before taxation	*4*	**4,581,210**	5,001,371
Income tax expense	*5*	**(1,538,500)**	(1,778,964)
Profit for the year		**3,042,710**	3,222,407
Attributable to:			
Owners of the Company		**2,629,820**	2,777,119
Non-controlling interests		**412,890**	445,288
		3,042,710	3,222,407
Earnings per share	*7*		
– basic		**72.88 cents**	76.96 cents
– diluted		**72.64 cents**	76.63 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**3,042,710**	3,222,407
Other comprehensive income		
Exchange differences arising on translation of financial statements of foreign operations	**(123)**	663,356
Change in fair value of available-for-sale investments	**(19,332)**	21,423
Surplus (deficit) arising on revaluation of properties	**1,863**	(8,084)
Investment revaluation reserve released on disposal of available-for-sale investments	**–**	(100,276)
Translation reserve released on disposal of interests in subsidiaries	**(707)**	–
Other comprehensive (loss) income before tax effect	**(18,299)**	576,419
Deferred tax (liability) asset arising on revaluation of properties	**(466)**	2,020
Other comprehensive (loss) income for the year, net of tax	**(18,765)**	578,439
Total comprehensive income for the year	**3,023,945**	3,800,846
Attributable to:		
Owners of the Company	**2,612,433**	3,222,788
Non-controlling interests	**411,512**	578,058
	3,023,945	3,800,846

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Investment properties		**7,085,190**	6,578,020
Property, plant and equipment		**1,933,484**	1,995,829
Prepaid lease payments – non-current portion		**404,004**	411,287
Goodwill		**553,051**	804,890
Interests in associates		**40,696**	102,473
Interests in jointly controlled entities		**63,144**	1,646
Available-for-sale investments		**129,051**	148,383
Club membership		**1,226**	1,226
Deposits paid for acquisition of land use rights		**447,593**	3,032,591
Deposits paid for acquisition of subsidiaries		**259,259**	246,914
Deferred tax assets		**288,074**	208,671
		11,204,772	13,531,930
CURRENT ASSETS			
Properties under development		**63,530,405**	60,359,693
Properties held for sale		**13,373,329**	5,895,473
Other inventories		**64,293**	57,071
Trade and other receivables	*8*	**2,879,566**	1,604,388
Prepaid lease payments – current portion		**11,674**	11,565
Short-term loan receivables		**–**	185,185
Held-for-trading investments		**740**	782
Deposit paid for acquisition of a property development project		**190,894**	125,236
Amounts due from jointly controlled entities		**2,296**	–
Amounts due from fellow subsidiaries		**11,313**	34,566
Amounts due from non-controlling shareholders of subsidiaries		**799,989**	790,947
Taxation recoverable		**396,455**	288,631
Pledged bank deposits		**962,274**	326,131
Bank balances, deposits and cash		**14,307,863**	12,295,634
		96,531,091	81,975,302

	Notes	2012 HK$'000	2011 HK$'000
CURRENT LIABILITIES			
Trade and other payables	9	**8,853,339**	6,168,692
Pre-sale deposits		**18,520,967**	11,944,749
Property rental deposits		**99,396**	91,248
Amount due to the ultimate holding company		**427,236**	434,064
Amount due to an intermediate holding company		**770,672**	3,873,396
Amounts due to fellow subsidiaries		**2,453,119**	2,535,024
Amounts due to non-controlling shareholders of subsidiaries		**2,657,543**	2,291,217
Amount due to an associate		**–**	74,074
Amount due to a related company		**–**	1,867
Taxation payable		**1,638,757**	1,882,792
Bank and other borrowings – due within one year		**14,845,813**	13,101,876
		50,266,842	42,398,999
NET CURRENT ASSETS		**46,264,249**	39,576,303
TOTAL ASSETS LESS CURRENT LIABILITIES		**57,469,021**	53,108,233
CAPITAL AND RESERVES			
Share capital		**1,804,219**	1,804,219
Reserves		**25,268,367**	22,866,721
Equity attributable to owners of the Company		**27,072,586**	24,670,940
Non-controlling interests		**2,974,768**	2,500,812
TOTAL EQUITY		**30,047,354**	27,171,752
NON-CURRENT LIABILITIES			
Bank and other borrowings – due after one year		**25,869,481**	24,857,356
Amount due to an intermediate holding company		**370,370**	–
Loan from a fellow subsidiary		**222,222**	209,644
Deferred tax liabilities		**959,594**	869,481
		27,421,667	25,936,481
		57,469,021	53,108,233

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, 2012:–

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

The initial adoption of the new HKFRSs had no material impact on the Group's consolidated financial statements for the current or prior accounting periods.

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

The following HKFRSs in issue at 31st December, 2012 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, 2012:–

HKAS 19 (Revised 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 10	Investment Entities[3]
Amendments to HKFRS 7 (2011)	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 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, 2012

	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	19,675,513	687,068	202,468	130,380	–	20,695,429
Inter-segment revenue*	–	19,929	–	–	(19,929)	–
Total revenue	19,675,513	706,997	202,468	130,380	(19,929)	20,695,429
SEGMENT RESULT	4,287,571	688,311	(32,503)	16,992	–	4,960,371
Unallocated income						124,617
Unallocated expenses						(108,264)
Gain on disposal of interests in subsidiaries	18,654	–	–	–	–	18,654
Finance costs						(417,965)
Share of results of associates	12,297	–	–	–	–	12,297
Share of results of jointly controlled entities	(253)	–	–	(8,247)	–	(8,500)
Profit before taxation						4,581,210
Income tax expense						(1,538,500)
Profit for the year						3,042,710

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

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.*

3. Finance costs

	2012 **HK$'000**	2011 *HK$'000*
Interest on bank and other borrowings:–		
– wholly repayable within five years	**3,972,940**	3,171,343
– not wholly repayable within five years	**139,730**	125,413
Imputed interest expense on loan from a fellow subsidiary	**12,579**	11,580
Total borrowing costs	**4,125,249**	3,308,336
Less: amounts capitalised	**(3,707,284)**	(2,868,139)
	417,965	440,197

Borrowing cost capitalised during the year arose from specific borrowings.

4. Profit before taxation

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging and (crediting):–		
Amortisation of prepaid lease payments (included in administrative expenses)	**11,565**	12,918
Depreciation of property, plant and equipment	**127,670**	117,898
Total depreciation and amortisation	**139,235**	130,816
Loss on disposal of property, plant and equipment	**7,693**	2,008
Gain on disposal of investment properties	**(40,246)**	(1,442)

5. Income tax expense

	2012	2011
	HK$'000	*HK$'000*
The charge comprises:–		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax	**1,209,016**	1,042,860
Land appreciation tax ("LAT")	**319,240**	662,460
Deferred taxation	**10,244**	73,644
	1,538,500	1,778,964

Hong Kong Profits Tax is calculated at 16.5% (2011: 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.

The PRC statutory enterprise income tax is calculated at 25% based on the estimated assessable profit for the year.

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

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:–		
2011 final dividend of HK$Nil (2011: HK$0.155 for 2010)	**–**	559,308

No interim dividend was paid for both years.

The Directors of the Company recommend the payment of a final dividend of HK$0.218 per share for the year ended 31st December, 2012 (2011: HK$Nil).

7. Earnings per share

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

	2012 *HK$'000*	2011 *HK$'000*
Earnings:–		
Profit for the year attributable to owners of the Company	**2,629,820**	2,777,119

	2012	2011
Number of shares:–		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,608,437,046**	3,608,437,046
Effect of dilutive potential ordinary shares on share options	**12,065,273**	15,656,229
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,620,502,319**	3,624,093,275

8. Trade and other receivables

	2012 *HK$'000*	2011 *HK$'000*
Trade receivables	**1,075,497**	506,565
Less: Allowance for doubtful debts	**(13,535)**	(13,601)
	1,061,962	492,964
Bills receivables	**17,602**	–
Other receivables (net of allowance of HK$32,549,000) (2011: HK$40,897,000)	**1,800,002**	1,111,424
Total trade and other receivables	**2,879,566**	1,604,388

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:–

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**828,027**	337,947
31 to 90 days	**52,977**	13,546
More than 90 days	**180,958**	141,471
	1,061,962	492,964

9. Trade and other payables

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

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**3,648,694**	3,134,306
31 to 90 days	**49,715**	79,294
More than 90 days	**623,543**	371,651
Total trade payables	**4,321,952**	3,585,251
Bills payables	**1,161,597**	–
Other payables	**3,369,790**	2,583,441
Total trade and other payables	**8,853,339**	6,168,692

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 have resolved to recommend the payment of a final dividend of HK$0.218 per share (2011: HK$Nil) for the year ended 31st December, 2012. The proposed final dividend will be paid on 28 June 2013 to the shareholders whose names appear on the register of members of the Company on 14 June 2013 if this proposal is approved by the Company's shareholders at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 June 2013 to 14 June 2013 (both dates inclusive), during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 10 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

In 2012, the Group recorded a turnover of HK$20,695,429,000 (corresponding period in 2011: HK$14,104,913,000), representing an increase of 46.7% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$2,629,820,000 (corresponding period in 2011: HK$2,777,119,000), representing a decrease of 5.3% as compared with the corresponding period last year. Basic earnings per share was HK72.88 cents (corresponding period in 2011: HK76.96 cents), while diluted earnings per share was HK72.64 cents (corresponding period in 2011: HK76.63 cents), a decrease of 5.3% and 5.2% respectively as compared with the corresponding period last year. The Board of Directors has recommended the payment of a final dividend of HK21.8 cents per share.

As at 31st December, 2012, total shareholders' equity of the Company amounted to HK$27,072,586,000 (31st December, 2011: HK$24,670,940,000) and net asset value per share was HK$7.50 (31st December, 2011: HK$6.84).

Property Development

During the period under review, the Group surpassed the key operating targets that were established in the beginning of the year. The gross floor area of new commenced construction was approximately 3,910,000 square metres, 3,500,000 square metres was initially planned. The pre-sale/sold area was approximately 2,510,000 square metres, 2,000,000 square metres was initially planned, of which 32 were on-going projects and 14 were debut launches; completed construction was approximately 3,270,000 square metres. As at 31st December, 2012, the Group held more than 44 projects engaging in different stages of development with projects under development and land parcel reserved for future development, covering a gross floor area of approximately 21,790,000 square metres.

Property Sales

As the Central Government continued to reinforce austerity measures in the property market, guided by the core measures focus on steady home prices, steady demand and supply, support for reasonable home-purchase demand and curtailing housing demand driven by investment and speculation, the property market has followed a trend towards healthy and steady development. Meanwhile, supported and safeguarded by government measures on reasonable home-purchase demand, the market has seen increased activity since the second quarter of 2012, a significant improvement in overall sentiment compared to 2011.

In 2012, the Group had been responsive to industry complexities and adapted to the market trend, taking property sales as the focal point, capturing every market opportunity, adapting to customers' need and implementing strategies to differentiate its products and brand. The Group also enhanced value-for-money by continuing to optimise its product structure, implemented a flexible sales strategy, launched a comprehensive brand campaign, and strived to maintain sustainable sales growth momentum. During the period, the Group reached a record high in sales. The pre-sold/sold areas totaled to about 2,510,000 square metres, representing an increase of 360,000 square metres or 17% as compared with the pre-sold/sold areas of 2,150,000 square metres in 2011. The contracted/pre-sold sales amounted to RMB23.4 billion, representing an increase of RMB7.6 billion or 48% as compared with contract sales of RMB15.8 billion achieved in 2011. The number of areas that recorded sales amounting over RMB2 billion has increased to five, including Guiyang, Shanghai, Guangxi, Guangzhou and Wuhan. Among 19 markets with contracted sales, market shares in three markets, Zunyi, Liuzhou and Deqing, ranked at the top, while the market share in Harbin, Nanning, Guiyang were amongst the top three. With land bank acquisitions in 2011 and debut launches during the period, the market share in Yantai and Weihai were also amongst top three.

Contracted/pre-sold Sales in 2012 by Region

Area	Amount *(RMB million)*			Area *('000 square metres)*		
	2012	2011	Change %	2012	2011	Change %
Yangtze River Delta Region	6,444	2,506	+157%	440	197	+123%
Pearl River Delta Region	3,644	1,710	+113%	394	226	+74%
Southwestern Region	7,959	6,621	+20%	1,109	1,078	+3%
Other Regions	5,117	4,841	+6%	569	648	-12%
Total	23,164*	15,678*	+48%	2,512	2,149	+17%

*Note: Car park sales were not included

New Land Bank Acquisition

In 2012, the Group added 4 land parcels, including the participation in the joint-venture in Shanghai Dalianlu Project, and 3 land parcels in Jinan and Kunming. The acquired land parcels combined a total site area of approximately 174,000 square metres with a total planned gross floor area of approximately 904,000 square metres. All three projects have currently commenced construction work, demonstrating the rapid pace of development within a year following the acquisition. The pre-sales of the Jinan Poly Center debuted in January, 2013.

Land Parcels Acquired in 2012 (Shanghai Dalianlu Project is not included)

Land parcel/Project	**Usage**	**Total site area** *('000 square metres)*	**Planned gross floor area** *('000 square metres)*	**Group's interest (as of 31st December 2012)**	**Current project status**
Jinan Poly Center	Residential	19	114	85%	Pre-sale launched
Jinan Poly Hua Ting	Residential	112	429	80%	Under construction
Kunming Poly Liu He Tian Cheng	Residential	43	361	90%	Under construction
Total:		174	904		

Summary of Newly Acquired Projects in 2012

1. Jinan Poly Center

Jinan Poly Center is situated at the prime commercial location in the Huaiyin District in Jinan, which is well-equipped with a comprehensive range of community, education and everyday facilities which will provide good locational support for the project which will be developed into an integrated community of residences, retail shops and offices. The project is close to the city's main road on the west and is 6km away from Jinan West Railway Station of Beijing–Shanghai High-Speed Railway. The current acquired portion covers a site area of approximately 19,000 square metres with a total planned gross floor area of approximately 114,000 square metres.

2. Jinan Poly Hua Ting

Jinan Poly Hua Ting is located along both sides of Huayuan Road, Lixia District in Jinan, adjacent the Honglou business district the project is 1.8 km away from the Jinan International Convention and Exhibition Center. The project enjoys convenient transportation and is well-served by a full range of community facilities including sufficient educational facilities and amenities for everyday needs. The project covers a total site area of approximately 112,000 square metres with a total planned gross floor area of approximately 429,000 square metres, which will be developed into high-rise apartments.

3. Kunming Poly Liu He Tian Cheng

Kunming Poly Liu He Tian Cheng is situated at the prime location of Renmin Road in the downtown area of Kunming, and is only 2.5 km away from the city centre. The project is connected to a seamless transportation link and to the City Stadium Station serviced by the Kunming Metro Line 3 currently under construction, and an extensive transportation network and an important transportation hub linking up different areas. The surrounding area is fully equipped with ancillary facilities, including amenities such as schools and hospitals. The project occupies a total site area of approximately 43,000 square metres with a total planned gross floor area of approximately 361,000 square metres. It will be developed into high-rise residences.

Projects under Construction and Projects under Planning

As at 31st December, 2012, the Group held a total of 44 commodity housing developments and integrated development projects in 20 cities. Among the gross floor area, of which approximately 21% and 11% are located in Yangtze River Delta and Pearl River Delta regions respectively, approximately 47% and 21% are located in cities in the southwestern regions and other regions respectively. The Group possessed 43 projects under construction with a gross floor area of approximately 10,650,000 square metres (attributable area approximately amounted to 8,600,000 square metres), and land reserved for future development of planned gross floor area of approximately 11,140,000 square metres (attributable area approximately totaled 7,950,000 square metres).

List of Projects under construction and under planning as at 31st December, 2012

Project		Gross floor area under construction *('000 square metres)*	Planned gross floor area *('000 square metres)*	Group's interests
Yangtze River Delta Region				
1.	Shanghai Poly Town	128	–	100%
2.	Shanghai Poly Royal Garden	135	–	50.1%
3.	Shanghai Poly Deluxe Mansion	115	68	100%
4.	Shanghai Poly Elegant Mansion	182	–	100%
5.	Shanghai Poly Star Island	315	164	100%
6.	Shanghai Poly Felicity	99	–	100%
7.	Suzhou Poly West Bank Villa	49	289	100%
8.	Suzhou Poly Lake Mansion	360	601	100%
9.	Ningbo Poly City	681	299	100%
10.	Ningbo Poly Jordan International	270	294	100%
11.	Hangzhou Poly Origin	240	283	100%
Sub Total		2,574	1,998	
Pearl River Delta Region				
12.	Guangzhou Poly Golf Shire	365	40	51%
13.	Guangzhou Poly Zephyr City	384	91	100%
14.	Foshan Poly Cullinan Garden	169	–	100%
15.	Foshan Poly Prestige City	174	68	100%
16.	Shenzhen Poly Up Town	186	–	70%
17.	Huizhou Poly Deutch Kultur	209	84	80%
18.	Huizhou Poly Sunshine Town	38	481	70%
Sub Total		1,525	764	

Project		Gross floor area under construction *('000 square metres)*	Planned gross floor area *('000 square metres)*	Group's interests
Southwestern Region				
19.	Chongqing Poly Spring Villa	8	–	51%
20.	Guiyang Poly Hot Spring Newisland	89	–	66.5%
21.	Guiyang Poly International Center	150	–	66.5%
22.	Guiyang Poly Spring Street	131	190	66.5%
23.	Guiyang Poly Park 2010	556	1,145	100%
24.	Guiyang Poly The Place of A Lake	318	513	51%
25.	Zunyi Poly Metropolis of Future	1,706	3,257	35.7%
26.	Nanning Poly Crescendo	157	178	100%
27.	Nanning Poly Sincere Garden	85	–	100%
28.	Nanning Poly City	366	–	100%
29.	Nanning Poly Aegean Sea	283	92	100%
30.	Liuzhou Poly Merization World	293	445	100%
31.	Kunming Poly Lakeside Mansion	79	–	100%
32.	Kunming Poly Liu He Tian Cheng	361	–	90%
Sub Total		4,582	5,820	
Other regions and cities				
33.	Wuhan Poly Blue Ocean District	420	–	100%
34.	Wuhan Yangyuan Project	–	130	51%
35.	Wuhan Poly Park	54	98	55%
36.	Wuhan Poly City	575	913	68%
37.	Harbin The Tsinghua Summer Palace of Poly	112	–	51%
38.	Harbin Poly The Water's Fragrant Dike	–	250	58%
39.	Jinan Poly Hyde Mansion	279	155	100%
40.	Jinan Poly Center	114	–	85%
41.	Jinan Poly Hua Ting	–	429	80%
42.	Yantai Poly Champs Elysees Mansion	187	102	100%
43.	Weihai Poly Triumph Mansion	160	58	100%
44.	Hainan Poly Peninsula No. 1	68	418	100%
Sub Total		1,969	2,553	
Grand Total		10,650	11,135	

Completed Projects

In 2012, among the Group's projects under development, the Group completed an approximate area of 3,270,000 square metres:

List of Projects with Work Completion in 2012

Project	**Completed gross floor area in 2012** *('000 square metres)*	**Accumulative completed gross floor area till the end of 2012** *('000 square metres)*
Yangtze River Delta Region		
Shanghai Poly Lakeside Garden	236	293
Shanghai Poly Royal Garden	48	101
Suzhou Poly Lake Mansion	82	82
Pearl River Delta Region		
Guangzhou Poly City	179	563
Foshan Poly Prestige City	193	193
Shenzhen Poly Up Town	171	171
Huizhou Poly Deutch Kultur	83	221
Southwestern Region		
Guiyang Poly Hot Spring Newisland	176	977
Guiyang Poly Clouds Hill International	172	656
Guiyang Poly International Center	95	95
Guiyang Poly Spring Street	98	284
Guiyang Poly Park 2010	262	262
Zunyi Poly Metropolis of Future	205	205
Nanning Poly Crescendo	109	180
Nanning Poly Sincere Garden	107	107
Liuzhou Poly Merization World	149	149
Chongqing Poly Spring Villa	7	46
Other regions and cities		
Wuhan Poly Plaza	143	143
Wuhan Poly Cai Sheng Garden	156	156
Harbin The Tsinghua Summer Palace of Poly	223	223
Harbin Poly The Water's Fragrant Dike	178	400
Jinan Poly Daming Lake	194	224
Grand Total:	3,266	5,731

Recognised Property Sales

A total of more than 28 projects were delivered and recognised in 2012 with a total sales value of RMB16.7 billion and gross floor area of 1,840,000 square metres. The recognized average selling price was approximately RMB9,000 per square metre. Among the area delivered, mass residential housing accounted for 89%, villas 6%, offices 1%, and the remaining 4% were retail shops and other products.

List of Major Projects with Sales Recognised in 2012

Project	**Sales recognised in 2012** *(RMB million)*
Yangtze River Delta Region	
1. Shanghai Poly Plaza	1,247
2. Shanghai Poly Town	98
3. Shanghai Poly Lakeside Garden	1,601
4. Shanghai Poly Villa Garden	26
5. Shanghai Poly Royal Garden	465
6. Others	8
Sub Total	3,445
Pearl River Delta Region	
7. Guangzhou Poly City	1,027
8. Foshan Poly Prestige City	619
9. Shenzhen Poly Up Town	837
10. Huizhou Poly Deutch Kultur	211
Sub Total	2,694

Project	Sales recognised in 2012 *(RMB million)*
11. Nanning Poly Landscape	58
12. Nanning Poly Crescendo	216
13. Nanning Poly Sincere Garden	909
14. Liuzhou Poly Merization World	470
15. Kunming Sunny Lake & Splendid Life	62
16. Guiyang Poly Clouds Hill International	768
17. Guiyang Poly Hot Spring Newisland	652
18. Guiyang Poly Spring Street	514
19. Guiyang Poly International Center	556
20. Guiyang Poly Park 2010	990
21. Zunyi Poly Metropolis of Future	283
22. Chongqing Poly Spring Villa	108
23. Others	5
Sub Total	5,591
Other Regions	
24. Wuhan Poly Royal Palace	1,889
25. Wuhan Poly Cai Sheng Garden	849
26. Poly Harbin Contemporary No. 9 Park Life	45
27. Harbin Poly The Water's Fragrant Dike	234
28. Harbin The Tsinghua Summer Palace of Poly	698
29. Jinan Poly Garden	71
30. Jinan Poly Daming Lake	1,208
31. Others	2
Sub Total	4,996
Total:	16,726

Recognised Sales in 2012 by Property Type

Property Type	Sales recognized in 2012 *(RMB million)*	Percentage *(%)*
Apartment	12,668	76%
Villa	1,547	9%
Office	1,222	7%
Commercial	1,117	7%
Car parking space	172	1%
Total	16,726	100%

Review of Property Investment Business

The Group owns investment properties in 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 470,000 square metres as at 31st December, 2012. Rental income amounted to RMB516,380,000 in 2012. Leasing performance of the Group's offices and retails spaces remained stable with rental rates comparable to 2011.

List of major properties and hotels as at 31st December, 2012

Region	Project	Gross floor area *('000 square metres)*	Occupancy rate in 2012	Occupancy rate in 2011	Attributable interests of the Group *(%)*	Property type
Shanghai	Shanghai Stock Exchange Building (partial)	48	94.3%	96.4%	100%	Office
Shanghai	Shanghai Poly Plaza– Main Building and ground area	57	77.6%	28.1%#	90%	Office and commercial
Beijing	Beijing Poly Plaza	95	100% (Office Building) 76.9% (Hotel)	100% 74.3%	75%	Office, hotel and theatre

Region	Project	Gross floor area *('000 square metres)*	Occupancy rate in 2012	Occupancy rate in 2011	Attributable interests of the Group *(%)*	Property type
Beijing	Beijing Legend Garden Villas (partial)	24	94.7%	94.9%	51%	Apartment, villa and commercial center, etc.
Guangzhou	Guangzhou Citic Plaza (partial)	38	95.9%	98.3%	60%	Office
Shenzhen	Shenzhen Poly Cultural Plaza (partial)	135	97%	95.2%	100%	Shopping mall, cinema and theatre, etc.
Wuhan	Hubei Poly White Rose Hotel	34	55.7%	56.7%	100%	Hotel
Guiyang	Regal Poly Guiyang Hotel	39	42.1%	47.7%	66.5%	Hotel
	Total:	470				

The occupancy rate in 2011 was based on a gross floor area of 72,000 square metres.

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 their quality services and creditability.

In 2012, the Group's property management services realised an income of RMB204,140,000; a total of 102 properties with a gross floor area of about 14,770,000 square metres subscribed to the Group's property management services which marked an increase of 15 properties compared with 2011. The managed area also grew by 11% entailing office buildings, hotels, shopping centers, villas and residences.

2013 Outlook

Property policies are expected to remain in place and unwavered. Current market conditions suggest fundamental changes will be unlikely and the direction of any property market developments will be stable. The Group's objectives remains focused on achieving solid and stable growth and endeavours on achieving main operating targets in 2013, namely commence new construction approximately 4,000,000 square metres, planned contracted area to be 2,700,000 square metres and contract sales of approximately RMB26 billion.

Summary for Major Project Developments

1. Yangtze River Delta Region

Land banks in Yangtze River Delta Region amounted to an aggregate gross floor area of approximately 4,572,000 square metres and served 21% of the Group's property development portfolio as at 31st December, 2012. A total of 11 projects were under development that accounted for a gross floor area of 2,574,000 square metres, and a gross floor area of approximately 1,998,000 square metres of land bank was reserved for future development. All projects are currently under construction.

In Shanghai, there are six development projects, four of which are currently under development, namely Shanghai Poly Town, Shanghai Poly Deluxe Mansion, Shanghai Poly Elegant Mansion and Shanghai Poly Star Island. They are all located in the core area of Jiading Xincheng of Jiading District which offers easy accessibility to the downtown area with the extension of the Shanghai Railway Line Number 11. These developments are multifaceted comprising of residential, commercial, office buildings, a theatre and a hotel. The multifaceted residences, office and commercial buildings and public infrastructure are all designed to meet different lifestyles and are currently under construction. The Shanghai Poly Felicity located in Baoshan District, Shanghai features simple European-style garden villas, and is based within the highly accessible and convenient Song Nan. Standing in the prime location in Tangzhen, Pudong New District, Shanghai Poly Royal Garden is a residential development comprising of high-rise apartments and villas, and is well-served by a full range of commercial and community facilities.

Apart from Shanghai, the Group also holds five other projects in the Yangtze River Delta, of which two are located in Suzhou, two in Ningbo and one in Hangzhou. Suzhou Poly West Bank Villa is located in the economic development zone of the Wuzhong District in Suzhou. The project stands along the Peninsula of Dushu Lake, making it a residential development with panoramic lake views. Suzhou Poly Lake Mansion is also in the neighbourhood, nearby the Suzhou Poly West Bank Villa. It stands at the northern tip of Yishan Lake, and also boasts unparalleled lake views. In addition, the three projects located in Hangzhou and Ningbo are currently under construction. Hangzhou Poly Origin resides in natural scenery, east of Deqing Count. It is highly accessible as it is only 5 minutes away from the Jineshan Station in Deqing County on Ninghang Expressway. Ningbo Poly City is one of the biggest lakeside mixed-use developments situated in the prime location of Zhenhai Xincheng, opposite the new Administrative and Cultural Center of Zhenhai. Ningbo Poly Jordan International is an integrated project comprising of residential, commercial, leisure and entertainment establishments in Yuyao and is expected to be a landmark integrated development.

2. Pearl River Delta Region

The property development portfolio in Pearl River Delta Region has a total gross floor area of approximately 2,289,000 square metres (around 10.5% of the Group's entire land bank) as at 31st December, 2012. Seven projects that are under construction covered a total gross floor area of about 1,525,000 square metres with the remaining gross floor areas to be developed measured at a total gross floor area of around 764,000 square metres.

Guangzhou Poly Golf Shire is located in the Huadu District of Guangzhou, adjacent to the Asian Games New Stadium at Feng Shen Da Dao. It is near the Fei'eling Station, on Line 9 of the Guangzhou Metro, which is currently under construction. The project offers ancillary facilities for everyday needs and panoramic views over Fengshen Golf Course. Situated in the Xinhua Town of Huadu District, it is east to the district government. Guangzhou Poly Zephyr City is a community featuring high-rise apartments. Foshan Poly Cullinan Garden is an exceptional development in the city district of Foshan. Standing in the center of Chancheng District, bordered by the Yayi Garden in the west, the project is equipped with a large range of ancillary facilities for everyday needs. Foshan Poly Prestige City is situated in Longjiang Town of Shunde District in Foshan, which is supported by an extensive transportation network and is reputed for its robust home furniture business. Shenzhen Poly Up Town resides in the prime commercial location of Longgang District in Shenzhen and is easily accessible via the Shenzhen Metro Line 3, it is also equipped with ancillary facilities for educational and everyday needs. Huizhou Poly Sunshine Town enjoys an environment of natural scenery and boasts a prime location next to the Shenshan Expressway and Palm Island Golf Course. Huizhou Poly Deutch Kultur is a low density residential development designed with a simple European architectural style and is only a 10 minute drive away from the Huizhou Poly Sunshine Town. Each of these projects has its own unique features to meet different residential needs on the market.

3. *Southwestern Region*

Inelastic demand has been relatively strong across cities in China's Southwestern region. The combined land bank of 14 projects in the Southwestern region amounted to a gross floor area of approximately 10,402,000 square metres that accounted for about 47.7% of the Group's development portfolio as at 31st December 2012. 14 projects under development accounted for an approximate total gross floor area of about 4,582,000 square metres. The gross area of about 5,820,000 square metres of land bank is yet to be developed.

The Group has six property development projects in Guizhou Province, including five in Guiyang and one in Zunyi. Guiyang Poly Hot Spring Newisland is located in Wudang District, Guiyang and is being developed as a comprehensive residential establishment with hot spring facilities. Construction work for phase four is currently underway. Guiyang Poly International Center is settled in the heart of Nanming District in Guiyang City. Standing on the bank of Nanming River with a shoreline line of approximately 300 metres, the project is an exceptionally high-end commercial and residential development comprising of residential buildings, shopping centers and office buildings. Located at the south of Wudang District and within a kilometre away from the center of the district, Guiyang Poly Spring Street is well served by a full range of community facilities. Standing against the backdrop of Huaxi National Wetland Park, it offers a fascinating environment ideal for living. Guiyang Poly The Place of A Lake is situated in a prime location within the scenic eco-tour zone in Huaxi District. Guiyang Poly Park 2010 is located in Wudang District and is in close proximity to the district administration center. The project incorporates an 18-hole international standard golf course, with a full range of community facilities in the peripheral. The Group's projects in Guiyang are strategically positioned to include apartments, villas and high-rise apartments that cater for inelastic demand. Zunyi Poly Metropolis of Future is located in Zunyi of Guiyang and is a large-scale integrated development featuring residential, commercial, office buildings, cultural and entertainment establishments.

Furthermore, the Group has four projects located in Nanning, one project located in Liuzhou, two projects located in Kunming and one project located in Chongqing. Nanning Poly Crescendo is located in the north of Nanning City and is approximately 20 minutes away from the city center. It will encompass a residential community of mostly low-density residences, high-rise residential units and serviced apartments. Nanning Poly Sincere Garden is situated in the Qingxiu District of Nanning, approximately 2 kilometres away from the Nanning International and Exhibition Center, Being within close proximity to the Nanning Light Rail Line 1 (currently under construction) the project is highly accessible and fully equipped with community amenities. Nanning Poly City is a high-rise residential development project resides at the emerging new community in Jiangnan District and is only 10-15 minutes driving distance to the city center. Nanning Poly Aegean Sea is located in Xiuxiang main road in Nanning city and neigbours the Lion Hill Park. The project is well served by transportation and community facilities. With its highly recognised branding and prominent market share in the Nanning property market, the Group's development has been well accepted by the market given its high quality properties and professional property services.

Standing on the Liu River bank and with a shoreline of more than 200 metres, Liuzhou Poly Merization World is situated in a prime location at Baisha Road in north Liuzhou City, with natural scenery from the old town of north Liuzhou to the west, and a city business center to the south, allowing it to share facilities from both the old and the new town. Kunming Poly Lakeside Mansion is located in Ninghu Xincheng of Dutun New District in Anning City. It is nearby a tranquil neighborhood that is walking distance away from the Kunming Sunny Lake & Splendid Life, which is fully equipped with community amenities. Kunming Poly Liu He Tian Cheng was acquired in 2012 and commenced construction in the same year. The project is situated at the core of Renmin Road, the city center of Kunming, and is next to the City Stadium Station on Line 3 of Kunming Metro, which is currently under construction. The surrounding area is fully equipped with ancillary facilities for everyday needs, including schools, medical and leisure establishments. Chongqing Poly Spring Villa resides in the scenic zone of Southern Hot Spring Park, coveted as one of Chongqing's top-ten scenic spots, and is designed as a high-end villa community.

4. Other Regions and Cities

In addition to the Yangtze River Delta Region, Pearl River Delta Region and China's Southwestern Region, the Group has 12 projects based in regions such as Wuhan, Harbin, Jinan and Hainan as at 31st December, 2012. Land bank amounted to a gross floor area of approximately 4,522,000 square metres that contributed to roughly 20.8% of the Group's property development portfolio. Projects under development accounted for a total gross floor area of 1,969,000 square metres and an approximate gross floor area of 2,553,000 square metres reserved for future development. Eleven of the projects are currently under construction.

The Group has four property development projects in Wuhan. Wuhan Poly Blue Ocean District is located in a prime area, north of the South Lake of Wuchang District of Wuhan, boasting unparalleled panoramic lakeside views. The project enjoys a convenient transportation network being near the Yangjiawan Station on Wuhan Metro Line 2. Wuhan Yangyuan Project is located in the Central District of Wuhan city, standing near to the Yangtze River. Wuhan Poly Park is located on Hongtu Avenue at East and West Lake District. It is situated on Line 2 of Wuhan Metro and is surrounded by numerous ancillary facilities and is being developed as a high rise residential development. Wuhan Poly City is a large residential development in Hongshan District of Wuhan, which is complemented by a full range of educational and community facilities.

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. Harbin The Tsinghua Summer Palace of Poly is situated in the Nangang District, which is the cultural and higher education region used to offer a range of facilities to meet everyday needs.

The Group owns three projects in Jinan. Jinan Poly Hyde Mansion is located in the Hong Lou business area of Li Cheng District, Jinan, featuring both high and low-rise residential communities. The Group acquired these two Jinan projects in 2012. Jinan Poly Center is situated in the hundred-year-old commercial port of Western Jinan City and is being developed into an integrated project of residential buildings, offices and commercial buildings. The current acquired portion, Phase 1, launched for sale in January 2013. Jinan Poly Hua Ting is highly accessible in Lixia district, as it is adjacent to the Hong Lou business area. The construction of phase one started in January 2013. Yantai Poly Champs Elysees Mansion is located in Yan Tai, Shandong Province, next to the Fenghuang Shan River Reservoir Wetland Park. It has access to a convenient transportation network only a few minutes away from downtown. It is a residential project featuring high and low-rise buildings. Weihai Poly Triumph Mansion is situated in Cui Huan District, Weihai and is close to the scenic Xian Gu Ding National Park. With the ocean to its East, it offers unparalleled sea views to its high and low rise residential communities.

Hainan Poly Peninsula No. 1 is located in the resort district of Shenzhou Peninsula in Wanning City, Hainan Province. Taking advantage of its beautiful coastal resources, it is expected to be a large scale development project featuring high-rise apartments and villas, an international yachting community and a resort-style marina club. Phase one of development is still under construction and is expected to launch in 2013. It comprises of high-rise apartments offering expansive sea views and villas scattered along the shore.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 31st December, 2012, total equity attributable to shareholders of the Company amounted to HK$27,072,586,000 (2011: HK$24,670,940,000), while the net asset value per share was HK$7.50 (2011: HK$6.84). As at 31st December, 2012, the Group's gearing ratio (on the basis of the amount of total liabilities divided by the amount of total assets) was 72% (2011: 72%).

As at 31st December, 2012, the Group had an outstanding bank and other borrowings of HK$40,715,294,000. In terms of maturity, the outstanding bank and other borrowings can be divided into HK$14,845,813,000 (37%) to be repaid within one year, HK$15,997,795,000 (39%) to be repaid after one year but within two years, HK$9,087,736,000 (22%) to be repaid after two years but within five years, HK$783,950,000 (2%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings can be divided into HK$39,038,294,000 (96%) in Renminbi, and HK$1,677,000,000 (4%) in United States dollars.

32% of the bank and other borrowings of the Group are subject to fixed interest rates and the remaining 68% 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, 2012, the Group had a net current assets of HK$46,264,249,000 and total bank balances of HK$15,270,137,000 (2011: HK$39,576,303,000 and HK$12,621,765,000 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, the Board believes that Renminbi will only fluctuate 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, 2012, certain of the Group's investment properties of approximately HK$3,315,988,000 (2011: HK$2,729,734,000), hotel properties of approximately HK$1,150,987,000 (2011: HK$685,555,000), buildings of approximately HK$258,963,000 (2011: HK$791,167,000), leasehold land of approximately HK$78,455,000 (2011: 80,759,000), prepaid lease payments of approximately HK$386,031,000 (2011: HK$391,989,000), properties under development of approximately HK$22,896,952,000 (2011: HK$16,842,914,000), bank deposits of approximately HK$962,274,000 (2011: HK$326,131,000) and properties held for sales of approximately HK$2,690,794,000 (2011: HK$1,298,174,000) 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$17,035,016,000 as at 31st December, 2012 (2011: HK$10,378,907,000). 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, 2012, 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$6,246,543,000 (2011: HK$6,782,716,000), of which HK$6,202,469,000 (2011: HK$6,710,740,000) had been utilised by subsidiaries.

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 four independent non-executive directors, namely Mr. Yao Kang *J.P. (as Chairman)*, Mr. Choy Shu Kwan, Ms. Leung Sau Fan, Sylvia and Mr. Wong Ka Lun. The financial statements of the Group for the year ended 31st December, 2012 has been reviewed by the Audit Committee.

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 31st December, 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 year ended 31st December, 2012.

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 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 April.

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

Hong Kong, 20 March, 2013

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, Ms. Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.