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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, 2014

FINANCIAL HIGHLIGHTS

1. Revenue decreased by 0.4% to HK\$28,509 million, with property development business making up the greatest proportion of about 95.6% of the revenue.
2. Profit for the year decreased by 60.4% to HK\$1,284 million.
3. Basic earnings per share decreased by 65.9% to HK25.49 cents.
4. The Board has proposed a final dividend of HK7.6 cents per share.

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, 2014 with comparative figures for the previous year ended 31st December, 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	2	28,508,737	28,625,008
Cost of sales		(22,862,062)	(21,918,810)
Gross profit		5,646,675	6,706,198
Increase in fair value of investment properties		968,623	1,061,102
Other income		446,035	582,559
Selling expenses		(847,846)	(875,134)
Administrative expenses		(1,483,334)	(1,605,004)
(Decrease) increase in fair value of held-for-trading investments		(105)	232
Gain on disposal of interests in subsidiaries		20,668	459,938
Loss on disposal of interest in an associate		–	(24,899)
Impairment loss on properties held for sale/properties under development		(458,705)	(90,454)
Finance costs	3	(893,070)	(777,749)
Share of results of associates		(12,078)	67
Share of results of joint ventures		(76,127)	25,146
Profit before taxation	4	3,310,736	5,462,002
Income tax expense	5	(2,027,129)	(2,220,504)
Profit for the year		1,283,607	3,241,498
Attributable to:			
Owners of the Company		929,448	2,715,626
Non-controlling interests		354,159	525,872
		1,283,607	3,241,498
Earnings per share	7		
— basic		25.49 cents	74.74 cents
— diluted		25.42 cents	74.45 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	1,283,607	3,241,498
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations	–	529,979
Change in fair value of available-for-sale investments	<u>(19,015)</u>	<u>26,620</u>
	(19,015)	556,599
Items that will not be reclassified to profit or loss:		
Surplus arising on revaluation of properties	<u>59,392</u>	<u>30,926</u>
Other comprehensive income before tax effect	40,377	587,525
Deferred tax liability arising on revaluation of properties	<u>(14,848)</u>	<u>(7,732)</u>
Other comprehensive income for the year, net of tax	<u>25,529</u>	<u>579,793</u>
Total comprehensive income for the year	<u>1,309,136</u>	<u>3,821,291</u>
Attributable to:		
Owners of the Company	944,593	3,163,793
Non-controlling interests	<u>364,543</u>	<u>657,498</u>
	<u>1,309,136</u>	<u>3,821,291</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		10,053,392	8,522,004
Property, plant and equipment		2,049,764	2,171,728
Prepaid lease payments — non-current portion		379,757	412,384
Goodwill		307,612	484,204
Interests in associates		307,923	320,001
Interests in joint ventures		533,765	389,711
Available-for-sale investments		136,688	155,703
Club membership		–	1,257
Deposits paid for acquisition of land use rights		143,037	797,342
Deposits paid for acquisition of subsidiaries		253,165	253,165
Deferred tax assets		349,309	424,348
		14,514,412	13,931,847
CURRENT ASSETS			
Properties under development		57,432,956	53,382,138
Properties held for sale		27,247,573	20,544,333
Other inventories		154,565	117,825
Trade and other receivables	8	4,074,785	3,907,545
Prepaid lease payments — current portion		11,523	12,189
Short-term loan receivables		–	–
Held-for-trading investments		867	972
Amounts due from associates		400,897	467,874
Amounts due from joint ventures		5,697,412	1,790,096
Amounts due from non-controlling shareholders of subsidiaries		1,135,801	400,991
Taxation recoverable		975,890	772,808
Pledged bank deposits		1,519,231	667,953
Bank balances, deposits and cash		16,236,973	14,826,081
		114,888,473	96,890,805

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and other payables	9	14,670,333	9,179,335
Pre-sale deposits		19,082,666	19,245,408
Property rental deposits		116,054	95,026
Amounts due to joint ventures		10,391	31,081
Amount due to the ultimate holding company		58,299	438,052
Amount due to an intermediate holding company		975,259	26,409
Amounts due to fellow subsidiaries		2,410,404	2,215,657
Amounts due to non-controlling shareholders of subsidiaries		1,674,920	1,809,525
Taxation payable		1,762,830	1,837,665
Bank and other borrowings — due within one year		20,250,526	15,455,479
		61,011,682	50,333,637
NET CURRENT ASSETS		53,876,791	46,557,168
TOTAL ASSETS LESS CURRENT LIABILITIES		68,391,203	60,489,015
CAPITAL AND RESERVES			
Share capital		17,677,143	1,822,319
Reserves		12,085,184	27,794,728
Equity attributable to owners of the Company		29,762,327	29,617,047
Perpetual capital instruments		998,696	—
Non-controlling interests		3,338,192	2,985,097
TOTAL EQUITY		34,099,215	32,602,144
NON-CURRENT LIABILITIES			
Bank and other borrowings — due after one year		28,433,069	22,665,146
Notes payable		3,900,000	3,900,000
Loan from a fellow subsidiary		227,848	227,848
Amount due to the ultimate holding company		379,747	—
Deferred tax liabilities		1,351,324	1,093,877
		34,291,988	27,886,871
		68,391,203	60,489,015

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”)

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 39 HK (IFRIC) 21	Novation of Derivatives and Continuation of Hedge Accounting Levies

The adoption of these amendments has no material impact on the Group’s financial statements.

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not have any offsetting arrangements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity’s business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 Consolidated Financial Statements and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on these financial statements as the Company is not an investment entity.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group does not apply hedge accounting.

HK (IFRIC) 21 - Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation has been applied retrospectively.

The adoption of HK (IFRIC) 21 has no impact on these financial statements as the interpretation is consistent with the Group's previous application of its accounting policies on provisions.

(b) New/revised Hong Kong Financial Reporting Standards that have been issued but not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2010–2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements 2011–2013 Cycle ¹
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statement ³
HKFRS 9 (2014)	Financial Instruments ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
HKFRS 14	Regulatory Deferral Accounts ³
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ Effective for annual periods beginning on or after 1st July, 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1st July, 2014

³ Effective for annual periods beginning on or after 1st January, 2016

⁴ Effective for annual periods beginning on or after 1st January, 2017

⁵ Effective for annual periods beginning on or after 1st January, 2018

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Companies Ordinance, Cap. 622, in relation to the preparation of financial statements will apply to the Company in its first financial year beginning on or after 3rd March, 2014 (i.e. the financial year ending 31st December, 2015).

The directors consider that there will be no impact on the Group's financial position or performance, however the new Companies Ordinance, Cap. 622, would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and the related notes need not be included, while generally the statutory disclosures will be simplified.

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, 2014

	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	27,250,353	938,440	196,934	123,010	–	28,508,737
Inter-segment revenue*	–	161,112	–	–	(161,112)	–
Total revenue	<u>27,250,353</u>	<u>1,099,552</u>	<u>196,934</u>	<u>123,010</u>	<u>(161,112)</u>	<u>28,508,737</u>
SEGMENT RESULT	<u>2,906,069</u>	<u>1,220,273</u>	<u>(29,629)</u>	<u>(823)</u>	<u>–</u>	<u>4,095,890</u>
Unallocated income						266,277
Unallocated expenses						(90,824)
Gain on disposal of interests in subsidiaries	20,668	–	–	–	–	20,668
Finance costs						(893,070)
Share of results of associates	(12,078)	–	–	–	–	(12,078)
Share of results of joint ventures	(67,669)	–	–	(8,458)	–	(76,127)
Profit before taxation						3,310,736
Income tax expense						<u>(2,027,129)</u>
Profit for the year						<u>1,283,607</u>

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

For the year ended 31st December, 2013

	Property development business <i>HK\$'000</i>	Property investment and management <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE						
External revenue	27,427,384	874,525	199,773	123,326	–	28,625,008
Inter-segment revenue*	–	81,670	–	–	(81,670)	–
Total revenue	<u>27,427,384</u>	<u>956,195</u>	<u>199,773</u>	<u>123,326</u>	<u>(81,670)</u>	<u>28,625,008</u>
SEGMENT RESULT	<u>4,205,529</u>	<u>1,325,228</u>	<u>(34,817)</u>	<u>18,719</u>	<u>–</u>	5,514,659
Unallocated income						366,236
Unallocated expenses						(101,396)
Gain on disposal of interests in subsidiaries	316,558	143,380	–	–	–	459,938
Loss on disposal of interest in an associate	(24,899)	–	–	–	–	(24,899)
Finance costs						(777,749)
Share of results of associates	67	–	–	–	–	67
Share of results of joint ventures	33,520	–	–	(8,374)	–	25,146
Profit before taxation						5,462,002
Income tax expense						<u>(2,220,504)</u>
Profit for the year						<u>3,241,498</u>

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

3. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank and other borrowings:		
— wholly repayable within five years	4,068,436	3,612,316
— not wholly repayable within five years	15,782	64,647
	<u>4,084,218</u>	<u>3,676,963</u>
Total borrowing costs	4,084,218	3,676,963
Less: amounts capitalised	(3,191,148)	(2,899,214)
	<u>893,070</u>	<u>777,749</u>

Borrowing cost capitalised during the year arose from specific borrowings.

4. PROFIT BEFORE TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments (included in administrative expenses)	11,856	11,783
Depreciation of property, plant and equipment	142,385	134,497
	<u>154,241</u>	<u>146,280</u>
Total depreciation and amortisation	154,241	146,280
Loss on disposal of property, plant and equipment	964	702
Loss on disposal of investment properties	11,828	10,605
	<u>12,792</u>	<u>11,307</u>

5. INCOME TAX EXPENSE

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	901,481	984,686
Land Appreciation Tax (“LAT”)	810,201	1,123,947
Deferred taxation	315,447	111,871
	<u>2,027,129</u>	<u>2,220,504</u>

Hong Kong Profits Tax is calculated at 16.5% (2013: 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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2013 final dividend of HK\$0.223 per share (2013: HK\$0.218 for 2012)	<u>812,754</u>	<u>794,465</u>

The Directors of the Company recommend the payment of a final dividend of HK\$0.076 per share for the year ended 31st December, 2014 (2013: HK\$0.223 per share).

7. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings:		
Profit for the year attributable to owners of the Company	<u>929,448</u>	<u>2,715,626</u>
Number of shares:	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	3,645,714,876	3,633,619,939
Effect of dilutive potential ordinary shares on share options	<u>9,989,948</u>	<u>14,110,712</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>3,655,704,824</u>	<u>3,647,730,651</u>

8. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	1,251,030	1,405,382
<i>Less:</i> Allowance for doubtful debts	<u>(12,133)</u>	<u>(12,684)</u>
	1,238,897	1,392,698
Bills receivables	204	29,420
Other receivables (net of allowance of HK\$27,647,000) (2013: HK\$25,933,000)	<u>2,835,684</u>	<u>2,485,427</u>
Total trade and other receivables	<u>4,074,785</u>	<u>3,907,545</u>

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	753,089	1,180,640
31 to 90 days	29,716	10,040
More than 90 days	456,092	202,018
	<u>1,238,897</u>	<u>1,392,698</u>

9. TRADE AND OTHER PAYABLES

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 to 30 days	8,282,869	3,526,253
31 to 90 days	369,830	241,356
More than 90 days	2,066,791	2,168,430
	<u>10,719,490</u>	<u>5,936,039</u>
Total trade payables	10,719,490	5,936,039
Bills payables	1,168,970	847,160
Other payables	2,781,873	2,396,136
	<u>14,670,333</u>	<u>9,179,335</u>

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\$0.076 per share (2013: HK\$0.223) for the year ended 31st December, 2014. The proposed final dividend will be paid on 3rd July, 2015 to the shareholders whose names appear on the register of members of the Company on 17th June, 2015 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 15th June, 2015 to 17th June, 2015 (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 12th June, 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

In 2014, the Group recorded a turnover of HK\$28,508,737,000 (corresponding period in 2013: HK\$28,625,008,000), representing a decrease of 0.4% compared to the corresponding period last year. Profit attributable to shareholders amounted to HK\$929,448,000 (corresponding period in 2013: HK\$2,715,626,000), representing a decrease of 65.8% compared to the corresponding period last year. Basic earnings per share was HK25.49 cents (corresponding period in 2013: HK74.74 cents), while diluted earnings per share was HK25.42 cents (corresponding period in 2013: HK74.45cents), representing a decrease of 65.9% compared to the corresponding period last year. The Board of Directors of the Group has recommended a final dividend of HK7.6 cents per share be paid.

As at 31st December, 2014, total equity attributable to shareholders of the Company amounted to HK\$29,762,327,000 (31st December, 2013: HK\$29,617,047,000) and net asset value per share was HK\$8.14 (31st December, 2013: HK\$8.13).

Property Development

During the period, the gross floor area of newly commenced construction projects completed by the Group was approximately 3,560,000 square metres. The contracted area sold was approximately 2,350,000 square metres, of which 38 were on-going projects and 10 were debut launches. The gross floor area of construction completed was approximately 4,010,000 square metres. As at 31st December, 2014, the Group held 53 projects, either under development or under planning, covering a gross floor area of approximately 23,170,000 square metres.

Property Sales

The property market underwent a correctional period in 2014, as the central government emphasised the establishment of a long-term mechanism for protecting reasonable housing demand under the principle of “differentiated control.” Regionally, local governments implemented a variety of flexible measures for market stimulation, as a number of cities abolished or significantly relaxed the purchase restriction policy. Encouraged by the policy of “stabilizing growth,” the real estate sector gradually rebounded after initial setbacks. Leading property developers seized the opportune timing to clear inventories with a collective willingness to boost sales volume by offering price concessions. According to the National Bureau of Statistics, commodity housing GFA available for sale in 2014 increased by 26% year-on-year, indicating a record-high inventory level in a property market that saw a slight drop in both annual GFA sales as well as average selling prices compared with last year, as the profitability of the real estate sector was further squeezed. The level of industry concentration increased significantly as property developers were obliged to pursue strategic transformation, allowing large-scale players to grow stronger while leaving some small- and medium-sized property developers at risk of being merged.

In 2014, the Group adopted proactive measures in response to complicated and changing property policies and the property market. Adhering to a market-oriented approach, the Group continued to focus on genuine housing demand and marketing small- to medium-sized ordinary residential products with reasonable prices, taking into account market conditions. During the period, the Group remained focused on its brand and quality as it strengthened branding and promotion while focusing on product quality with meticulous efforts to develop property projects with high quality. Taking the 30th anniversary of Poly Group as an opportunity, the Group launched a number of branding and marketing campaigns such as “Independent in Your 30s, Build Dreams at Home and Homeland” (三十而立，築夢家國), “Experiencing Quality Life of Poly” (保利品質生活體驗年) and “Integrate Life with Culture” (讓文化溫暖生活), to boost sales. During the period, the Group achieved contracted sales of approximately RMB24.1 billion and contracted area sold of approximately 2.35 million square metres, respectively.

Contracted Sales in 2014 by Region

Region	Amount (RMB million)	Percentage	Area (’000 square metres)	Percentage
Yangtze River Delta Region	7,623	32%	521	22%
Pearl River Delta Region	4,673	20%	454	19%
Southwestern Region	5,986	26%	779	33%
Other Regions	5,239	22%	599	26%
Total	<u>23,521</u>	<u>100%</u>	<u>2,353</u>	<u>100%</u>

* Note: Car park sales were not included

New Land Bank Acquisition

In 2014, the Group acquired 11 land parcels in 9 cities, namely Shanghai, Ningbo, Guangzhou, Guiyang, Nanning, Guilin, Jinan, Harbin and Hong Kong. These land parcels had a total site area of approximately 860,000 square metres with a total planned gross floor area of approximately 3,930,000 square metres. The aforesaid acquisitions marked the Group's debut in Hong Kong and Guilin, while the Hong Kong project is also the Group's first property project outside mainland of China, which further strengthened its development strategy.

Land Parcels Acquired in 2014

Land parcel/Project	Usage	Site area (<i>'000</i> <i>square</i> <i>metres</i>)	Planned gross floor area (<i>'000</i> <i>square</i> <i>metres</i>)	Interests	Current
				attributable to the Group (as of 31st December, 2014)	project status (as of 28th February, 2015)
Shanghai Yang Pu Bin Jiang Project	Commercial	21	94	50%	Under planning
Shanghai Yang Pu Ping Liang Project	Residential	35	110	50%	Under planning
Ningbo Poly Wonderland	Residential	130	325	100%	Under construction
Guangzhou Huadu Jianshe Beilu Project	Residential	23	99	100%	Under planning
Guiyang Poly Phoenix Bay, Phase II	Residential	58	596	51%	Under planning
Nanning Poly Hearty	Residential	15	114	100%	Under construction
Nanning Poly Ling Xiu Qian Cheng	Residential	315	1,631	38%	Under planning
Guilin Poly Culture and Arts Center	Commercial	46	88	50%	Under planning
Jinan Poly Center, Phase III	Residential	50	261	85%	Under construction
Harbin Poly City	Residential	157	541	100%	Under planning
Hong Kong Kai Tak Project	Residential	10	70	100%	Under construction
Total:		860	3,929		

Summary of Newly Acquired Projects in 2014

1. Shanghai Yang Pu Bin Jiang Project (上海楊浦濱江項目)

The project is located on the waterfront of the East Bund within the inner ring and near the Yangshupu Road Station of metro line No. 4 and the planned Changyang Road Station of metro line No. 12. It is only 500 metres away from the planned Dandong Road Station of metro line No. 18. The government intends to develop this district into an area with modern facilities, mainly consisting of water-theme resorts, industrial exhibition centers, technological and commercial facilities as well as an academic community. The project will become a landmark on the Yangpu waterfront, forming a high-end commercial, office, recreational and leisure area, in conjunction with the surrounding developments of the North Bund modern service zone.

2. *Shanghai Yang Pu Ping Liang Project (上海楊浦平涼街道項目)*

The project is located in the center of Dalian Road modern service zone and within the inner ring of the Yangpu district. It is located 600 metres away from the Dalian Road Station of metro line No. 4 and metro line No. 12, and 800 metres away from the Jiangpu Park Station of metro line No. 12, which makes it a convenient location for transportation. Being adjacent to the North Bund, the project is well connected to East Nanjing Road, the Bund and Lujiazui in Pudong, through the Bund Tunnel and the Dalian Road Tunnel. The project is surrounded by the headquarters of a number of renowned local and international corporations, research and development centers and professional service centers. The area which the project is located will be developed into the best in Yangpu district with the most excellent commercial, office, educational and entertainment facilities. The project will be developed into a high-rise residential community demonstrating a classic and modern style.

3. *Ningbo Poly Wonderland*

The project is located in the core area of the rapidly developing Eastern New City of Ningbo. This area will be the future political, economic, cultural and commercial center of Ningbo; the office of the municipal government has already moved into the area last year. The location of the project is very convenient, and is surrounded by a wide range of commercial, educational, cultural and recreational facilities. The project will be developed into a high-end residential community consisting of multi-storey and high-rise apartments.

4. *Guangzhou Huadu Jianshe Beilu Project*

The project is situated to the east of North Jianshe Road and south of Sandong Avenue at the centre of the government office zone of Huadu and within the core district along the city axis of Huadu to be built in future. It is approximately 1.5 kilometres from Poly Zephyr City, another development project of the Group, and is prestigiously located with convenient transportation access and comprehensive commercial and daily facilities, as well as plentiful educational and medical services facilities.

5. *Guiyang Poly Phoenix Bay, Phase II (貴陽保利鳳凰灣二期)*

The project is located in Nanming District, Guiyang, a wonderful residential area. The project enjoys the breathtaking scenery of Nanming River and the tranquility of Mount Phoenix. The project is easily accessible as it is only 12 kilometres away from Guiyang Longdongbao International Airport and 2.5 kilometres away from Guiyang Railway Station. A great number of high-quality ancillary facilities, such as medical and educational facilities, are located in the vicinity. The first phase of the project was launched in the first quarter of 2014.

6. *Nanning Poly Hearty*

The project is an urban renewal project in Mingxiu Road East, Xixiangtang District, Nanning. The project is situated at the junction of Xingning District, Qingxiu District and Xixiangtang District, which is a traditionally core commercial area at the center of Nanning. The area is well-developed with convenient transportation and comprehensive ancillary facilities, such as educational, medical and commercial amenities. The project is designed to become a prominent property in the region, featuring an exquisitely decorated, high-quality residential community complemented by comprehensive ancillary facilities.

7. *Nanning Poly Ling Xiu Qian Cheng*

The project is located in the arm of Yong River in the eastern region of Dongmeng Business Zone in Qingxiu District of Nanning, and boasts excellent scenic views and convenient transportation access. The project is adjacent to Qingxiushan Golf Course, the only facility of its kind in the urban district, and faces Qing Xiu Shan, a national 5A scenic area. It is approximately 2 kilometres from Dongmeng Business Zone and approximately 6 kilometres from Langdong central business district and the convention and exhibition center. In the future, Metro stations and train stations are to be built in the neighbourhood. The project will be developed into a high-end integrated urban complex comprising shopping mall, pedestrian walkway, office tower and eco-friendly residential community.

8. *Guilin Poly Culture and Arts Center (桂林保利文化藝術中心)*

The project is located in the core of the new Lingui district, which is being developed into a sub-center in Guilin by the Guilin Municipal Government. The district will become a new CBD, providing comprehensive urban services as an urban center. The project, located 15 kilometres away from the center of Guilin, is well equipped with municipal facilities and enjoys superior natural landscapes. As a result of the scenery and tourism resources, a number of unique mini-theatre complexes and a residential and commercial development project have been planned for the area.

9. *Jinan Poly Center, Phase III (濟南保利中心三期)*

The project is located in the West Market (西市場), a business district with one hundred year's history in the west of Jinan. The West Market is a commercial center and a major grocery market. With well developed commercial facilities, the project is about 6 kilometres away from Jinan Station of Beijing-Shanghai High-speed Railway and is one of the key developed areas under the Development Plan of Jinan (濟南市發展規劃). The project will be developed into an integrated community comprising of residential, commercial and office buildings.

10. Harbin Poly City (哈爾濱保利城)

The project is located in the Qunli CBD in Daoli District on the south bank of Songhua River with the benefit of scarce natural scenic resources and core commercial facilities. It borders West Youyi Road and Songhua River in the north and Songjiang Brook, a scenic waterway, in the east, and is a new major residential region planned by the government. About 8.1 kilometres away from Harbin Railway Station and 4.4 kilometres away from the airport expressway entrance, the project is located in a district that enjoys superior environmental and living conditions and is positioned as a high quality landmark residential project in Harbin.

11. Hong Kong Kai Tak Project (香港啟德項目)

The project is located in the Kai Tak Development Area of Kowloon East, which was previously the north tarmac of the former Hong Kong Kai Tak Airport. The area, which is set to become a part of the core business district of Kowloon East, is an important region under the urban development plan for Hong Kong. The project is near Kai Tak Station along the Shatin-Central MTR line, which will be completed in 2020. It will take only about 10 minutes by MTR to Hong Kong Island financial center in the future. The project is planned to be developed into a residential community in the Kai Tak Development Area.

Projects under Construction and Projects under Planning

As at 31st December, 2014, the Group held a total of 70 commodity properties and integrated development projects in 22 cities. Within the gross floor area, an aggregate of approximately 32% of the properties and projects are located in Yangtze River Delta and Pearl River Delta regions; approximately 45% and 23% are located in cities in the southwestern region and other regions, respectively. The Group possessed 43 projects under construction with a total gross floor area of approximately 8,230,000 square metres (attributable area approximately amounted to 6,440,000 square metres), and land reserved for future development with planned gross floor area of approximately 14,940,000 square metres (attributable area approximately amounted to 9,240,000 square metres).

List of Projects under Construction and Projects under Planning as at 31st December, 2014

Project	Gross floor area under construction ('000 square metres)	Planned gross floor area ('000 square metres)	Interest attributable to the Group (%)
Yangtze River Delta Region			
1. Shanghai Poly Deluxe Mansion	184	–	100%
2. Shanghai Poly Star Island	312	–	100%
3. Shanghai Poly Felicity	55	–	100%
4. Shanghai Phili Mansion	329	–	25%
5. Shanghai Phili House	215	34	50%
6. Shanghai Yang Pu Bin Jiang Project	–	94	50%
7. Shanghai Yang Pu Ping Liang Project	–	110	50%
8. Suzhou Poly West Bank Villa	309	29	100%
9. Suzhou Poly Lake Mansion	280	337	100%
10. Ningbo Poly City	297	299	100%
11. Ningbo Poly Jordan International	11	283	100%
12. Ningbo Poly Wonderland	140	185	100%
13. Deqing Poly Origin	159	118	100%
Sub Total	<u>2,291</u>	<u>1,489</u>	
Pearl River Delta Region			
14. Guangzhou Poly Golf Shire	39	–	51%
15. Guangzhou Poly Zephyr City	92	–	100%
16. Guangzhou Poly Gratified West Bay	99	541	55%
17. Guangzhou Poly Up House	153	–	100%
18. Guangzhou Nansha Poly City	173	656	49%
19. Guangzhou Huadu Jianshe Beilu Project	–	99	100%
20. Foshan Poly Prestige City	66	–	100%
21. Foshan Poly Central Park	251	421	100%
22. Shenzhen Poly Joy-Zone	138	–	70%
23. Huizhou Poly Deutch Kultur	197	–	80%
24. Huizhou Poly Sunshine Town	156	623	70%
Sub Total	<u>1,364</u>	<u>2,340</u>	

Project	Gross floor area under construction ('000 square metres)	Planned gross floor area ('000 square metres)	Interest attributable to the Group (%)
Southwestern Region			
25. Guiyang Poly Hot Spring Newisland	10	–	66.5%
26. Guiyang Poly Spring Street	40	182	66.5%
27. Guiyang Poly Park 2010	287	1,136	100%
28. Guiyang Poly The Place of A Lake	257	356	50%
29. Guiyang Poly Phoenix Bay	322	1,259	51%
30. Zunyi Poly Metropolis of Future	216	3,336	35%
31. Nanning Poly Crescendo	103	178	100%
32. Nanning Poly Aegean Sea	177	–	100%
33. Nanning Poly Dream River	210	–	30%
34. Nanning Poly Hearty	114	–	100%
35. Nanning Poly Ling Xiu Qian Cheng	–	1,631	38%
36. Liuzhou Poly Merization World	531	–	100%
37. Guilin Poly Culture and Arts Center	–	88	50%
38. Chongqing Poly Spring Villa	8	–	51%
Sub Total	<u>2,275</u>	<u>8,166</u>	
Other Regions			
39. Wuhan Poly City	975	519	68%
40. Wuhan Yangyuan Project	–	130	51%
41. Wuhan Poly Park	–	110	55%
42. Wuhan Poly Up Town	186	607	50%
43. Harbin Poly The Water's Fragrant Dike	–	250	58%
44. Harbin Poly Up Town	190	–	100%
45. Harbin Poly City	–	541	100%
46. Jinan Poly Hyde Mansion	88	45	100%
47. Jinan Poly Center	162	202	85%
48. Jinan Poly Elegant Garden	325	94	80%
49. Yantai Poly Champs Elysees Mansion	146	–	100%
50. Yantai Poly Blossom Garden	142	5	55%
51. Weihai Poly Triumph Mansion	84	–	100%
52. Hainan Poly Peninsula No.1	1	373	100%
53. Hong Kong Kai Tak Project	–	70	100%
Sub Total	<u>2,299</u>	<u>2,946</u>	
Grand Total	<u>8,229</u>	<u>14,941</u>	

Completed Projects

In 2014, the Group completed projects with an approximate gross floor area of 4,010,000 square metres, meeting the target set at the beginning of the year.

List of Projects with Completed Area in 2014

Project	Completed gross floor area in 2014 (<i>'000</i> <i>square metres</i>)	Accumulative completed gross floor area until the end of 2014 (<i>'000</i> <i>square metres</i>)
Yangtze River Delta Region		
Shanghai Poly Town	128	435
Shanghai Poly Elegant Mansion	113	182
Shanghai Poly Star Island	166	166
Shanghai Poly Felicity	44	44
Suzhou Poly West Bank Villa	46	46
Suzhou Poly Lake Mansion	251	443
Ningbo Poly City	160	380
Ningbo Poly Jordan International	272	272
Deqing Poly Origin	121	249
Pearl River Delta Region		
Guangzhou Poly Golf Shire	154	367
Guangzhou Poly Zephyr City	148	386
Foshan Poly Prestige City	136	369
Shenzhen Poly Up Town	156	359
Huizhou Poly Deutch Kultur	38	297
Southwestern Region		
Guiyang Poly Spring Street	26	389
Guiyang Poly Park 2010	157	561
Guiyang Poly The Place of A Lake	180	257
Guiyang Poly Phoenix Bay	5	5
Zunyi Poly Metropolis of Future	380	1,617
Nanning Poly Crescendo	75	234
Nanning Poly Aegean Sea	198	198
Liuzhou Poly Merization World	208	358
Kunming Poly Sky and Earth	361	361
Other Regions		
Harbin The Tsinghua Summer Palace of Poly	33	335
Jinan Poly Hyde Mansion	110	301
Jinan Poly Center	114	114
Yantai Poly Champs Elysees Mansion	59	143
Weihai Poly Triumph Mansion	58	134
Hainan Poly Peninsula No. 1	113	113
Grand Total:	4,010	9,115

Recognized Property Sales

A total of 52 projects had deliveries and recognized sales in 2014 with total sales of RMB22.0 billion and gross floor area of 1,830,000 square metres. The recognized average selling price was approximately RMB12,027 per square metre. Among the area delivered, ordinary housing accounted for 93%, villas 3%, retail shops 3% and offices 1%.

List of Major Projects with Sales Recognized in 2014

Project	Sales recognized in 2014 <i>(RMB million)</i>
Yangtze River Delta Region	
1. Shanghai Poly Noble Duke	4
2. Shanghai Poly Royal Garden	1,524
3. Shanghai Poly Town	6
4. Shanghai Poly Lakeside Garden	93
5. Shanghai Poly Star Island	1,055
6. Shanghai Poly Elegant Mansion	1,052
7. Shanghai Poly Grace Garden	1,253
8. Shanghai Poly Villa Garden	0.4
9. Shanghai Poly Felicity	824
10. Deqing Poly Origin	534
11. Suzhou Poly Lake Mansion	835
12. Suzhou Poly Garden	0.06
13. Suzhou Poly West Bank Villa	113
14. Ningbo Poly City	639
15. Ningbo Poly Jordan International	555
	<hr/>
Sub Total	8,487
	<hr/> <hr/>
Pearl River Delta Region	
16. Guangzhou Poly City	18
17. Guangzhou Poly Golf Shire	794
18. Guangzhou Poly Zephyr City	1,426
19. Shenzhen Poly Up Town	1,888
20. Foshan Poly Cullinan Garden	298
21. Foshan Poly Prestige City	449
22. Huizhou Poly Deutch Kultur	43
	<hr/>
Sub Total	4,916
	<hr/> <hr/>

Project	Sales recognized in 2014 <i>(RMB million)</i>
Southwestern Region	
23. Nanning Poly City	981
24. Nanning Poly Landscape	6
25. Nanning Poly Crescendo	272
26. Nanning Poly Sincere Garden	31
27. Nanning Poly Phoenixia Garden	5
28. Nanning Poly Century	6
29. Nanning Poly Upper House	0.5
30. Liuzhou Poly Merization World	1,291
31. Guiyang Poly Clouds Hill International	(3)
32. Guiyang Poly Hot Spring Newisland	32
33. Guiyang Poly Spring Street	70
34. Guiyang Poly International Center	40
35. Guiyang Poly Park 2010	589
36. Kunming Poly Lakeside Mansion	19
37. Kunming Poly Sky and Earth	1,166
	<hr/>
Sub Total	4,506
	<hr/> <hr/>
Other Regions	
38. Wuhan Poly Royal Palace	35
39. Wuhan Poly Cai Sheng Garden	6
40. Wuhan Poly Blue Ocean District	161
41. Wuhan Poly Park	5
42. Poly Harbin Contemporary No. 9 Park Life	57
43. Harbin Poly The Water's Fragrant Dike	216
44. Harbin The Tsinghua Summer Palace of Poly	487
45. Jinan Poly Garden	2
46. Jinan Poly Daming Lake	210
47. Jinan Poly Hyde Mansion	945
48. Jinan Poly Lotus	8
49. Jinan Poly Center	591
50. Weihai Poly Triumph Mansion	467
51. Yantai Poly Champs Elysees Mansion	310
52. Hainan Poly Peninsula No. 1	586
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Sub Total	4,086
	<hr/> <hr/>
Grand Total:	21,995
	<hr/> <hr/>

Recognized Sales in 2014 by Property Type

Property type	Sales recognized in 2014 <i>(RMB million)</i>	Percentage <i>(%)</i>
Apartment	18,558	84%
Villa	1,171	5%
Commercial	1,506	7%
Office	186	1%
Car parking space	574	3%
	21,995	100%
	21,995	100%

Investment Properties

The Group owns investment properties in Beijing, Shanghai, Shenzhen, Wuhan and Guiyang, which all provide stable and recurrent income. As at 31st December, 2014, the Group's investment properties amounted to a gross floor area of approximately 570,000 square metres. Rental income amounted to RMB545,916,000 in 2014. Leasing performance of the Group's offices and retail spaces remained stable with rental rates comparable to 2013.

List of Major Investment Properties and Hotels as at 31st December, 2014

Region	Project	GFA held (<i>'000 square metres</i>)	Average occupancy rate of 2014 (%)	Average occupancy rate of 2013 (%)	Attributable interests of the Group (%)	Property type
Beijing	Beijing Poly Plaza	95	(Office building) 100% (Hotel) 69%	100% 75%	75%	Office building, hotel and theatre
Beijing	Beijing Legend Garden Villas (partial)	30	97%	96%	100%	Apartment, villa and commercial center, etc.
Shanghai	Shanghai Stock Exchange Building (partial)	48	96%	96%	100%	Office building
Shanghai	Shanghai Poly Plaza (partial)	61	99%	97%	90%	Office building and commercial
Shenzhen	Shenzhen Poly Cultural Plaza (partial)	133	100%	99%	100%	Shopping mall, cinema and theatre, etc
Wuhan	Hubei Poly Hotel	34	66%	57%	100%	Hotel
Wuhan	Wuhan Poly Plaza (partial)	130	48%	31%	100%	Office building and commercial
Guiyang	Regal Poly Guiyang Hotel	39	52%	46%	66.5%	Hotel
	Total:	570				

Property Management

The Group's property management companies are engaged in hotel and property management. Over the years, they have been awarded for their quality services and credibility.

In 2014, the Group's property management services realized an income of RMB351,029,000 from 113 properties with a gross floor area of about 20,700,000 square metres, marking a decrease of 1 property compared with 2013. The managed area grew by 13%, entailing office buildings, hotels, shopping centers, villas and Residential.

2015 Outlook

The policy for the property market is expected to be relatively stable. Market is expected to play a more important role in resource allocation and a long-term regulatory mechanism will be gradually established. The support for housing demand driven by self-occupation and home improvement will constitute an important direction for government policies. China's property market will undergo a transition from rapid growth in the past to a "new norm" that records more stable and rational growth. The fundamentals of the real estate sector are not expected to undergo substantial change. Market activities in 2015 will be dominated by the clearance sale of inventories, while the gap between different cities in property transaction volumes will enlarge. Certain tier-one and tier-two cities with relatively lower supply and stronger potential demand may expect a faster turnover of inventories, while most other tier-three and tier-four cities may have to deal with the pressure of digesting oversupply.

The Group will remain committed to its goal of prudent development, seeking to expedite the clearance sale of inventories, exercise prudent control over investment and explore innovative development models. In 2015, the Group will strive to achieve the following key operating targets: i. commencing construction on a gross floor area of approximately 4 million square meters; ii. completing contracted sales of approximately 2.45 million square metres and approximately RMB26.0 billion in sales amount.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 31st December, 2014, total equity attributable to shareholders of the Company amounted to HK\$29,762,327,000 (2013: HK\$29,617,047,000), while the net asset value per share was HK\$8.14 (2013: HK\$8.13). As at 31st December, 2014, the Group's gearing ratio (on the basis of the amount of total liabilities divided by the amount of total assets) was 73.6% (2013: 70.6%).

As at 31st December, 2014, the Group had an outstanding bank and other borrowings (including the notes payable) of HK\$52,583,595,000. In terms of maturity, the outstanding bank and other borrowings (including notes payable) can be divided into HK\$20,250,526,000 (39%) to be repaid within one year, HK\$13,217,714,000 (25%) to be repaid after one year but within two years, HK\$18,621,685,000 (35%) to be repaid after two years but within five years, HK\$493,670,000 (1%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings (including the notes payable) can be divided into HK\$43,940,150,000 (84%) in Renminbi, HK\$7,792,528,000 (15%) in United State dollars, and HK\$850,917,000 (1%) in Hong Kong dollars.

45% of the bank and other borrowings (including the notes payable) of the Group are subject to fixed interest rates and the remaining 55% 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, 2014, the Group had a net current assets of HK\$53,876,791,000 and total bank balances of HK\$17,756,204,000 (2013: HK\$46,557,168,000 and HK\$15,494,034,000 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, 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

At the end of the reporting period, the carrying value of the Group's assets which were pledged to secure credit facilities granted to the Group are as follows:

	The Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	3,949,832	3,589,474
Hotel properties	702,911	702,911
Buildings	113,432	184,430
Prepaid lease payments	284,095	291,860
Properties under development	24,036,940	21,367,073
Bank deposits	1,519,231	667,953
Properties held for sales	2,195,906	5,162,955
	<u>32,802,347</u>	<u>31,966,656</u>

In addition to above pledge of assets, at 31st December, 2014 and 2013, the Group's interests in certain subsidiaries was pledged to secure credit facilities granted to the Group. The details of net assets value of subsidiaries are as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	6,802,099	17,900,503
Total liabilities	(5,966,803)	(16,061,610)
	<u>835,296</u>	<u>1,838,893</u>

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\$19,283,061,000 as at 31st December, 2014 (2013: HK\$19,065,110,000). 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, 2014, the Group had given guarantees to certain banks in respect of credit facilities granted to certain associates and joint ventures of the Group amounting to HK\$1,177,215,000 (2013: Nil) and HK\$2,849,342,000 (2013: HK\$875,949,000) respectively, of which HK\$1,177,215,000 (2013: Nil) and HK\$2,849,342,000 (2013: HK\$875,949,000) had been utilised by the associates and joint ventures respectively.

At 31st December, 2014, the Company had given guarantees to certain banks in respect of credit facilities granted to certain subsidiaries of the Company amounting to HK\$9,570,633,000 (2013: HK\$5,292,152,000), of which HK\$3,120,253,000 (2013: HK\$4,860,759,000) 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 three independent non-executive directors, namely Ms. Leung Sau Fan, Sylvia (as Chairlady), Mr. Choy Shu Kwan and Mr. Wong Ka Lun. The financial statements of the Group for the year ended 31st December, 2014 has been reviewed by the Audit Committee.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year under review, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”), other than code provisions A.2.1, A.5.1 to A.5.4 and A.5.6 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

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the roles of Chairman and Managing Director of the Company had been performed by Mr. Xue Ming since 29th April, 2010.

On 21st October, 2014, Mr. Han Qingtao was appointed as an executive director and Managing Director of the Company and Mr. Xue Ming ceased to act as Managing Director but remains as the Chairman and an executive director of Company.

The division of responsibilities between the Chairman and the Managing Director of the Company has been set out on the Company’s website.

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

Under code provisions A.5.1 to A.5.4 of the CG Code, listed issuers should, among others, establish a nomination committee with specific written terms of reference. 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 A.5.6 of the CG Code — Board Diversity Policy

Under code provision A.5.6 of the CG Code, the nomination committee (or the board) of a listed issuer should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report. To comply with the code provision A.5.6, the Board adopted a board diversity policy on 10th March, 2015. This policy has been published on the Company’s website and the summary of the policy will be included in its 2014 Annual Report.

The Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the CG Code.

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

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Model Code and the code of conduct regarding directors' securities transactions adopted by the Company throughout the year ended 31st December, 2014.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The 2014 Annual Report 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

Hong Kong, 27th March, 2015

As at the date of this announcement, the executive directors of the Company are Mr. Xue Ming, Mr. Han Qingtao, Mr. Wang Xu and Mr. Ye Li Wen, the non-executive director is Mr. Ip Chun Chung, Robert, and the independent non-executive directors are Mr. Choy Shu Kwan, Ms. Leung Sau Fan, Sylvia and Mr. Wong Ka Lun.