保利（香港）投資有限公司
Poly (Hong Kong) Investments Limited
(incorporated in Hong Kong with limited liability)
(Stock code: 119)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

FINANCIAL HIGHLIGHTS

1. Turnover increased by 115% to HK$974 million, with property development business making up the greatest proportion of about 58% of the turnover.

2. Profit attributable to shareholders increased by 112% to HK$401 million.

3. Basic earnings per share increased by 45% to HK25.9 cents.

4. Final dividend proposed is HK5 cents per share.

RESULTS

The directors (the "Directors") of Poly (Hong Kong) Investments Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2007 with comparative figures for the previous year ended 31st December, 2006 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	2007 HK$'000	2006 HK$'000
Continuing operations			
Revenue	*2*	**973,860**	453,443
Cost of sales		**(653,523)**	(214,267)
Gross profit		**320,337**	239,176
Amortisation of deferred licensing income		**–**	10,457
Net increase/(decrease) in fair value of held-for-trading investments		**24,344**	(8,807)
Other income		**80,105**	54,205
Administrative expenses		**(283,452)**	(221,236)
Net increase in fair value of investment properties		**269,956**	98,731
Finance costs	*3*	**(41,825)**	(60,961)
Gain on disposal of interests in subsidiaries		**229,832**	56,375
Gain on disposal of interest in an associate		**–**	24,684
Discount on acquisition of an associate		**–**	5,591
Impairment loss on short-term loan receivables		**(180,703)**	–
Impairment loss on trade and other receivables		**(36,974)**	–
Share of results of associates		**2,204**	(5,270)
Profit before taxation		**383,824**	192,945
Income tax expense	*4*	**(165,134)**	(35,191)
Profit for the year from continuing operations		**218,690**	157,754
Discontinued operations	*5*		
Profit for the year from discontinued operations		**207,864**	17,949
Profit for the year		**426,554**	175,703

	Notes	**2007**	2006
		HK$'000	*HK$'000*
Attributable to:			
Equity holders of the Company		**401,196**	189,387
Minority interests		**25,358**	(13,684)
		426,554	175,703
Dividends	*6*	**32,473**	26,908
Earnings per share	*7*		
From continuing and discontinued operations			
– basic		**25.90 cents**	17.88 cents
– diluted		**25.19 cents**	17.54 cents
From continuing operations			
– basic		**13.93 cents**	16.53 cents
– diluted		**13.55 cents**	16.22 cents

CONSOLIDATED BALANCE SHEET

	2007	2006
	HK$'000	*HK$'000*
Non-Current Assets		
Investment properties	**1,959,968**	1,566,695
Property, plant and equipment	**874,777**	1,718,844
Prepaid lease payments – non-current portion	**339,966**	401,549
Goodwill	**–**	1,017
Other intangible asset	**–**	63,386
Interests in associates	**61,635**	144,353
Interest in a jointly controlled entity	**–**	–
Available-for-sale investments	**430,252**	1,156
Club membership	**1,061**	989
Deposits paid for acquisition of land use rights	**263,494**	40,837
Deposit paid for investment in an available-for-sale investment	**32,482**	–
Deposit paid for acquisition of a property development project	**–**	79,681
Deferred tax assets	**2,064**	–
	3,965,699	4,018,507
Current Assets		
Properties under development	**3,972,770**	1,896,259
Properties held for sale	**113,608**	10,897
Other inventories	**14,798**	29,008
Trade and other receivables	**186,850**	231,551
Prepaid lease payments – current portion	**8,952**	10,769
Short-term loan receivables	**8,181**	482,734
Held-for-trading investments	**62,198**	42,380
Amounts due from fellow subsidiaries	**35,591**	27,884
Amounts due from associates	**–**	24,393
Amounts due from minority shareholders of subsidiaries	**9,320**	27,266
Amounts due from related companies	**–**	63,968
Taxation recoverable	**1,202**	3,297
Pledged bank deposits	**6,679**	98,413
Bank balances, deposits and cash	**1,823,199**	624,709
	6,243,348	3,573,528
Assets classified as held for sale	**–**	1,148,200
	6,243,348	4,721,728

	2007	2006
	HK$'000	*HK$'000*
Current Liabilities		
Trade and other payables	**1,027,519**	664,085
Pre-sale deposits	**508,598**	189,607
Property rental deposits	**24,069**	16,132
Amount due to ultimate holding company	**775,048**	488,798
Amount due to an intermediate holding company	**332,262**	17,926
Amounts due to fellow subsidiaries	**195,081**	72,215
Amounts due to minority shareholders of subsidiaries	**369,861**	264,952
Amounts due to related companies	**–**	43,175
Taxation payable	**38,637**	36,117
Bank borrowings – due within one year	**307,260**	751,869
	3,578,335	2,544,876
Liabilities associated with assets classified as held for sale	**–**	643,906
	3,578,335	3,188,782
Net Current Assets	**2,665,013**	1,532,946
Total Assets Less Current Liabilities	**6,630,712**	5,551,453
Capital and Reserves		
Share capital	**824,379**	672,922
Reserves	**3,844,802**	2,991,670
Equity attributable to equity holders of the Company	**4,669,181**	3,664,592
Minority interests	**317,565**	868,040
Total Equity	**4,986,746**	4,532,632
Non-Current Liabilities		
Bank borrowings – due after one year	**1,180,979**	620,070
Loan from a fellow subsidiary	**143,703**	126,387
Deferred tax liabilities	**319,284**	272,364
	1,643,966	1,018,821
	6,630,712	5,551,453

Notes:

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arranagements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] *Effective for annual periods beginning on or after 1st January, 2009*
[2] *Effective for annual periods beginning on or after 1st July, 2009*
[3] *Effective for annual periods beginning on or after 1st March, 2007*
[4] *Effective for annual periods beginning on or after 1st January, 2008*
[5] *Effective for annual periods beginning on or after 1st July, 2008*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. Business and geographical segments

Business segments

For management purposes, the Group is organised into five (2006: six) operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Property development business	– Property development
Property investment and management	– property investment and management
Hotel and restaurant operations	– hotel and restaurant business and its related services
Manufacturing and others	– manufacturing and sales of digital discs and others
Financial services	– trading of securities and loan financing services

The Group was also involved in the supply of electricity and gas, which was discontinued on 12th November, 2007.

Segment information about these business is presented below:

For the year ended 31st December, 2007

	Continuing operations							Discontinued operations	
	Property development business	Property investment and management	Hotel and restaurant operations	Manufac-turing and others	Financial services	Eliminations	Sub-total	Supply of electricity and gas	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK'000*
By principal activity									
REVENUE									
External revenue	**568,429**	**158,805**	**128,058**	**114,341**	**4,227**	**–**	**973,860**	**472,520**	**1,446,380**
Inter-segment revenue*	**2,289**	**9,000**	**1,590**	**–**	**131,778**	**(144,657)**	**–**	**–**	**–**
Total revenue	**570,718**	**167,805**	**129,648**	**114,341**	**136,005**	**(144,657)**	**973,860**	**472,520**	**1,446,380**
SEGMENT RESULT	**50,037**	**324,612**	**9,216**	**5,638**	**(189,107)**	**–**	**200,396**	**67,080**	**267,476**
Unallocated income							**31,133**	**2,004**	**33,137**
Unallocated expenses							**(37,916)**	**–**	**(37,916)**
Finance costs							**(41,825)**	**(31,966)**	**(73,791)**
Gain on disposal of interest in subsidiaries	**229,832**	**–**	**–**	**–**	**–**	**–**	**229,832**	**–**	**229,832**
Share of results of associates	**2,204**	**–**	**–**	**–**	**–**	**–**	**2,204**	**3,523**	**5,727**
Profit before taxation							**383,824**	**40,641**	**424,465**
Income tax expense							**(165,134)**	**(6,409)**	**(171,543)**
Gain on disposal of discontinued operations							**–**	**173,632**	**173,632**
Profit for the year							**218,690**	**207,864**	**426,554**

* *Inter-segment revenue were charged at prevailing market rates.*

An analysis of the Group's turnover by geographical location of its customers is presented below:

	Hong Kong	**The PRC**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
REVENUE	**7,941**	**1,438,439**	**1,446,380**

For the year ended 31st December, 2007, revenue from the Group's discontinued supply of electricity and gas operation of HK$472,520,000 was derived principally from the PRC.

For the year ended 31st December, 2006

	Continuing operations							Discontinued operations	
	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel and restaurant operations *HK$'000*	Manufac-turing and others *HK$'000*	Financial services *HK$'000*	Eliminations *HK$'000*	Sub-total *HK$'000*	Supply of electricity and gas *HK$'000*	Total *HK'000*
By principal activity									
REVENUE									
External revenue	80,933	132,671	137,606	87,260	14,973	–	453,443	472,085	925,528
Inter-segment revenue*	–	10,120	–	–	–	(10,120)	–	–	–
Total revenue	80,933	142,791	137,606	87,260	14,973	(10,120)	453,443	472,085	925,528
SEGMENT RESULT	(11,912)	145,896	24,521	829	63,615	–	222,949	55,020	277,969
Unallocated income							17,324	1,401	18,725
Unallocated expenses							(67,747)	–	(67,747)
Finance costs							(60,961)	(31,777)	(92,738)
Gain on disposal of interests in subsidiaries	8,690	–	–	47,685	–	–	56,375	–	56,375
Gain on disposal of interest in an associate	–	–	–	–	24,684	–	24,684	–	24,684
Discount on acquisition of an associate	5,591	–	–	–	–	–	5,591	–	5,591
Share of results of associates	–	–	–	(3,646)	(1,624)	–	(5,270)	(405)	(5,675)
Profit before taxation							192,945	24,239	217,184
Income tax expense							(35,191)	(6,290)	(41,481)
Profit for the year							157,754	17,949	175,703

* *Inter-segment revenue were charged at prevailing market rates.*

An analysis of the Group's turnover by geographical location of its customers is presented below:

	Hong Kong *HK$'000*	The PRC *HK$'000*	Total *HK$'000*
REVENUE	8,969	916,559	925,528

For the year ended 31st December, 2006, revenue from the Group's discontinued supply of electricity and gas operation of HK$472,085,000 was derived principally from the PRC.

3. Finance costs

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank and other borrowings:						
– wholly repayable within five years	**161,656**	66,015	**31,966**	28,825	**193,622**	94,840
– not wholly repayable within five years	**2,736**	242	**–**	2,952	**2,736**	3,194
Imputed interest expense on non-current interest-free borrowings	**10,514**	14,179	**–**	–	**10,514**	14,179
Total borrowing costs	**174,906**	80,436	**31,966**	31,777	**206,872**	112,213
Less: amounts capitalised	**(133,081)**	(19,475)	**–**	–	**(133,081)**	(19,475)
	41,825	60,961	**31,966**	31,777	**73,791**	92,738

Borrowing cost capitalised during the year arose from specific borrowings.

4. Income tax expense

	Continuing operations		Discontinued operations		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The charge comprises:						
Hong Kong Profits Tax	**–**	–	**–**	–	**–**	–
PRC Enterprise Income Tax						
– current year	**47,583**	21,909	**6,409**	6,290	**53,992**	28,199
– overprovision in prior year	**–**	(218)	**–**	–	**–**	(218)
	47,583	21,691	**6,409**	6,290	**53,992**	27,981
Land appreciation tax	**7,925**	3,465	**–**	–	**7,925**	3,465
Deferred taxation						
– current year	**55,660**	10,035	**–**	–	**55,660**	10,035
– attributable to a change in tax rate	**53,966**	–	–	–	**53,966**	–
	109,626	10,035	**–**	–	**109,626**	10,035
	165,134	35,191	**6,409**	6,290	**171,543**	41,481

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) 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 provision of PRC Enterprise Income Tax is calculated at a range of 12% to 33% of the estimated assessable profit for the year in accordance with the relevant income tax rates and regulations in the PRC.

Pursuant to the relevant laws and regulations as stated in 中華人民共和國主席令第45號 issued in 1991, Shanghai Puly Real Estate Development Company Limited, a PRC subsidiary of the Company, is subject to a preferential PRC Enterprise Income Tax rate of 15%.

On 16th March, 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from a range of 12% to 33% to a range of 12% to 25% for certain subsidiaries from 1st January, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

5. Discontinued operations

On 5th July, 2007, the Group entered into a sale and purchase agreement (the "Agreement") to dispose its entire interest in seven wholly-owned subsidiaries, namely NCHK Power (Taicang) Limited ("NCHK Power"), Well United Investment Limited ("Well United"), Master Chief Holdings Limited ("Master Chief"), High Praise Developments Limited ("High Praise"), Green Island Developments Limited ("Green Island"), Golden Concord Energy (Jia Xing) Limited ("Golden Concord") and Giant Merit Development Limited ("Giant Merit"), together with their subsidiaries and associates. The aggregate consideration comprised cash of HK$50,000,000 and shares equivalent to 21% of the total number of issued ordinary shares of the purchaser, GCL-Poly Energy Holdings Limited ("GCL-Poly").

On 24th October, 2007, the Group entered into a supplemental agreement with the purchaser to amend the terms of the Agreement. Subsequently, the Group received 19.69% of the issued ordinary shares of GCL-Poly, 91,919,487 shares of GCL-Poly with a lock-up period of six months were received on 12th November, 2007, the date of completion, and the remaining 42,871,558 shares of GCL-Poly would be received after the expiry of six months from the completion date.

NCHK Power, Well United and Master Chief are the legal and beneficial owners of 51%, 50.1% and 50.1% of the total paid-up capital of Taicang Poly Xiexin Thermal Power Co., Ltd, Peixian Mine-site Environmental Cogen-power Co., Ltd and Dongtai Suzhong Environmental Protection Co-generation Company Limited, respectively. High Priase and Green Island are the legal and beneficial owners of 29.4% and 36.75% of the total paid-up capital of Funing Golden Concord Environmental Protection Co-generated Company Limited and Western Xuzhou Environmental Protection Co-generation Co., Ltd, respectively. Golden Concord and Giant Merit are the legal and beneficial owners of 25% and 26% of Jia Xing Golden Concord Environmental Protection Cogeneration Power Co., Ltd, respectively. All subsidiaries and associates are engaged in the supply of electricity and gas operations.

(i) Income statement

The profit for the year from the discontinued operations is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit of discontinued operations	**34,232**	17,949
Gain on disposal of discontinued operations	**173,632**	–
Presented in consolidated income statement	**207,864**	17,949
Attributable to:		
– Equity holders of the Company	**185,385**	14,252
– Minority interests	**22,479**	3,697
	207,864	17,949

The results of the discontinued operations for the period from 1st January, 2007 to 12th November, 2007, which have been included in the consolidated income statement, were as follows:

	1.1.2007 to 12.11.2007	1.1.2006 to 31.12.2006
	HK$'000	*HK$'000*
Revenue	**472,520**	472,085
Cost of sales	**(383,765)**	(381,111)
Gross profit	**88,755**	90,974
Other income	**28,753**	24,755
Administrative expenses	**(48,424)**	(59,308)
Finance costs	**(31,966)**	(31,777)
Share of results of associates	**3,523**	(405)
Profit before taxation	**40,641**	24,239
Income tax expense	**(6,409)**	(6,290)
Profit for the period/year	**34,232**	17,949

(ii) Cash flow statement

The cash flows of the discontinued operations for the period/year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Net cash (used in) from operating activities	**(42,889)**	231,236
Net cash used in investing activities	**(131,463)**	(132,322)
Net cash from (used in) financing activities	**139,071**	(34,426)

6. Dividends

	2007	2006
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2006 final dividend of HK$0.02 (2006: HK$0.03 for 2005) per share	**32,473**	26,908

No interim dividend was paid for both years.

A final dividend for the year ended 31st December, 2007 of HK$0.05 (2006: HK$0.02) per share has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming general meeting.

7. Earnings per share

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

	2007	2006
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to equity holders of the Company:		
– Continuing operations	**215,811**	175,135
– Discontinued operations	**185,385**	14,252
	401,196	189,387

	2007	2006
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,548,790,810**	1,059,478,182
Effect of dilutive potential ordinary shares on share options	**43,832,205**	20,188,046
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,592,623,015**	1,079,666,228

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK$0.05 per share (2006: HK$0.02) for the year ended 31st December, 2007. The proposed final dividend will be paid on 24th June, 2008 to the shareholders whose names appear on the register of members of the Company on 12th June, 2008 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 10th June, 2008 to 12th June, 2008 (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 6th June, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall operating conditions

As at 31st December, 2007, the Group recorded a turnover of HK$973,860,000 (corresponding period in 2006: HK$453,443,000), representing an increase of 114.8% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$401,196,000 (corresponding period in 2006: HK$189,387,000), representing an increase of HK$211,809,000 as compared with the corresponding period last year. Basic earnings per share from continuing and discontinued operations was HK25.9 cents (corresponding period in 2006: HK17.88 cents), while diluted earnings per share was HK25.19 cents (corresponding period in 2006: HK17.54 cents).

As at 31st December, 2007, total shareholders' equity of the Group amounted to HK$4,669,181,000 (31st December, 2006: HK$3,664,592,000) and net book asset value per share was HK$2.83 (31st December, 2006: HK$2.72).

BUSINESS REVIEW FOR REAL ESTATE DEVELOPMENT

Injection of lands and properties by the parent company

On 30th August, 2007, the Group entered into a purchase and sale agreement with Poly Southern Group Limited, a wholly-owned subsidiary of China Poly Group Corporation to acquire the entire equity in Shenzhen Poly Investments Co., Limited. Pursuant to the sale and purchase agreement, the consideration for 100% equity in Shenzhen Poly is RMB1.390 billion, which will be paid by the Group by way of an issue of shares to Poly Southern Group Limited at HK$6.10 per consideration share.

Through this acquisition, the Company has enhanced the scale and resources of its real estate investment and development. The acquisition will be completed shortly. Upon the completion of the acquisition, Shenzhen Poly will become an indirectly wholly-owned subsidiary of the Company, and the Group thus holds a number of real estate projects and properties located in major cities of China, namely Shenzhen, Guangzhou, Guiyang, Nanning, Harbin and Jinan.

Sales

In 2007, the projects on sales were Shanghai Jinli Apartments, Suzhou Elegance Garden, Wuhan Bay View, Wuhan Poly Royal Palace (Phase 1), Chongqing Poly Spring Villas (Phase 1), Chongqing Emerald Valley (Phases 1 and 2). The pre-sale and sale areas of the six projects totaled 435,000 square meters, and the pre-sale and sale amount totaled RMB2.25 billion. Besides, by way of equity transfer, we sold The Guangzhou Westin Hotel, the land parcels in Zhoutouzui and North Tianhe in Guangzhou.

Table for Projects under Construction

Project		Site Area *(square meter)*	Aggregate gross floor area *(square meter)*	Group's interest
First-tier cities				
1.	Shanghai Poly Square Project	27,000	102,000	90%
2.	Shanghai Poly Garden Project (Phase 1)	49,000	112,000	100%
3.	Shanghai Jinli Apartments Project	140,000	181,000	50.1%
4.	Shanghai Jinjue Apartments Project	75,000	144,000	50.1%
5.	Shanghai Tang Dynasty Garden Project	21,000	33,000	50.1%
6.	Guangzhou Sunshine New City Project (Phase 1)#	81,000	176,000	51%
7.	Shenzhen Hai Yu Western Bay Project#	35,000	91,000	51%
Central and south-west regions				
8.	Wuhan Poly Cultural Plaza Project	12,000	139,000	100%
9.	Wuhan Poly Royal Palace (Phase 1)	74,000	208,000	100%
10.	Chongqing Poly Spring Villas Project (Phase 1)	67,000	20,000	51%
11.	Chongqing Emerald Valley Project (Phases 1 & 2)	194,000	179,000	30%
12.	Guiyang Poly New Island (Phase 1)#	74,000	156,000	66.5%
13.	Nanning Poly Upper House#	75,000	91,000	75%
14.	Nanning Poly 21st Century Home#	47,000	182,000	75%
Other cities				
15.	Harbin Yi He Homeland (Southern District)#	73,000	168,000	51%
16.	Harbin Shui Yun Chang Tan (Phase 1)#	79,000	98,000	58%
17.	Jinan Poly Garden (Phase 1)#	48,000	150,000	100%
Total:		1,171,000	2,230,000	

\# *Projects held by Shenzhen Poly Investments Co., Limited*

SUMMARY FOR PROJECTS UNDER CONSTRUCTION

1. Shanghai Poly Square

Shanghai Poly Square is situated in the central business district in Lujiazui, Shanghai, the rarely beautiful view of the Huangpu River and district resources in the financial centre. The project, which has a site area of 27,000 square meters and a gross floor area of approximately 102,000 square meters, will involve the construction of four separate blocks of low-rise riverview office buildings, a block of high-rise Grade A office building and shopping malls. The Group holds 90% of the interests in the project.

The project is undergoing basement work and is expected to be completed in 2009.

2. Shanghai Poly Garden

Shanghai Poly Garden is situated in the central area of Jiading New City, Jiading District, Shanghai, occupying a site area of approximately 154,000 square meters. The project, which has a gross floor area of approximately 353,000 square meters, involves an apartment area integrating both commercial and residential premises, with ample services and facilities. The project was awarded pilot qualification of "Homely Residential Area in China (中國親情式住宅小區)". The Group holds the entire interests in the project.

Phase 1 of the Project, with its construction duly commenced in the middle of 2007, has a gross floor area of 112,000 square meters. It is intended that its sales will be ready for commencement in the second quarter of 2008, and its construction will be completed by the end of 2008.

3. Shanghai Jinli Apartments

Shanghai Jinli Apartments are situated in the core zone of "new town", which is the focus of construction under "the Eleventh Five-Year Plan", in the Tang Town of the Pudong New Area. The zone is adjacent to Zhangjiang Hi-Tech Park (張江高科技園), and is easy to reach since it is near the extension lot of the Tang Town station of Metro Line No. 2. The project has a site area of approximately 140,000 square meters and an aggregate gross floor area of approximately 181,000 square meters. The Group holds 50.1% of interests in the project.

The project duly commenced its construction in the first half of 2007 and is planned to be completed in 2008. An overall sales agreement was signed with the government in February 2007.

4. Shanghai Jinjue Apartments

Shanghai Jinjue Apartments are situated in the core zone of “new town”, which is the focus of reconstruction under “the Eleventh Five-Year Plan”, in the Tang Town of the Pudong New Area. The zone is situated near the extension lot of the Tang Town station of Metro Line No. 2. The project, which has a site area of approximately 75,000 square meters and an aggregate gross floor area of approximately 144,000 square meters, will be constructed into a high-end residential area. The Group holds 50.1% of interests in the project.

The construction of the project was commenced in September 2007. It is expected that the sales will be ready for commencement in the third quarter of 2008, and the construction of the project is expected to be completed by the end of 2009.

5. Shanghai Tang Dynasty Garden

Shanghai Tang Dynasty Garden is situated in the core zone of “new town”, which is the focus of construction under “the Eleventh Five-Year Plan”, in the Tang Town of the Pudong New Area. The zone is adjacent to Zhangjiang Hi-Tech Park (張江高科技園), and is near the extension lot of the Tang Town station of Metro Line No. 2. The project, which has a site area of approximately 21,000 square meters and an aggregate gross floor area of approximately 33,000 square meters, will be constructed into a medium- and high-end residential area. The Group holds 50.1% of interests in the project.

The construction of the project was commenced in the first half of 2007. It is expected that the sales of the project will be ready for commencement in April 2008 and the construction of the project will be completed at 2008 year-end.

6. Guangzhou Sunshine New City

Guangzhou Sunshine New City is situated in the automobile industry base of Huadou District, Guangzhou and is adjacent to the commercial and administration centre of the district. The project has a site area of approximately 248,000 square meters and an aggregate gross floor area of approximately 538,000 square meters. It will be developed into a residential complex comprising villas, condominiums and high-rise apartments. The Group holds 51% of interests in the project.

Phase 1 of the Project has an aggregate gross floor area of approximately 176,000 square meters. It is expected that sales of the project will be ready for commencement at the end of 2008 and the construction of the project will be completed in 2009.

7. Shenzhen Hai Yu Western Bay

Situated in Haibin Avenue (海濱大道), Xixiang Town, Bao'an District, Shenzhen, Shenzhen Hai Yu Western Bay is adjacent to Bao'an New District with excellent seaview. The project has a site area of approximately 35,000 square meters and an aggregate gross floor area of approximately 91,000 square meters, which will be constructed into 10 blocks of 18-storey high-rise residential towers. The Group holds 51% of interests in the project.

The construction of the project was officially commenced in 2007. It is expected that the sales of the project will be ready for commencement in April 2008, and the construction of the project will be completed in 2009.

8. Wuhan Poly Cultural Plaza

Wuhan Poly Cultural Plaza is located in an interchange of Zhongnan Road and Mingzhu Road in Wuchang, Wuhan, which is opposite to the Hubei Provincial Government and closely adjacent to inner ring road (內環線) of the city and Metro Line No. 2 and 4. The land parcel has a site area of approximately 12,000 square meters and an aggregate floor area amounting to approximately 139,000 square meters, and the project will be constructed as a landmark commercial and office complex in Wuchang region. The Group holds 100% of interests in the project.

The construction of the project was officially commenced in 2007 and is expected to be completed in 2010.

9. Wuhan Poly Royal Palace (Phase 1)

Situated in Dongwu New Technology Development Zone (東湖新技術開發區), Wuhan, Wuhan Poly Royal Palace is adjacent to the city metro and commands a panorama view of the renowned Dongwu scenic area on its north and the immense South Lake on its south. A fine residential area with developed residential and leisure areas around it, the project has a site area of approximately 200,000 square meters and an aggregate gross floor area of approximately 562,000 square meters, and will be constructed into a medium- and high-end scenic residential area. The Group holds 100% of interests in the project.

The aggregate gross floor area of Phase 1 of the project has an aggregate gross floor area of 208,000 square meters. The construction work was officially commenced in the first half of 2007 and is planned to be completed in 2009. On 28th December, 2007, 3 blocks of building comprising 408 units were sold out in one single day. The remaining units in Phase 1 will be marketed in 2008.

10. Chongqing Poly Spring Villas (Phase 1)

Chongqing Poly Spring Villas is located in one of the top ten tourist sites in Chongqing. The project followed the philosophy of “harmonisation of architecture and nature”, and situated in a magnificent environment with a natural landscape and historical buildings nearby. It is an important project of Chongqing City and Ba Nan District. The project has a site area of 210,000 square meters, with aggregate gross floor area of 63,000 square meters. The property is positioned as a high-end separate community of hot spring villa. The Group holds 51% interest in the project.

Phase I of the project has an gross floor area of 20,000 square meters. The construction work commenced in 2006, and is planned to be completed in 2008. As at 31st December, 2007, 36 villas of Phase 1 in total were sold or pre-sold. The sales of the 13 remaining units will for commence in 2008.

11. Chongqing Emerald Valley (Phases 1 and 2)

Chongqing Emerald Valley is situated in the North New District of Chongqing, which is a rare area having beautiful view with surrounding hills in the northern part of Chongqing. The project has a site area of 523,000 square meters, with aggregate gross floor area of 483,000 square meters. The project comprised mid to high end residential development of town houses, villas and homes with gardens, and will become a small residential district in French style. The Group holds 30% interest in the project.

The construction of Phase 1 of the project, which has an aggregate gross floor area of 110,000 square meters, was completed at the end of 2007. Construction of Phase 2 of the project, which has an aggregate gross floor area of approximately 69,000 square meters, commenced in December 2006 and is expected to be completed in 2008. As at 31st December, 2007, 480 residential units of Phases 1 and 2 in total were sold or pre-sold.

12. Guiyang Poly New Island (Phase 1)

Located in Wudang District, Guizhou Province, Guiyang Poly New Island is the first ecological and cultural property project carried out by the Group in its effort to enter the Guizhou market. The project has a site area of 461,000 square meters and gross floor area of approximately 969,000 square meters. It will be constructed into a large-scale hot spring residential project featuring original ecology and urban culture. The Group holds 66.5% of interests in the project.

The gross floor area of the Phase 1 of the project is approximately 156,000 square meters and its construction is underway. As at December 2007, the area of residential units pre-sold amounted to approximately 106,000 square meters, and the construction will be completed in 2008.

13. Nanning Poly Upper House

Nanning Poly Upper House is situated in the base of the ASEAN countries liaison section of the China – ASEAN International Business Area (中國－東盟商務區東盟各國聯絡部基地), Fengling New District, Nanning. It has a site area of 75,000 square meters and an aggregate gross floor area of 91,000 square meters. Situated approximately one kilometer from the venue of Nanning International Convention and Exhibition Centre, the project is the first townhouses and commercial apartments introduced to Nanning. The Group holds 75% of interests in the project.

As at December 2007, the residential area sold amounted to 49,000 square meters, it is expected that the sales of remaining residential will commence in 2008, and the construction of the project will be completed by year-end of 2008.

14. Nanning Poly 21st Century Home

Nanning Poly 21st Century Home is situated on the south side of Nanning Minzu Avenue in the Nanning China-ASEAN International Business Area. It has a site area of 47,000 square meters and an aggregate gross floor area of approximately 182,000 square meters. It is positioned as a high-end ecological and energy-saving residential apartment area. The Group holds 75% of interests in the project.

With its construction under way, it is planned that sales of the project will commence in 2008, and the construction of the project will be completed in 2009.

15. Harbin Yi He Homeland Southern District

Harbin Yi He Homeland is situated in Haxi Gongdian Road (哈西工電路) at the junction of Youjia Street and Zixing Street in Nanggang District, Harbin. The whole Yi He Homeland project has a site area of 151,000 square meters and an aggregate gross floor area of approximately 511,000 square meters. It is divided into the south and the north zones. The Group holds 51% of interests in the project.

The south zone which is under construction has a site area of approximately 73,000 square meters and an aggregate gross floor area of 168,000 square meters. As at December 2007, the area of residential and commercial premises pre-sold amounted to 146,000 square meters in total, and under the current plan, the sales of the remaining residential area will be ready for commencement in 2008, and the construction of the project will be completed in 2008.

16. Harbin Shui Yun Chang Tan (Phase 1)

Harbin Shui Yun Chang Tan is situated on the west of the National Highway 202 (Songhua River Highway Bridge) and north of Third Ring Road, adjacent to the municipal government offices, with a financial and business service centre, Dragon Culture Theme Park (龍文化主題公園) and Songbei University Town (松北大學城). The whole project has a site area of 567,000 square meters and an aggregate gross floor area of 704,000 square meters. It is planned to be developed into a residential apartment area. The Group holds 58% of interests in the project.

Phase 1 of the project has a site area of 79,000 square meters and an aggregate gross floor area of approximately 98,000 square meters. As at December 2007, the construction of the scenic riverway and clubhouse was completed. Under the current plan, its sales will be ready for commencement in the second half of 2008, and its construction will be completed in 2009.

17. Jinan Poly Garden (Phase 1)

Jinan Poly Garden is situated in Xibeijiao, Xingcun Cross-over, Jingshi East Road, Jinan. The project, with a site area of approximately 83,000 square meters and an aggregate gross floor area of approximately 260,000 square meters, will be developed into a premium high-end residential area. The project will be developed in two phases. The Group holds 100% of interests in the project.

Phase 1 of the project, which is under construction, has a site area of 48,000 square meters and an aggregate gross floor area of approximately 150,000 square meters. Under the current plan, its sales will be ready for commence in 2008 and its construction will be completed in 2009.

Land Reserves

In 2007, the Group acquired seven new land parcels, which were located in Shanghai City, Wuhan City, and Guiyang City, and construction work was officially launched on four of the land parcels in the same year. In January 2008, the Group acquired a new parcel located in Shanghai. The eight land parcels gave an addition of 870,000 square meters site area and 2.33 million square meters of aggregate gross floor area to the land reserves. At present, the Group possesses land reserves of site area 3.72 million square meters and approximately 6.51 million square meters of aggregate gross floor area in 12 cities, which are sufficient for planned development in the coming two to three years.

List of Land Reserves

Land Parcel		Site Area *(square meter)*	Planed Aggregate Gross Floor Area *(square meter)*	Group's Interest	Expected work commencement date
First-tier city					
1	Shanghai Poly Garden (Phases 2 & 3)	105,000	241,000	100%	2nd half of 2008
2	Shanghai Jiading	119,000	305,000	100%	2009 or later
3	Shanghai Tang Zhen Tang Dong Lu	120,000	182,000	50.1%	1st half of 2009
4	Shanghai Jiangwang Xin Cheng	12,000	14,000	100%	2nd half of 2008
5	Guangzhou Sunshine New City (Phase 2)#	167,000	362,000	51%	2nd half of 2008
Central and south-west region					
6	Wuhan Poly Royal Palace (Phase 2)	126,000	354,000	100%	2nd half of 2008
7	Wuhan Yang Garden	30,000	84,000	51%	2009 or later
8	Chongqing Poly Spring Villas (Phases 2 & 3)	143,000	43,000	51%	2nd half of 2008
9	Chongqing Emerald Valley (Phases 3 & 4)	329,000	304,000	30%	1st half of 2008
10	Nanning Long Hu Lan Wan#	568,000	485,000	75%	1st half of 2009
11	Nanning Poly Shan Shui Yi Cheng#	67,000	200,000	75%	1st half of 2009
12	Guiyang Yun Shan International Project	167,000	737,000	60%	1st half of 2008
13	Guiyang Poly New Island (Phase 2)#	387,000	813,000	66.5%	1st half of 2008
14	Guiyang Poly International Plaza#	21,000	220,000	66.5%	2nd half of 2008
15	Kunming Anning Project#	160,000	288,000	80%	2nd half of 2008

Land Parcel	Site Area	Planed Aggregate Gross Floor Area	Group's Interest	Expected work commencement date
	(square meter)	*(square meter)*		
Other cities				
16 Harbin Shui Yun Chang Tan (Phase 2)#	488,000	606,000	58%	2nd half of 2008
17 Harbin Yi He Homeland Northern District#	78,000	343,000	51%	2nd half of 2008
18 Harbin Song Bei Lot 9A & 9B Project#	172,000	271,000	51%	1st half of 2008
19 Jinan Poly Garden (Phase 2)#	35,000	110,000`	100%	1st half of 2008
20 Jinan Poly Furong Project#	26,000	83,000	100%	2nd half of 2008
21 Huizhou Bouluo Yanjiang Lu Project#	400,000	464,000	80%	2nd half of 2008
Total:	3,720,000	6,509,000		

\# *Project held by Shenzhen Poly Investments Co., Limited*

REVIEW OF PROPERTY INVESTMENT BUSINESS

With the consistently steady economic growth in China, quality commercial properties are highly demanded in the market. The Group owns a number of investment properties in Beijing, Shanghai, Wuhan, Shenzhen, and Hong Kong. The Group held a gross floor area of approximately 300,000 square meters, with the accumulated operating revenue for 2007 at RMB259,140,000. Such properties have continually recorded a high occupancy rate as well as satisfactory returns and have become a stable, long term source of income for the Group.

Location	**Project**	**Gross Floor Area** *(square meters)*	**Category**
Shanghai	Shanghai Stock Exchange Building[#1]	48,000	Office building, stock exchange
Beijing	Poly Plaza[#2]	71,000	Office building, hotel and theatre
Beijing	Beijing Legend Garden Villas[#1]	11,000	Apartment, villa, commercial
Wuhan	Hubei Poly White Rose Hotel	33,000	Hotel
Hong Kong	25th Floor, Tower 1, Admiralty Centre	2,000	Office building
Shenzhen	Shenzhen Poly Cultural Plaza[#3]	133,000	Mall, cinema, theatre

[#1] *The calculation is based on the gross floor area of the project held by the Group.*

[#2] *The calculation is based on the 75% equity interest of the building held by the Group.*

[#3] *A project held by Shenzhen Poly Investments Co., Limited.*

1. Shanghai Stock Exchange Building

Shanghai Stock Exchange Building is situated in the financial district in Lujiazui, Pudong New District, Shanghai. Apart from being a prestigious Grade A office building, it also houses the Shanghai Stock Exchange and its tenants include such financial institutions as Banque Nationale de Paris, Credit Suisse, China Everbright Holdings Company Limited and Hong Kong Hang Seng Bank, etc.

The Group holds a gross floor area of approximately 48,000 square meters of the building, approximately 2,000 square meters of which is for its own use and approximately 46,000 square meters for leasing.

In 2007, the rental income for the whole year amounted to RMB72.47 million, an increase of 7.8% as compared to RMB67.23 million in 2006. The annual occupancy rate remained at 98% and the average rental rate was RMB5.49/square meter/day, representing an increase of 22.5% as compared with the 2006 rental rate of RMB4.48/square meter/day. At the end of 2007, the rental rate for new leases exceeded RMB7/square meter/day as a result of the robust economic development in Shanghai. Its investment returns are expected to continually increase in the future.

2. Poly Plaza

Poly Plaza is located in a prime site adjacent to embassies of various countries in China and CBD commercial areas. Poly Plaza is a composite architecture comprised of a four-star hotel with 292 standard rooms and deluxe rooms, offices with an area of 12,000 square meters and a theatre with 1,300 seats. The Plaza signed the "Service Agreement of Accommodation and Reception" with the Olympic Games, and has become the "the official hotel reception of guests in Beijing 2008 Olympic Games"(北京2008奧林匹克運動會官方接待飯店).

In 2007, the turnover of Poly Plaza amounted to RMB125 million, with guest room occupancy rate of 76%. The annual average room rate amounted to RMB659/day/room, representing an increase of RMB18 or 2.8% as compared with 2006. In terms of guest rooms, the area available for operation amounted to 12,136 square meters, and the average revenue capability of guest rooms per annum in 2007 was RMB12.1 per square meter per day, representing a 1.7% increase over the RMB11.9/square meter per/day of 2006.

3. Beijing Legend Garden Villas

Beijing Legend Garden Villas is situated in the Tianzhu（天竺）high-end villa district next to the capital airport. Surrounded by an exquisite natural environment, the villa is the first high-end foreigner-oriented apartment and villa district in Beijing. As at 31st December, 2007, the residential units held by the Group for rental purpose occupied an area of 5,450 square meters and commercial properties 5,550 square meters. The letting rate of the commercial properties was 100%.

The operating revenue for 2007 amounted to RMB7.5 million, representing an increase of 53% over the same period last year.

4. Hubei Poly White Rose Hotel

White Rose Hotel, a 4-star hotel with 249 standard and presidential suites, is situated in Wuhan, Hubei Province and is in close proximity to Hong Shan Plaza in town centre. White Rose Hotel was closed temporarily in October 2007 for suites renovation, and the renovation works is expected to be completed by the fourth quarter of 2008.

The operating revenue for 2007 was RMB50.97 million. The average letting rate of the hotel over the same period of last year was 80.1%. The average daily room rate was RMB430/day/room, representing an increase of 2.1% as compared with RMB421/day/room in 2006. The operable area for suites is 13,000 square meters. Profitability for suites in 2007 was RMB7.7/square meter/day, remaining at the same level as last year.

5. 25th Floor, Tower 1, Admiralty Centre

Admiralty Centre situates above the MTR station in the financial hub in Hong Kong and is easily accessible. The Group owned the whole 25/F (representing an area of approximately 2,000 square meters) of tower 1, with half of which for self-use and the remaining half for lease. The letting rate in 2007 almost reached 100%.

6. Shenzhen Poly Cultural Plaza

Shenzhen Poly Cultural Plaza is situated in the core area of Nanshan Commercial and Cultural Centre. The Plaza, with an aggregate gross floor area of 145,000 square meters, is the first theme shopping and leisure centre to commence operation in the district and a large-scale commercial project with multiple functions such as shopping, audio-visual entertainment, catering, leisure, entertainment, and arts. The theatre of Shenzhen Poly Cultural Plaza was opened for use in December 2007 and the mall was opened for business in March 2008. Besides a mall area of approximately 12,000 square meters which was sold, the Group holds 100% of interests in the project.

BUSINESS REVIEW FOR PROPERTY MANAGEMENT

Shanghai Poly Property Hotel Management Company Limited is a professional company held by the Group and principally engaged in the management in high-end properties and hotels. The company has won numerous awards and honors over the years, including the titles of the model unit of quality management, of services, and of integrity.

The property company realised an income of RMB46.7 million in 2007 and managed over 30 property projects involving a floor area of 2.52 million square meters, which encompass offices premises, hotels, shopping malls, villas and residentials. The properties managed included Beijing CBD International Mansion, Beijing New Poly Plaza, Beijing Poly Plaza, Shanghai General Motor Business Building, Shanghai Stock Exchange Building, Zhejiang Yang Cheng Hotel, Harbin Poly Technologies Tower, the Control and Communication Building (the South Electric Network), Guangdong Broadcasting Centre, Guangzhou CITIC Plaza, International Fortune Apartments, Hubei Poly White Rose Hotel, Palm Beach Villa, and Distingue Ecotypic Block.

DISPOSAL OF COGENERATION PLANT

In 2007, capturing the dynamic opportunity arising from the preparation of GCL-Poly (Stock code: 3800) for listing, the Group disposed of its equity interests in six cogeneration plants and received a total of 134,791,045 shares in GCL-Poly. GCL-Poly was successfully listed on the Stock Exchange of Hong Kong on 13 November 2007.

DEVELOPMENT STRATEGY AND PROSPECTS

In recent years, the PRC government has launched a series of macroeconomic adjustment measures to check the overheating of the real estate industry of China, including a requirement for full settlement of land appreciation tax, a requirement that small apartments no bigger than 90 square meters must now account for 70 per cent of all new homes being built, and a restriction on the provision of second housing mortgage credit. The launch of these measures significantly increases the difficulty of real estate investment and development. Following the policy of the State proactively, the Group considered and conducted researches a comprehensive, forward-looking and strategic manner on its development strategy, and made a series of significant adjustments to its investment strategy.

Regarding the areas of development, the Group continued expanding its premium development projects in first-tier cities such as Shanghai, Shenzhen and Guangzhou, while expanding the scales of its investments and development efforts in the provincial capitals in central and south-western region, with a view to becoming a leading property enterprise in the central and western region. We opine that, given the ample support under the various policies of the State, the second-tier provincial capital in central and south-western China will have unprecedented development opportunities for their urban and economic development and a huge potential for real estate development, and the impact of the macroeconomic adjustment policy of the State is relatively limited. Through the capital injection of China Poly Group Corporation, the Group took the lead in making investments in the second-tier provincial capitals in the south-west region, hence obtaining land parcels at obviously competitive prices and land reserves with huge potential for value appreciation. At present, the works-in-progress and land reserves of the Group are strategically located in major cities in the central and south-west regions, including Guiyang, Nanning, Wuhan, and Kunming.

Regarding the products to be developed, the Group will build up its core competitiveness in real estate development based on a concept of "cultural properties", and will continually enhance the cultural contents and inherent commercial value of its projects by making use of the "Poly" brand and the resource advantages accumulated by the Poly Group in culture industry, and by providing rich sets of pertinent culture features and quality product mix, with a view to promoting business through culture and fostering culture through business. Hence a continuous promotion of the economic and cultural causes of the relevant localities and a win-win situation will be achieved. The Poly Cultural Plaza of the Group, situated at a bridge head position in a passage in the western part of Shenzhen, comprises the Poly Theatre which is of internationally advanced level and domestic first-class standard. With its high-end, comfortable and convenient cultural contents, the project has become a landmark cultural, leisure and shopping centre in Shenzhen, and also activated the economic and commercial development of the Nanshan District of Shenzhen. The successful operation of this type of projects has laid a firm foundation for the Group to establish a concept of developing "cultural properties" and to build its brand of "cultural properties" systematically.

Regarding the progress of project development, the Group will continue to step up its professionalism and regulated management in various segments of its development, including the acquisition of land, design, construction and sale, while placing emphasis on highly effective and orderly development, shortening the investment cycle, and reducing the capital cost. In 2007, impressive achievements were made for Guiyang Poly New Island Project, Wuhan Poly Royal Palace and Nanning Poly Phoenixia Garden Project, as land acquisition, construction work commencement, offer for sale and funds recoupment were smoothly fulfilled in the same year, thus creating good returns through an effective prevention, avoiding and reducing the risks posed by the adjustment policy of the State.

Regarding investment properties, the Group will continue retaining and investing in rental properties which generate stable income so as to raise its risk-withstanding capability, ensure a stable cash flow, and take the benefits of long term capital increase as a result of Renminbi appreciation. The works-in-progress which the Group intends to hold on a long-term basis include Shanghai Poly Square Project, situated on the banks of the Huangpu River, and Wuhan Poly Cultural Plaza.

Thanks to continuous adjustments to its investment policy, the major works of the Group are proceeding smoothly and its principal real estate business is developing speedily. It is believed that the impact of the macroeconomic adjustment measures on the future development of the Group will not be significant.

As the sole overseas-listed PRC real estate flagship of the China Poly Group, the Group will continue seeking injection of quality assets by the parent company in due course to quicken the pace of development.

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 during the year.

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, Messrs. Yao Kang *J.P.* (as Chairman), Lam Tak Shing, Harry and Choy Shu Kwan. The financial statements of the Group for the year ended 31st December, 2007 has been reviewed by the Audit Committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality board, sound internal control, and accountability to all shareholders. The Company has applied the principles and complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31st December, 2007.

By Order of the Board
Wang Xu
Managing Director

Hong Kong, 11th April, 2008

As at the date of this announcement, the executive Directors of the Company are Mr. He Ping, Mr. Chen Hong Sheng, Mr. Wang Xu, Mr. Xue Ming, Mr. Han Qing Tao, Mr. Ye Li Wen and Mr. Chan Tak Chi, William, the non-executive Director is Mr. Ip Chun Chung, Robert, and the independent non-executive Directors are Mr. Yao Kang, J.P., Mr. Lam Tak Shing, Harry and Mr. Choy Shu Kwan.