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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

INTERIM RESULTS

The directors (the "Directors") of Poly (Hong Kong) Investments Limited (the "Company") hereby announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2008 with comparative figures for the six months ended 30th June, 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th June,	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	*3*	**502,674**	470,907
Cost of sales		**(309,948)**	(324,372)
Gross profit		**192,726**	146,535
Other income		**14,905**	59,178
Administrative expenses		**(182,538)**	(129,750)
(Decrease) increase in fair value of held-for-trading investments		**(28,180)**	15,449
Net increase in fair value of investment properties		**61,223**	–
Finance costs		**(28,144)**	(30,100)
Gain on disposal of interests in subsidiaries		**–**	181,060
Share of results of jointly controlled entities		**(145)**	–
Share of results of associates		**10,200**	1,903
Profit before taxation	*4*	**40,047**	244,275
Income tax expense	*5*	**(39,452)**	(8,457)
Profit for the period from continuing operations		**595**	235,818
Discontinued operations	*6*		
Profit for the period from discontinued operations		**–**	2,884
Profit for the period		**595**	238,702

	Notes	Six months ended 30th June, 2008 HK$'000 (Unaudited)	2007 HK$'000 (Unaudited)
Attributable to:			
Equity holders of the Company		**10,833**	239,516
Minority interests		**(10,238)**	(814)
		595	238,702
Dividends	*7*	**95,552**	32,473
Earnings per share	*8*		
From continuing and discontinued operations			
– Basic		**0.62 cents**	16.33 cents
– Diluted		**0.61 cents**	15.95 cents
From continuing operations			
– Basic		**0.62 cents**	16.06 cents
– Diluted		**0.61 cents**	15.68 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**30th June, 2008**	31st December, 2007
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-Current Assets			
Investment properties		**3,404,059**	1,959,968
Property, plant and equipment		**1,010,063**	874,777
Prepaid lease payments – non-current portion		**351,715**	339,966
Goodwill		**53,024**	–
Interests in associates		**75,180**	61,635
Interests in jointly controlled entities		**1,088**	–
Available-for-sale investments		**206,811**	430,252
Club membership		**1,130**	1,061
Deposits paid for acquisition of land use rights		**976,007**	263,494
Deposit paid for acquisition of a property development project		**45,506**	–
Deposit paid for investment in an available-for-sale investment		**–**	32,482
Deferred tax assets		**59,634**	2,064
		6,184,217	3,965,699
Current Assets			
Properties under development		**10,640,561**	3,972,770
Properties held for sale		**290,423**	113,608
Other inventories		**27,856**	14,798
Trade and other receivables	*10*	**515,547**	186,850
Prepaid lease payments – current portion		**9,383**	8,952
Short-term loan receivables		**5,959**	8,181
Held-for-trading investments		**34,018**	62,198
Amounts due from fellow subsidiaries		**53,569**	35,591
Amount due from a jointly controlled entity		**8,486**	–
Amounts due from minority shareholders of subsidiaries		**61,873**	9,320
Amount due from a related company		**6,826**	–
Taxation recoverable		**27,431**	1,202
Pledged bank deposits		**76,084**	6,679
Bank balances, deposits and cash		**3,106,185**	1,823,199
		14,864,201	6,243,348

	Notes	30th June, 2008 HK$'000 (Unaudited)	31st December, 2007 HK$'000 (Audited)
Current Liabilities			
Trade and other payables	*11*	**1,589,505**	1,027,519
Pre-sale deposits		**2,147,425**	508,598
Property rental deposits		**27,321**	24,069
Amount due to ultimate holding company		**780,128**	775,048
Amount due to an intermediate holding company		**1,393,149**	332,262
Amounts due to fellow subsidiaries		**582,100**	195,081
Amounts due to minority shareholders of subsidiaries		**782,717**	369,861
Taxation payable		**545,519**	38,637
Bank borrowings – due within one year		**1,369,087**	307,260
		9,216,951	3,578,335
Net Current Assets		**5,647,250**	2,665,013
		11,831,467	6,630,712
Capital and Reserves			
Share capital		**955,523**	824,379
Reserves		**5,229,992**	3,844,802
Equity attributable to equity holders of the Company		**6,185,515**	4,669,181
Minority interests		**983,002**	317,565
Total Equity		**7,168,517**	4,986,746
Non-Current Liabilities			
Bank borrowings – due after one year		**3,835,035**	1,180,979
Loan from a fellow subsidiary		**157,613**	143,703
Deferred tax liabilities		**670,302**	319,284
		4,662,950	1,643,966
		11,831,467	6,630,712

Notes:

1. Basis of preparation

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

2. Principal accounting policies

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

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31st December, 2007 except as described below.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2008.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the potential impact of these standards and interpretations. The Directors of the Company so far concluded that the application of these standards or interpretations would have no material impact on the financial statements of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 1 and HKAS 32 (Amendment)	Puttable Financial Instruments and Obligations arising on Liquidation[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations – Comprehensive revision on applying the Acquisition Method[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[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 July, 2008*

[4] *Effective for annual periods beginning on or after 1st October, 2008*

3. Revenue and segment information

Business segments

For the six months ended 30th June, 2008

	Continuing operations							Discontinued operations	
	Property development business	Property investment and management	Hotel and restaurant operations	Manu-facturing 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*
REVENUE									
External revenue	**276,956**	**114,122**	**39,485**	**60,154**	**11,957**	**–**	**502,674**	**–**	**502,674**
Inter-segment revenue*	**–**	**2,784**	**–**	**–**	**39,367**	**(42,151)**	**–**	**–**	**–**
Total revenue	**276,956**	**116,906**	**39,485**	**60,154**	**51,324**	**(42,151)**	**502,674**	**–**	**502,674**
SEGMENT RESULT	**(35,741)**	**110,544**	**7,235**	**4,904**	**(16,263)**	**–**	**70,679**	**–**	**70,679**
Unallocated Income							**11,571**	**–**	**11,571**
Unallocated expenses							**(24,114)**	**–**	**(24,114)**
Finance costs							**(28,144)**	**–**	**(28,144)**
Share of results of jointly controlled entities	**(145)**						**(145)**	**–**	**(145)**
Share of results of associates	**10,200**						**10,200**	**–**	**10,200**
Profit before taxation							**40,047**	**–**	**40,047**
Income tax expense							**(39,452)**	**–**	**(39,452)**
Profit for the period							**595**	**–**	**595**

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

Geographical segments

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

	Hong Kong	The PRC other than Hong Kong	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	**14,234**	**488,440**	**502,674**

Business segments

For the six months ended 30th June, 2007

	Continuing operations							Discontinued operations	
	Property development business	Property investment and management	Hotel and restaurant operations	Manu-facturing 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*
REVENUE									
External revenue	287,687	54,345	68,424	51,498	8,953	–	470,907	252,594	723,501
Inter-segment revenue*	–	6,524	–	–	3,115	(9,639)	–	–	–
Total revenue	287,687	60,869	68,424	51,498	12,068	(9,639)	470,907	252,594	723,501
SEGMENT RESULT	11,823	30,035	8,876	(93)	21,424	–	72,065	17,375	89,440
Unallocated Income							44,627	3,856	48,483
Unallocated expenses							(25,280)	–	(25,280)
Finance costs							(30,100)	(16,977)	(47,077)
Gain on disposals of interests in subsidiaries							181,060	–	181,060
Share of results of associates	1,903						1,903	2,900	4,803
Profit before taxation							244,275	7,154	251,429
Income tax expense							(8,457)	(4,270)	(12,727)
Profit for the period							235,818	2,884	238,702

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

Geographical segments

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

	Hong Kong	The PRC other than Hong Kong	Total
	HK$'000	*HK$'000*	*HK$'000*
Revenue	10,152	713,349	723,501

For the six months ended 30th June, 2007, revenue from the Group's discontinued supply of electricity and gas operations of HK$252,594,000 was derived from the PRC.

4. Profit before taxation

	Continuing operations Six months ended 30th June, 2008 HK$'000	Continuing operations Six months ended 30th June, 2007 HK$'000	Discontinued operations Six months ended 30th June, 2008 HK$'000	Discontinued operations Six months ended 30th June, 2007 HK$'000	Consolidated Six months ended 30th June, 2008 HK$'000	Consolidated Six months ended 30th June, 2007 HK$'000
Profit before taxation has been arrived at after charging:						
Amortisation of prepaid lease payments	**4,493**	4,602	**–**	857	**4,493**	5,459
Depreciation and amortisation of property, plant and equipment	**25,847**	28,459	**–**	26,680	**25,847**	55,139
Share of tax of associates (included in share of results of associates)	**–**	–	**–**	339	**–**	339

5. Income tax expense

	Continuing operations Six months ended 30th June, 2008 HK$'000	Continuing operations Six months ended 30th June, 2007 HK$'000	Discontinued operations Six months ended 30th June, 2008 HK$'000	Discontinued operations Six months ended 30th June, 2007 HK$'000	Consolidated Six months ended 30th June, 2008 HK$'000	Consolidated Six months ended 30th June, 2007 HK$'000
The charge comprises:						
Hong Kong profits tax calculated at 17.5% (six months ended 30th June, 2007: 17.5%) of the estimated assessable profits for the period	**–**	–	**–**	–	**–**	–
PRC income tax	**17,156**	8,457	**–**	4,270	**17,156**	12,727
	17,156	8,457	**–**	4,270	**17,156**	12,727
Land appreciation tax	**13,439**	–	**–**	–	**13,439**	–
Deferred taxation	**8,857**	–	**–**	–	**8,857**	–
	39,452	8,457	**–**	4,270	**39,452**	12,727

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

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

6. Discontinued operations

On 5th July, 2007, the Group entered into a sale and purchase agreement (the "Agreement") to dispose its entire interests in seven wholly-owned subsidiaries, namely The 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. Ultimately, the Group would receive 19.69% of the issued ordinary shares of GCL-Poly before the initial public offering (the "IPO"). The interest in the GCL-Poly was diluted to 13.86% after the IPO. 91,919,487 shares of GCL-Poly with a lock-up period of six months which represented 9.45% of the issued ordinary shares of GCL-Poly, were received on 12th November, 2007, the date of completion, and the remaining 42,871,558 shares of GCL-Poly which represented 4.41% of the issued ordinary 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 Praise 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-generation 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.

The comparative figures for the six months ended 30th June, 2007 have been re-presented for the above discontinued operations in 2007.

7. Dividends

	Six months ended	
	30th June, 2008	30th June, 2007
	HK$'000	*HK$'000*
2007 final dividend of HK$0.05 (2006: HK$0.02) per share	**95,552**	32,473

The Directors have decided not to declare any interim dividend for the six months ended 30th June, 2008 (2007: HK$nil).

8. Earnings per share

From continuing and discontinued operations

The calculation of basic and diluted earnings per share for the six months ended 30th June, 2008 is based on the following data:

	Six months ended	
	30th June, 2008	30th June, 2007
	HK$'000	*HK$'000*
Earnings:		
Profit for the period attributable to equity holders of the Company		
– Continuing operations	**10,833**	235,451
– Discontinued operations	**–**	4,065
	10,833	239,516

	Six months ended	
	30th June,	30th June,
	2008	2007
	HK$'000	*HK$'000*
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,738,472,378**	1,466,434,795
Effect of dilutive potential ordinary shares on share options	**24,363,476**	35,394,058
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,762,835,854**	1,501,828,853

9. Transfer to and from reserves

During the six months ended 30th June, 2008, the Group's subsidiaries in the PRC appropriate net of minority interests' share of approximately HK$1,318,000 out of accumulated profits to the PRC statutory reserves (2007: HK$1,170,000).

In addition, nil amount (2007: HK$1,851,000) was released from the share option reserve to the share premium upon exercise of share options during the six months ended 30th June, 2008.

10. Trade and other receivables

The Group has a policy of allowing credit periods ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

	30th June,	31st December,
	2008	2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**51,468**	48,445
31 to 90 days	**19,017**	10,805
More than 90 days	**18,273**	4,285
Total trade receivables	**88,758**	63,535
Other receivables	**426,789**	123,315
	515,547	186,850

11. Trade and other payables

The following is an aged analysis of trade payables at the balance sheet date:

	30th June, 2008	31st December, 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**769,728**	609,237
31 to 90 days	**5,401**	6,780
More than 90 days	**101,056**	61,292
Total trade payables	**876,185**	677,309
Bills payables, aged within 90 days	**–**	1,068
Other payables	**713,320**	349,142
	1,589,505	1,027,519

12. Contingent liabilities

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amount to HK$1,289 million as at 30th June, 2008 (31st December, 2007: HK$nil). Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgaged loans by the buyers of the properties. In the opinion of the Directors, the fair value of such guarantees at initial recognition was insignificant.

13. Capital commitments

	The Group	
	30th June, 2008	31st December, 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– acquisition of interest in a subsidiary	**–**	1,433,500
– property development expenditures	**1,864,215**	1,016,235
– acquisition of land use rights	**236,687**	463,248
– addition of construction in progress	**30,283**	696
	2,131,185	2,913,679
Capital expenditure authorised but not contracted for in respect of:		
– acquisition of land use rights	**1,600,683**	685,898
– acquisition of a property development project	**182,025**	–
	1,782,708	685,898

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the six months ended 30th June, 2008 (2007: HK$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

For the first half of year 2008, the Group recorded a turnover of HK$502,674,000 (corresponding period in 2007: HK$470,907,000), representing an increase of 7% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$10,833,000 (corresponding period in 2007: HK$239,516,000), representing a decrease of HK$228,683,000 as compared with the corresponding period last year. Basic earnings per share was HK0.62 cents (corresponding period in 2007: HK16.33 cents), while diluted earnings per share was HK0.61 cents (corresponding period in 2007: HK15.95 cents).

As at 30th June, 2008, total shareholders' equity of the Group amounted to HK$6.19 billion (31st December, 2007: HK$4.67 billion) and net book asset value per share was HK$3.24 (31st December, 2007: HK$2.83).

Corporate Background

The Group is the sole overseas-listed company of China Poly Group Corporation, a large-scale state-owned enterprise under the supervision of the State-owned Assets Supervision and Management Commission of the State Council of the PRC. Through the continuing asset injection of our parent company, the Group has successfully transformed from an investment company to a sizable property developer with real estate development, property investment and property management as its core businesses.

Real Estate Development Scale

In April 2008, the Group completed the acquisition of the entire equity in Shenzhen Poly Investments Co., Limited from Poly Southern Group Limited. Through the acquisition, the Group acquired real estate projects and land reserves of a total gross floor area of more than 4,000,000 square meters, which promptly expanded the scale of real estate development of the Group while strengthening the core competitiveness of the Group. More importantly, this signifies our parent company's support, recognition of and full confidence in the Group's engagement in real estate development as its principal business.

As at 30th June, 2008, the Group has over 30 real estate projects-in-progress and land reserves, with a total gross floor area approximately 8.94 million square meters.

Sales

For the first half of 2008, the pre-sale and sale areas of the nine projects totaled 148,000 square meters with the pre-sale and sale amount totaled RMB1.26 billion.

Pre-sale and Sale for the First Half of 2008

Unit: RMB

	Area *(square meter)*	**Amount** *(0,000)*	**Average Price** *RMB/ square meter*
New launch in 2008			
Shanghai Poly Garden Phase 1	14,824	22,513	15,187
Shanghai Tang Dynasty Garden	29,188	25,812	8,843
Shenzhen Hai Yu Western Bay	24,387	22,368	9,172
Nanning Poly 21st Century Home#	1,275	770	6,039
Guiyang Poly New Island Phase 2#	–	–	–
Continuous launch			
Wuhan Poly Royal Palace Phase 1	44,959	27,888	6,203
Chongqing Poly Spring Villas Phase 1	3,107	6,741	21,696
Chongqing Emerald Valley Phases 2 & 3	26,977	18,216	6,752
Guiyang Poly New Island Phase 1	2,123	1,417	6,675
Harbin Yi He Homeland Southern District	1,057	536	5,071
Total	147,897	126,261	8,537

\# *Projects have been offered for sale in late June*

Though the mainland property market has been adjusted due to austerity measures and disasters in the first half of 2008, the 5 new projects launched by the Group during the period, including 2 projects in Shanghai, 1 project in Shenzhen, 2 projects in Central and Southwestern regions, have all recorded satisfactory sales and overwhelming market response. In April 2008, town houses in Shanghai Poly Garden (Phase 1) comprising 86 units were sold out on the first day of launch. All 366 residential units of Shanghai Tang Dynasty Garden were also sold out on the first day of launch. Even the sale of Shenzhen Hai Yu Western Bay located in Shenzhen where has suffered a greater extend of market adjustment has met our sale expectation since its launch in April. As of August, 50% of residential units for the entire project were sold out. The Group launched 260 units in Nanning Poly 21st Century Home in late June and 50% of residential units launched were subscribed at the first day of its launch. At the same time, 617 suites of Guiyang Poly New Island Phase 2 were launched, the subscription rate was 95% at the first day of launch. As sale contracts are generally signed within one month after the subscription of units, the majority of the pre-sale for the two latter projects has not been reflected on the above table yet.

In addition, the projects being continuous launched by the Group are Wuhan Poly Royal Palace Phase 1, Chongqing Poly Spring Villas Phase 1, Chongqing Emerald Valley Phases 2 & 3, Guiyang Poly New Island Phase 1 and Harbin Yi He Homeland Southern District, with pre-sale/sale floor area totaled 78,000 square meters and the amount of sales totaled RMB550 million for the first half of the year.

In the second half of the year, the Group plans to launch various projects located in Shanghai, Guangzhou, Guiyang, Nanning, Harbin, Kunming, Jinan, with a total area of approximately 600,000 square meters.

Table for Projects under Construction

Project	Approximate Site Area *(square meter)*	Approximate Aggregate Gross Floor Area *(square meter)*	Group's Interest
First-tier cities			
1. Shanghai Poly Square	27,000	102,000	90%
2. Shanghai Poly Garden Phases 1 & 2	88,000	190,000	100%
3. Shanghai Jinli Apartments	140,000	181,000	50.1%
4. Shanghai Jinjue Apartments	75,000	146,000	50.1%
5. Shanghai Tang Dynasty Garden	21,000	33,000	50.1%
6. Guangzhou City of Poly Phase 1	125,000	223,000	51%
7. Shenzhen Hai Yu Western Bay	35,000	91,000	51%
Central and south-west regions			
8. Wuhan Poly Cultural Plaza	12,000	143,000	100%
9. Wuhan Poly Royal Palace Phases 1 & 2	112,000	322,000	100%
10. Chongqing Poly Spring Villas Phase 1	67,000	20,000	51%
11. Chongqing Emerald Valley Phases 2, 3 & 4	351,000	374,000	30%
12. Guiyang Poly New Island Phases 1 & 2	306,000	422,000	66.5%
13. Guiyang Yun Shan International Phase 1	66,000	310,000	60%
14. Nanning Poly Upper House	80,000	127,000	75%
15. Nanning Poly 21st Century Home	47,000	190,000	75%
16. Kunming Poly Ning Hu Feng Jing Phase 1	85,000	57,000	80%
Other cities			
17. Harbin Yi He Homeland Southern District	73,000	168,000	51%
18. Harbin Shui Yun Chang Tan Phase 1	122,000	97,000	58%
19. Harbin Poly Park No. 9 Phase 1	133,000	143,000	51%
20. Jinan Poly Garden Phase 1	49,000	156,000	100%
Total:	2,014,000	3,495,000	

SUMMARY FOR PROJECTS UNDER CONSTRUCTION

1. Shanghai Poly Square

Shanghai Poly Square is situated in the Huangpu River in Lujiazui, Putong, 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 an aggregate gross floor area of approximately 102,000 square meters, will comprise, a block of high-rise Grade A office, 4 multi-storey buildings of offices and shopping malls. The Group holds 90% of the interest in the project.

The project is under the construction phase of main structure work and is expected to be completed in 2009.

2. Shanghai Poly Garden (Phases 1 & 2)

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 an aggregate gross floor area of approximately 404,000 square meters, comprise an apartment area integrating both commercial, residential premises, town houses with ample services and facilities. The project was awarded of "Homely Residential Area in China（中國親情式住宅小區）". The Group holds the entire interest in the project.

Phase 1 of the project has an aggregate gross floor area of 113,000 square meters. The town houses are under the construction phase of interior renovation work while the residential premises are under the construction phase of main structure work. The pre-sale of the project was commenced in April 2008. The construction work of town houses and residential premises is expected to be completed by the end of 2008 and 2009 respectively. Phase 1 of the project of town houses and residential premises was launched for pre-sale in April 2008. It is intended that its residential units with a gross floor area of approximately 60,000 square meters will be further launched in the second half of the year.

The construction work of phase 2 of the project with an aggregate gross floor area of 77,000 square meters was commenced in early 2008. It is expected that its pre-sale will be ready to launch in March 2009.

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 interest in the project.

An overall sales agreement was signed with the government in February 2007. It is expected to be completed in 2008

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 adjacent to Zhangjiang Hi-Tech Park (張江高科技園). 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 146,000 square meters, will be constructed into a medium and high-end residential area. The Group holds 50.1% of interest in the project.

The project is under the construction phase of main structure work and is expected to be completed by the end of 2009. It is intended that the pre-sale of the project will commence in October 2008 and residential units with a gross floor area of approximately 32,000 square meters will be launched in the second half of the year.

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 interest in the project.

The project is under the construction phase of municipal public facilities work and is expected to be completed by the end of 2008.

6. Guangzhou City of Poly (Phase 1)

Guangzhou City of Poly is situated in the automobile industry base of Huadu District, Guangzhou and is adjacent to the commercial and administration centre of the district. The project has a site area of approximately 249,000 square meters and an aggregate gross floor area of approximately 537,000 square meters. It will be developed into a residential complex comprising villas, condominiums and high-rise apartments. The Group holds 51% of interest in the project.

Phase 1 of the project has a gross floor area of approximately 223,000 square meters. The project is under construction and is expected to be completed in 2009. It is intended that pre-sale of the project will commence in September 2008 and high-rise apartments with a gross floor area of approximately 40,000 square meters will be launched in the second half of the year.

7. Shenzhen Hai Yu Western Bay

Situated in Haibin Avenue（海濱大道）, Xixiang Town, Baoan District, Shenzhen, Shenzhen Hai Yu Western Bay is adjacent to Baoan 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 high-rise residential area. The Group holds 51% of interest in the project.

The project was launched for sale in April 2008, and its construction work is expected to 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 adjacent to inner ring road 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 gross floor area amounting to approximately 143,000 square meters, and the project will be constructed as a landmark commercial and office complex in Wuchang region. The Group holds 100% of interest in the project.

The project is under the construction phase of underground structure work and is expected to be completed in 2010.

9. Wuhan Poly Royal Palace (Phases 1 & 2)

Situated at the core area of Guanggu in the Donghu 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 with a fine residential area with well-developed residential and leisure areas around it. The project has a site area of approximately 212,000 square meters with a net site area of 199,000 square meters, and an aggregate gross floor area of approximately 640,000 square meters, which will be constructed into a medium and high-end scenic residential area. The Group holds 100% of interest in the project.

Phase 1 of the project has an aggregate gross floor area of 208,000 square meters which is under construction and planned to be completed in 2009. The pre-sale of phase 1 commenced in December 2007 and May 2008. It is intended that its residential units with an aggregate gross floor area of approximately 50,000 square meters will be further launched in October 2008. The construction work of phase 2, with an aggregate gross floor area of 114,000 square meters, was commenced in the first half of 2008. It is expected to be completed in 2010.

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, and has been classified as a focus project of "wu fang shi quan"（五方十泉）. The project has a site area of approximately 210,000 square meters, with an aggregate gross floor area of 58,000 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 1 of the project has a gross floor area of 20,000 square meters, which was fully completed in the first half of 2008.

11. Chongqing Emerald Valley (Phases 2, 3 and 4)

Chongqing Emerald Valley is situated in the North New District of Chongqing, which has beautiful view with surrounding hills. The project has a site area of 523,000 square meters, with an aggregate gross floor area of 482,000 square meters. The project comprised mid to high-end residential development of town houses and homes with gardens, and will become a small residential area in French style. The Group holds 30% of interest in the project.

Phase 1 of the project with an area of approximately 108,000 square meters has been completed in 2007. Phase 2 of the project with an area of approximately 62,000 square meters is expected to be completed in 2008. Phase 3 of the project with an area of approximately 111,000 square meters is expected to be completed in 2009. The construction work of phase 4 of the project was commenced in August 2008.

12. Guiyang Poly New Island (Phases 1 & 2)

Located in Wudang District, Guiyang, Guizhou Province, Guiyang Poly New Island is an ecological and cultural property project. The project has a site area of 461,000 square meters and gross floor area of 969,000 square meters. It is a large-scale hot spring residential project featuring culture. The Group holds 66.5% of interest in the project.

Phase 1 of the project has a gross floor area of 234,000 square meters and the low rise residential blocks have passed through inspection and completed. Phase 2 of the project has a gross floor area of 188,000 square meters and its construction work was commenced in first half of 2008, which is currently under foundation work. The sale of project was commenced in June 2007 and June 2008 respectively, and its residential units with a gross floor area of approximately 150,000 square meters is intended to be further launched in the second half of the year.

13. Guiyang Yun Shan International

Located in the core Yanyan District of Guiyang, Poly Yunshan International is a large scale premium real estate development project in the old district of Guiyang, and it will be constructed into a recreational and cultural residential area. The project has a site area of 156,000 square meters and an aggregate gross floor area of 670,000 square meters. The Group holds 60% of interest in the project.

Phase 1 of the project has a site area of approximately 66,000 square meters, with a gross floor area of approximately 310,000 square meters. Its construction work was commenced in the first half of 2008 and is planned to be completed in 2011. The pre-sale of the project is planned to be launched in December 2008 and its residential units with an aggregate gross floor area of 50,000 meters will be launched in the second half of the year.

14. Nanning Poly Upper House

Nanning Poly Upper House is situated in the base of the ASEAN countries liaison section of the ASEAN International Business Area（東盟商務區東盟各國聯絡部基地）, Fengling New District, Nanning. It has a site area of 80,000 square meters and an aggregate gross floor area of 127,000 square meters. Situated approximately one kilometer from the venue of Nanning International Convention and Exhibition Centre, the project is the first town houses and commercial apartments introduced to Nanning. The Group holds 75% of interest in the project.

The project is under construction and is expected to be completed by the end of 2008.

15. Nanning Poly 21st Century Home

Nanning Poly 21st Century Home is situated on the south side of Nanning Minzu Avenue in the Nanning ASEAN International Business Area. It has a site area of 47,000 square meters and an aggregate gross floor area of approximately 190,000 square meters. It is positioned as a high-end energy-saving residential apartment area. The Group holds 75% of interest in the project.

The sale of project was commenced in June 2008 and was offered for pre-sale in June 2008. Its construction work is expected to be completed in 2009.

16. Kunming Poly Ning Hu Feng Jing (Phase 1)

The project located in Anning of Kunming, Yunnan. Poly Ning Hu Feng Jing has a site area of approximately 160,000 square meters and an aggregate gross floor area of 279,000 square meters. The project is designed as a high-class residential community that comprises apartments and commercial facilities.

Phase 1 of the project has a site area of 85,000 square meters and gross floor area of 57,000 square meters. The project is currently under construction and will be completed in 2010. The pre-sale of the project is intended to commence in October 2008 and its residential units with an aggregate gross floor area of approximately 50,000 square meters will be launched.

17. 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 533,000 square meters. It is divided into the south and the north zones. The multi-storey residential district is the combination of European architectural style and Chinese traditional architectural style. The Group holds 51% of interest in the project.

The south zone has a site area of approximately 73,000 square meters and an aggregate gross floor area of 168,000 square meters. Its construction work will be completed in 2008.

18. 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 interest in the project.

Phase 1 of the project has a site area of 122,000 square meters and an aggregate gross floor area of approximately 97,000 square meters. The project is currently under construction and will be completed in 2009. The pre-sale of the project is intended to commence in September 2008, and its residential units with an aggregate gross floor area of 40,000 square meters will be launched in the second half of the year.

19. Harbin Poly Park No. 9 (Phase 1)

Located in interchange of Longxiang Road and Xiangan Street North, Songbei, Harbin Poly Park No. 9 is closely adjacent to Songbei Commercial Central District, Convention and Exhibition Centre and Oumeiya Science Park District (歐美亞科技園區). The entire project has a site area of 172,000 square meters and an aggregate gross floor area of 281,000 square meters. It is planned to develop into a high-quality residential community. The Group holds 51% of interest in the project.

Phase 1 of the project has a site area of 133,000 square meters and gross floor area of approximately 143,000 square meters. The project is currently under construction and will be completed in 2009. The pre-sale of the project is intended to commence in October 2008 and its residential units with an aggregate gross floor area of 60,000 square meters will be launched in the second half of the year.

20. Jinan Poly Garden (Phase 1)

Jinan Poly Garden is situated at Northwest of Jingshi East Road, Cross-over, Jinan. The project, with a site area of approximately 83,000 square meters and an aggregate gross floor area of approximately 266,000 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 interest in the project.

Phase 1 of the project has a site area of 49,000 square meters and an aggregate gross floor area of approximately 156,000 square meters, which will be completed in 2009. The pre-sale of the project is intended to commence in October 2008 and its residential units with an aggregate gross floor area of 54,000 square meters will be launched in the second half of the year.

Land Reserves

During the first half of 2008, the Group acquired a new land parcel located in Shanghai and Wuhan respectively, both has a site area of 120,000 square meters, with a constructible gross floor area of 240,000 square meters and 230,000 square meters respectively at a consideration of RMB818 million and RMB200 million. At present, the Group possesses land reserves of site area 2.65 million square meters and planned gross floor area of approximately 5.45 million square meters in 11 cities, which are sufficient for planned development in the coming two to three years.

List of Land Reserves

Land Parcel	**Site Area** *(square meter)*	**Planned Aggregate Gross Floor Area** *(square meter)*	**Group's Interest**	**Expected Construction Commencement Date**
First-tier cities				
1. Shanghai Poly Garden Phases 3 & 4	66,000	214,000	100%	2nd half of 2008
2. Shanghai Jiading Shuang Dan Lu	119,000	305,000	100%	2009 or later
3. Shanghai Tang Zhen Tang Xing Lu	120,000	241,000	50.1%	1st half of 2009
4. Shanghai Jiangwang Xin Cheng	12,000	14,000	100%	2nd half of 2008
5. Guangzhou City of Poly Phases 2 & 3	124,000	314,000	51%	1st half of 2009

Land Parcel	Site Area	Planned Aggregate Gross Floor Area	Group's Interest	Expected Construction Commencement Date
	(square meter)	*(square meter)*		
Central and south-west regions				
6. Wuhan Poly Royal Palace Phase 3	87,000	318,000	100%	2nd half of 2008
7. Wuhan Yang Garden	30,000	84,000	51%	2009 or later
8. Jin Ying Tan	122,000	230,000	100%	2009 or later
9. Chongqing Poly Spring Villas Phases 2 & 3	143,000	38,000	51%	2nd 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	261,000	75%	1st half of 2009
12. Guiyang Yun Shan International Phases 2 & 3	90,000	360,000	60%	2nd half of 2008
13. Guiyang Poly New Island Phases 3 & 4	155,000	547,000	66.5%	1st half of 2009
14. Guiyang Poly International Plaza	21,000	243,000	66.5%	2nd half of 2008
15. Kunming Poly Ning Hu Feng Jing Phases 2 & 3	75,000	222,000	80%	2nd half of 2008
Other cities				
16. Harbin Shui Yun Chang Tan Phases 2, 3 & 4	445,000	607,000	58%	2nd half of 2008
17. Harbin Yi He Homeland Northern District	78,000	365,000	51%	2nd half of 2008
18. Harbin Poly Park No. 9 Phase 2	39,000	138,000	51%	2nd half of 2008
19. Jinan Poly Garden Phase 2	34,000	110,000	100%	2nd half of 2008
20. Jinan Poly Furong	26,000	84,000	100%	2nd half of 2008
21. Huizhou Bouluo County Project	230,000	269,000	80%	1st half of 2009
Total:	2,651,000	5,449,000		

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 as of 30th June, 2008, with accumulated operating revenue at HK$154 million for the first half of 2008. 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
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#1 Cultural Plaza	133,000	Mall, cinema, theatre, etc.

#1 Based on the gross floor area of the project held by the Group

#2 Based on the 75% equity interest of the building held by the Group

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 1,000 square meters of which is for its own use and approximately 47,000 square meters for leasing.

As of 30th June, 2008, the rental income amounted to RMB42.03 million, an increase of 29% as compared to the corresponding period last year which amounted to RMB32.55 million. The occupancy rate remained at 99% and the average rental rate was RMB5.93/square meter/day, representing an increase of 15% as compared with the corresponding period of last year of RMB5.17/square meter/day. The rental rate for new leases exceeded RMB8.2/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 situated in Beijing is located in a prime site adjacent to embassies of various countries in China and Central Business District (CBD). Poly Plaza is a composite architecture comprised of a four-star hotel with 292 standard rooms and deluxe rooms, offices with an area of 20,000 square meters and a theatre with over 1,300 seats.

In the first half of 2008, the turnover of Poly Plaza amounted to RMB65.70 million. In June 2008, guest room occupancy rate was 73% and the average room rate amounted to RMB689/day/room, representing an increase of RMB53 or 8% as compared with the corresponding period last year. The guest rooms contributed RMB475/day/room, 19.4% higher than that for four-star hotels in Beijing of RMB398/day/room.

3. 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 148,000 square meters (a mall area of approximately 13,000 square meters was sold), is a large-scale cultural and commercial project with functions such as theatre, convention and exhibition, cinema, museum, recreation, entertainment, catering, shopping. Shenzhen Poly Cultural Plaza was opened for use in March 2008 and is now for lease. The Group holds 100% of interests in the project.

4. Hubei Poly White Rose Hotel

White Rose Hotel is situated in Wuhan, Hubei Province and is in close proximity to Hong Shan Plaza in town centre, with a gross floor area of 33,000 square meters. White Rose Hotel was closed temporarily in October 2007 for five star suites renovation, and there will be 320 suites after the renovation work. The renovation work is expected to be completed by the end of 2008.

5. Beijing Legend Garden Villas

Beijing Legend Garden Villas is situated in the Tianzhu high-end villa district next to the capital airport. The villa is the first high-end foreigner-oriented apartment in Beijing. It is surrounded by an exquisite natural environment with comprehensive ancillary facilities.

As of 30th June, 2008, the Group held such project for the purpose of investing properties. For the period, 6 apartments totaling 921 square meters were sold, which generated an income of HK$6.71 million, and residential area of 7,053 square meters was remained. It also held commercial property of 10,808 square meters, with rental and other income for the period amounted to HK$5.04 million.

6. 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 owns 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.

As of 30th June, 2008, the leasing rate reached 100%. The aggregate rental income amounted to HK$2.28 million, representing an increase of 34% compared with the corresponding period last year.

REVIEW OF PROPERTY MANAGEMENT BUSINESS

Shanghai Poly Property Hotel Management Company Limited is a professional company held by the Group and principally engages in the management in high-end properties and hotels. The company 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 HK$17.79 million in first half of the year and managed over 30 property projects with an aggregate gross floor area of 3.97 million square meters, encompassing offices premises, hotels, shopping malls, villas and residentials.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 30th June, 2008, the shareholders' funds of the Group amounted to HK$6,185,515,000 (31st December, 2007: HK$4,669,181,000), while the net asset value per share was HK$3.24 (31st December, 2007: HK$2.83). As at 30th June, 2008, the Group's gearing ratio (on the basis of the amount of total liabilities divided by total assets) was 66% (31st December, 2007: 51%).

As at 30th June, 2008, the Group had outstanding bank loans of HK$5,204,122,000. In terms of maturity, the outstanding bank loans can be divided into HK$1,369,087,000 (26%) to be repaid within one year, HK$1,463,570,000 (28%) to be repaid after one year but within two years, HK$2,154,289,000 (42%) to be repaid after two years but within five years and HK$217,176,000 (4%) to be repaid after five years. In terms of currency denomination, the outstanding bank loans can be divided into HK$4,504,122,000 (87%) in Renminbi and HK$700,000,000 (13%) in Hong Kong dollars.

2% of the bank borrowings of the Group are subject to fixed interest rates and the remaining 98% are subject to floating interest rates. Therefore, under circumstances of interest rates uncertainty or fluctuations or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

As at 30th June, 2008, the Group had net current assets of HK$5,647,250,000 and total bank balances of HK$3,182,269,000 (31st December, 2007: HK$2,665,013,000 and HK$1,829,878,000 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 and Renminbi. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures. Despite the recent mild appreciation of the Renminbi exchange rate, the Board believes that the Renminbi exchange rate will only gradually appreciate by a small percentage in the foreseeable future. In this regard, the Group believes that its exposure to foreign exchange risks is not material.

Pledge of Assets

As at 30th June, 2008, bank deposits amounted to HK$76,084,000 (31st December, 2007: HK$6,679,000), certain of the Group's properties under development of approximately HK$3,182,933,000 (31st December, 2007: approximately HK$1,673,387,000), certain of the Group's investment properties of approximately HK$1,110,683,000 (31st December, 2007: approximately HK$448,570,000), hotel properties, prepaid lease payments, other property, plant and equipment with an aggregate net book value of approximately HK$1,131,906,000 (31st December, 2007: HK$565,815,000) and shares in certain subsidiaries were pledged to secure credit facilities granted to the Group.

Contingent Liabilities

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amount to HK$1,289,432,000 as at 30th June, 2008 (31st December, 2007: HK$nil). Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgaged loans by the buyers of the properties. In the opinion of the Directors, the fair value of such guarantees at initial recognition was insignificant.

STAFF

As at 30th June, 2008, the Group employed about 2,524 (30th June, 2007: 2,320) staff with remuneration for the period amounted to approximately HK$58,468,000. The Group provides its staff with various benefits including year-ended double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

COMPANY PROSPECT

Thanks to great support from our shareholders and management of our specialised management team, the real estate projects of the Group are being progressed as planned. In the second half of 2008, there will be various projects scheduled to commence, realised for sale and generating income. It is expected that turnover of the Group will be increase steadily during the second half of the year.

The Group is truly confident of its development prospects with its core business focuses on investing and development of real estate. Through the support of parent company and our shareholders, the Group will expedite its total transformation to real estate business shortly, while continue to actively and soundly participate in the quality real estate projects in the mainland China, so as to sustain healthy development of the Group, and to realise steady growth in results, thus creating fabulous returns for the shareholders.

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

During the six months period ended 30th June, 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the six months ended 30th June, 2008 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of the Hong Kong Limited.

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

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

AUDIT COMMITTEE

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

By Order of the Board
WANG Xu
Managing Director

Hong Kong, 26th September, 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.