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, 2008

FINANCIAL HIGHLIGHTS

1. Turnover increased by 241% to HK$3,324 million, with property development business making up the greatest proportion of about 85% of the turnover.

2. Profit from continuing operations increased by 26% to HK$275 million.

3. Basic earnings per share from continuing operations decreased by 12% to HK12.22 cents.

4. Final dividend proposed is HK2 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, 2008 with comparative figures for the previous year ended 31st December, 2007 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2008** **HK$'000**	2007 HK$'000
Continuing operations			
Revenue	2	**3,324,368**	973,860
Cost of sales		**(2,520,748)**	(653,523)
Gross profit		**803,620**	320,337
Net (decrease)/increase in fair value of held-for-trading investments		**(37,499)**	24,344
Other income		**136,077**	80,105
Selling expenses		**(169,838)**	(82,645)
Administrative expenses		**(385,426)**	(200,807)
Net increase in fair value of investment properties		**28,676**	269,956
Finance costs	3	**(75,831)**	(41,825)
Gain on disposal of interests in subsidiaries		**–**	229,832
Equity-settled share-based payment expenses		**(32,554)**	–
Discount on acquisition of interests in subsidiaries		**241,488**	–
Impairment loss on available-for-sale investments		**(141,437)**	–
Impairment loss on properties held for sale		**(4,042)**	–
Impairment loss on short-term loan receivables		**(5,959)**	(180,703)
Impairment loss on trade and other receivables		**(4,609)**	(36,974)
Share of results of associates		**2,120**	2,204
Share of results of jointly controlled entities		**(5,682)**	–
Profit before taxation	4	**349,104**	383,824
Income tax expense	5	**(74,590)**	(165,134)
Profit for the year from continuing operations		**274,514**	218,690
Discontinued operations			
Profit for the year from discontinued operations		**–**	207,864
Profit for the year		**274,514**	426,554

	Notes	2008 HK$'000	2007 HK$'000
Attributable to:			
Equity holders of the Company		**222,994**	401,196
Minority interests		**51,520**	25,358
		274,514	426,554
Dividends	*6*	**95,553**	32,473
Earnings per share	*7*		
From continuing and discontinued operations			
– basic		**12.22 cents**	25.90 cents
– diluted		**12.07 cents**	25.19 cents
From continuing operations			
– basic		**12.22 cents**	13.93 cents
– diluted		**12.07 cents**	13.55 cents

CONSOLIDATED BALANCE SHEET

	Notes	2008 *HK$'000*	2007 *HK$'000*
Non-Current Assets			
Investment properties		**3,392,821**	1,959,968
Property, plant and equipment		**1,036,814**	874,777
Prepaid lease payments – non-current portion		**347,265**	339,966
Goodwill		**–**	–
Other intangible asset		**–**	–
Interests in associates		**66,815**	61,635
Interests in jointly controlled entities		**1,422**	–
Available-for-sale investments		**115,847**	430,252
Club membership		**1,130**	1,061
Deposits paid for acquisition of land use rights		**1,275,637**	263,494
Deposit paid for investment in an available-for-sale investment		**–**	32,482
Deferred tax assets		**148,649**	2,064
		6,386,400	3,965,699
Current Assets			
Properties under development		**11,284,857**	3,972,770
Properties held for sale		**509,694**	113,608
Other inventories		**28,045**	14,798
Trade and other receivables	*8*	**605,924**	186,850
Prepaid lease payments – current portion		**9,222**	8,952
Short-term loan receivables		**96,013**	8,181
Held-for-trading investments		**16,526**	62,198
Deposit paid for acquisition of a property development project		**45,506**	–
Amounts due from fellow subsidiaries		**53,771**	35,591
Amount due from a jointly controlled entity		**2,275**	–
Amounts due from minority shareholders of subsidiaries		**72,000**	9,320
Amounts due from a related company		**6,826**	–
Taxation recoverable		**35,683**	1,202
Pledged bank deposits		**51,491**	6,679
Bank balances, deposits and cash		**3,111,903**	1,823,199
		15,929,736	6,243,348

	Notes	2008 HK$'000	2007 HK$'000
Current Liabilities			
Trade and other payables	9	**1,625,823**	1,027,519
Pre-sale deposits		**1,738,770**	508,598
Property rental deposits		**60,142**	24,069
Amount due to ultimate holding company		**826,216**	775,048
Amount due to an intermediate holding company		**1,536,464**	332,262
Amounts due to fellow subsidiaries		**201,493**	195,081
Amounts due to minority shareholders of subsidiaries		**920,960**	369,861
Amount due to an associate		**34,130**	–
Taxation payable		**673,457**	38,637
Bank borrowings – due within one year		**1,552,831**	307,260
		9,170,286	3,578,335
Net Current Assets		**6,759,450**	2,665,013
Total Assets Less Current Liabilities		**13,145,850**	6,630,712
Capital and Reserves			
Share capital		**955,524**	824,379
Reserves		**5,124,537**	3,844,802
Equity attributable to equity holders of the Company		**6,080,061**	4,669,181
Minority interests		**1,076,983**	317,565
Total Equity		**7,157,044**	4,986,746
Non-Current Liabilities			
Bank borrowings – due after one year		**5,245,345**	1,180,979
Loan from a fellow subsidiary		**162,203**	143,703
Deferred tax liabilities		**581,258**	319,284
		5,988,806	1,643,966
		13,145,850	6,630,712

Notes:

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions
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 application 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 not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKAS 39 (Amendment)	Embedded Derivatives[6]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9	Embedded Derivatives[6]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[3]

[1] *Effective for annual periods beginning on or after 1st January, 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009*
[2] *Effective for annual periods beginning on or after 1st January, 2009*
[3] *Effective for annual periods beginning on or after 1st July, 2009*
[4] *Effective for annual periods beginning on or after 1st July, 2008*
[5] *Effective for annual periods beginning on or after 1st October, 2008*
[6] *Effective for annual periods ending on or after 30th June, 2009*

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. HK(IFRIC)-INT 15 specifies the accounting treatment when an entity transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses. In this case, if all the criteria in paragraph 14 of HKAS 18 are met continuously as construction progresses, the entity shall recognise revenue by reference to the stage of completion using the percentage of completion method. The directors of the Company anticipate that the application of the other new and revised standards, amendments 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 (2007: five) 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, 2008

	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*	Total *HK'000*
By principal activity							
REVENUE							
External revenue	2,832,185	272,924	90,187	117,116	11,956	–	3,324,368
Inter-segment revenue*	–	23,665	9,147	–	218,106	(250,918)	–
Total revenue	2,832,185	296,589	99,334	117,116	230,062	(250,918)	3,324,368
SEGMENT RESULT	169,372	146,831	(6,972)	10,809	(166,688)	–	153,352
Unallocated income							105,078
Unallocated expenses							(71,421)
Finance costs							(75,831)
Discount on acquisition of interests in subsidiaries	241,488	–	–	–	–	–	241,488
Share of results of associates	2,120	–	–	–	–	–	2,120
Share of results of jointly controlled entities	–	–	–	(5,682)	–	–	(5,682)
Profit before taxation							349,104
Income tax expense							(74,590)
Profit for the year							274,514

* *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	5,311	3,319,057	3,324,368

For the year ended 31st December, 2007

	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	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 *HK$'000*	**The PRC** *HK$'000*	**Total** *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.

3. Finance costs

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank and other borrowings:						
– wholly repayable within five years	**536,690**	161,656	**–**	31,966	**536,690**	193,622
– not wholly repayable within five years	**711**	2,736	**–**	–	**711**	2,736
Imputed interest expense on non-current interest-free borrowings	**8,869**	10,514	**–**	–	**8,869**	10,514
Total borrowing costs	**546,270**	174,906	**–**	31,966	**546,270**	206,872
Less: amounts capitalised	**(470,439)**	(133,081)	**–**	–	**(470,439)**	(133,081)
	75,831	41,825	**–**	31,966	**75,831**	73,791

4. Profit before taxation

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit before taxation has been arrived at after charging and (crediting):–						
Amortisation of other intangible asset (included in administrative expenses)	**–**	926	**–**	–	**–**	926
Amortisation of prepaid lease payments (included in administrative expenses)	**8,987**	8,667	**–**	2,072	**8,987**	10,739
Depreciation of property, plant and equipment	**58,275**	42,550	**–**	52,146	**58,275**	94,696
Total depreciation and amortisation	**67,262**	52,143	**–**	54,218	**67,262**	106,361
Loss on disposal of investment properties	**–**	2,927	**–**	–	**–**	2,927
Loss (gain) on disposal of property, plant and equipment	**1,460**	1,421	**–**	(29)	**1,460**	1,392

5. Income tax expense

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	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	**140,079**	47,583	**–**	6,409	**140,079**	53,992
– over-provision in prior year	**(6,619)**	–	**–**	–	**(6,619)**	–
	133,460	47,583	**–**	6,409	**133,460**	53,992
Land appreciation tax ("LAT")	**43,107**	7,925	**–**	–	**43,107**	7,925
Deferred taxation						
– current year	**(101,977)**	55,660	**–**	–	**(101,977)**	55,660
– attributable to a change in tax rate	**–**	53,966	**–**	–	**–**	53,966
	(101,977)	109,626	**–**	–	**(101,977)**	109,626
	74,590	165,134	**–**	6,409	**74,590**	171,543

Hong Kong Profits Tax is calculated at 16.5% (2007: 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.

For the year ended 31st December, 2007, 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.

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.

Certain PRC subsidiaries are also subject to the PRC LAT which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction costs.

6. Dividends

	2008	2007
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2007 final dividend of HK$0.05 (2007: HK$0.02 for 2006) per share	**95,553**	32,473

No interim dividend was paid for both years.

A final dividend for the year ended 31st December, 2008 of HK$0.02 (2007: HK$0.05) 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:

	2008	2007
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to equity holders of the Company:		
– Continuing operations	**222,994**	215,811
– Discontinued operations	**–**	185,385
	222,994	401,196

	2008	2007
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,825,039,971**	1,548,790,810
Effect of dilutive potential ordinary shares on share options	**22,494,260**	43,832,205
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,847,534,231**	1,592,623,015

8. Trade and other receivables

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**398,565**	71,182
Less: Allowance for doubtful debts	**(12,915)**	(7,647)
	385,650	63,535
Other receivables (net of allowance of HK$38,242,000 (2007: HK$36,164,000))	**220,274**	123,315
Total trade and other receivables	**605,924**	186,850

The credit terms in connection with sale of properties granted to the customers are set out in the sale and purchase agreements and vary from agreements. There is no concentration of credit risk with respect to trade receivables arise from sale of properties as the Group has numerous customers. In respect with sales of goods granted to trade customers, the Group allows an average credit period of 30 to 90 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:-

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	**333,241**	48,445
31 to 90 days	**19,034**	10,805
More than 90 days	**33,375**	4,285
	385,650	63,535

9. Trade and other payables

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

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	**937,051**	609,237
31 to 90 days	**11,829**	6,780
More than 90 days	**73,772**	61,292
Total trade payables	**1,022,652**	677,309
Bills payable, aged within 90 days	**–**	1,068
Other payables	**603,171**	349,142
	1,625,823	1,027,519

The average credit period is 90 days. The Group has financial risk management policies in place to ensure that all payable is within the credit time frame.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK$0.02 per share (2007: HK$0.05) for the year ended 31st December, 2008. The proposed final dividend will be paid on 12th June, 2009 to the shareholders whose names appear on the register of members of the Company on 3rd June, 2009 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 1st June, 2009 to 3rd June, 2009 (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 29th May, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall operating conditions

In 2008, the Group recorded a turnover of HK$3,324,368,000 (corresponding period in 2007: HK$973,860,000), representing an increase of 241% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$222,994,000 (corresponding period in 2007: a profit of HK$401,196,000), representing a decrease of HK$178,202,000 as compared with the corresponding period last year. Basic earnings per share was HK12.22 cents (corresponding period in 2007: HK25.90 cents), while diluted earnings per share was HK12.07 cents (corresponding period in 2007: HK25.19 cents).

As at 31st December, 2008, total shareholders' equity of the Group amounted to HK$6,080,061,000 (31st December, 2007: HK$4,669,181,000) and net book asset value per share was HK$3.18 (31st December, 2007: HK$2.83).

REAL ESTATE DEVELOPMENT BUSINESS

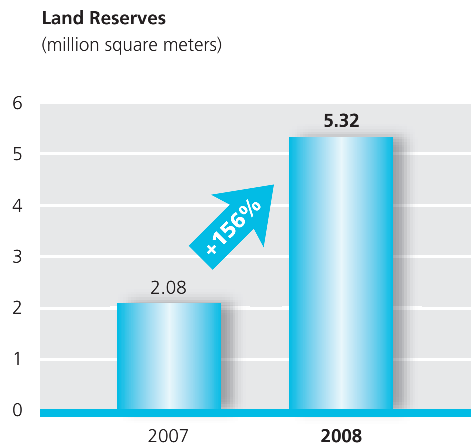
During the period, 11 new projects with a gross floor area of approximately 2,210,000 square meters have commenced construction works. 6 projects were launched continuously and 10 projects were newly launched with a pre-sale and sale area of approximately 570,000 square meters. 5 projects with a gross floor area of approximately 580,000 square meters have been completed and delivered.

As at 31st December, 2008, the Group had over 29 land reserves under different development stages and projects under construction with a gross floor area of approximately 9,280,000 square meters, representing an increase of 190% as compared with 3,200,000 square meters in 2007. Its regional distribution is as follows:

Unit ('000 square meters)

Gross Floor Area	
First – Tier Cities	**1,837**
– Shanghai	1,190
– Shenzhen	91
– Guangzhou	556
Second – Tier Cities in Central and South-western Region	**5,473**
– Wuhan	1,097
– Chongqing	331
– Guiyang	2,693
– Nanning	1,073
– Kunming	279
Other Major Second – Tier Cities	**1,968**
– Harbin	1,349
– Jinan	350
– Huizhou	269
Total:	**9,278**

COMPARISON BETWEEN THE 2007 AND 2008 AGGREGATE GROSS FLOOR AREA OF PROJECTS UNDER CONSTRUCTION AND LAND RESERVES



SALES

In 2008, the pre-sale and sale areas of the 16 projects totaled 573,000 square meters, representing an increase of 32% as compared with 435,000 square meters in 2007. The pre-sale and sale amount totaled RMB3.73 billion, representing an increase of 66% as compared with RMB2.25 billion in 2007. During the period, the sales of various projects recorded satisfactory results and met the expected target set at the beginning of the year:

- Projects located in Shanghai have recorded overwhelming market response. Town houses in Shanghai Poly Town 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. Shanghai Poly Noble Duke was also the hotspot in Tang Town, Shanghai, which also accomplished remarkable results of sales.

- In Shenzhen and Guangzhou, although the real estate market was affected by the national macro-adjustment in the first half of 2008 and the market price generally went down significantly as a result of the global financial tsunami in the second half of the year, the sales of projects of the Group have recorded satisfactory sales with a slight downward adjustment of selling prices as compared with our expected target. The Group launched 616 units in Shenzhen Sea Songs Garden and recorded an accumulated sale of over 95%. Guangzhou City of Poly has even drawn a flock of purchasers queuing up and become the talk of the town.

- The Group has been a leading real estate developer in Central and South-Western Regions such as Nanning and Guiyang. The sales of the projects have recorded excellent results and well exceeded expectations. Over 90% of Guiyang Clouds Hill International comprising 320 units was sold out on the first day of launch. The Group launched 785 units in Guiyang Poly Newisland Phase 2 and recorded an accumulated sale of over 86%. The Group also launched 528 units in Nanning Poly Century at a higher price as compared with other projects in the same region and recorded an accumulated sale of over 62%.

- Except for the slowdown of sales in Harbin and Wuhan, the sales of other projects basically met our expectations. Jinan Poly Lotus comprising 546 units has well performed and over 70% of its units were sold out on the first day of launch with an accumulated sale of 94%.

In 2009, the Group will newly offer 5 projects for sale and 16 projects for continuous launch with a saleable gross floor area of 1,200,000 square meters for the year.

SALE AND PRE-SALE FOR 2008/2009

		Sale and pre-sale area in 2008 *('000 square meter)*	**Saleable area in 2009** ***('000 square meter)***
Launch in 2008			
1.	Shanghai Poly Town	37	**70**
2.	Shanghai Tang Dynasty Garden	29	**–**
3.	Shanghai Poly Noble Duke	31	**70**
4.	Guangzhou City of Poly	38	**110**
5.	Shenzhen Sea Songs Garden	53	**7**
6.	Wuhan Poly Royal Palace	53	**100**
7.	Chongqing Poly Spring Villa	3	**21**
8.	Chongqing Emerald Valley	62	**80**
9.	Guiyang Poly Newisland	80	**150**
10.	Guiyang Clouds Hill International	36	**110**
11.	Nanning Poly Century	24	**100**
12.	Nanning Poly Upper House	50	**25**
13.	Harbin Poly The Water's Fragrant Dike	12	**50**
14.	Poly Harbin Contemporary No. 9 Park Life	4	**70**
15.	Harbin Yi He Homeland Southern District	10	**3**
16.	Jinan Poly Lotus	51	**21**
New launch in 2009			
1.	Shanghai Poly Lakeside Garden	–	**19**
2.	Shanghai Poly Villa Town	–	**12**
3.	Kunming Sunny Lake & Splendid Life	–	**50**
4.	Nanning Shan Shui Yi Cheng	–	**40**
5.	Jinan Poly Garden	–	**100**
Total:		573	**1,208**

PROJECTS UNDER CONSTRUCTION

Currently, the Group has 19 projects under construction, of which 23.4% were located in the first-tier cities of the country, 60.0% were located in the central and south-western regions and 16.6% were located in other cities. During the period, 5 projects developed by the Group were completed and delivered, namely Shanghai Jinli Apartments, Shanghai Tang Dynasty Garden, Chongqing Spring Villa Phase 1, Emerald Valley Phase 2 and Harbin Yi He Homeland Southern District.

SUMMARY FOR PROJECTS

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 has topped-out and is expected to be completed in 2010.

2. Shanghai Poly Town (Phases 1 to 3)

Shanghai Poly Town is situated in the central area of Jiading New City, Jiading District, Shanghai, occupying a site area of approximately 169,000 square meters. The residential area, which has an aggregate gross floor area of approximately 409,000 square meters, comprise an apartment area integrating both commercial, residential premises, town houses with ample services and facilities. In 2007, Shanghai Poly Town was awarded with "Homely Residential Area in China（中國親情式住宅小區）". In 2008, Shanghai Poly Town was awarded with the "Model of Social Harmony Award" by China Real Estate Business and IRETO. The Group holds 100% of interests in the project.

Phase 1 of the project has an aggregate gross floor area of approximately 113,000 square meters. The town houses have been completed and delivered while the residential premises are under the construction phase of main structure work. Phases 2 & 3 of the project have an aggregate gross floor area of 196,000 square meters and their construction works was commenced at the end of 2008. The whole project will be completed and delivered by the end of 2008 to early 2012 by phases. The project was launched for pre-sale in April 2008. As at the end of 2008, town houses and residential units with a gross floor area of approximately 36,000 square meters have sold out.

3. Shanghai Poly Lakeside Garden (Phase 1) (originally the land parcel in Shanghai Jiading)

Shanghai Poly Lakeside Garden is situated in the southeast corner of Jiading New City, Jiading District, Shanghai, occupying a site area of approximately 119,000 square meters with an aggregate gross floor area of approximately 276,000 square meters. The project is located at the educational area with comprehensive facilities in Jiading New City. By linking the urban areas with the Shanghai Lightrail Line 11 being planned, this project is conveniently located and will become an important residential area of Jiading with approximately 2,300 households. The Group holds 100% of interests in the project.

Phase 1 of the project has an aggregate gross floor area of approximately 56,000 square meters and has commenced the piling works. It is intended that the pre-sale of the project will commence in October 2009 and will deliver by 2010.

4. Shanghai Poly Noble Duke (Phases 1 and 2)

Shanghai Poly Noble Duke is 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. Adjacent to Zhangjiang Hi-Tech Park (張江高科技園區), 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 interests in the project.

The project is at the stage of main structure construction. It is expected that the construction of Phase 1 to be completed by the end of 2009 and Phase 2 to be completed in 2010. The pre-sale of the project commenced in September 2008 and as at the end of 2008, the accumulated sales of residential units amounted to a gross floor area of approximately 31,000 square meters.

5. Guangzhou City of Poly (Phase 1)

Guangzhou City of Poly 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 249,000 square meters and an aggregate gross floor area of approximately 556,000 square meters. It will be developed into a residential complex comprising villas, condominiums and high-rise apartments. In 2008, Guangzhou City of Poly was awared with the "Golden Garden Award" and "Golden Planning Award" by Nanfang Metropolis News, and "The Most Popular Real Estate Award for 2008" by "Soufun". The Group holds 51% of interests in the project.

Phase 1 of the project with a gross floor area of approximately 223,000 square meters has topped-out. It is expected that the project will be completed in 2009. The pre-sales of Phase 1 commenced in September 2008, launching high-rise apartments with a gross floor area of approximately 94,000 square meters. As at the end of 2008, the accumulated sales amounted to a gross floor area of approximately 38,000 square meters.

6. Shenzhen Seas Songs Garden

Situated in Haibin Avenue（海濱大道）, Xixiang Town, Bao'an District, Shenzhen, Shenzhen Seas Songs Garden 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 high-rise residential towers. The Group holds 51% of interests in the project.

The sales of the project commenced in April 2008. As at the end of 2008, the accumulated sales of residential units reached a gross floor area of approximately 52,000 square meters with a sales rate of about 95%. The construction of the project has been completed at the beginning of 2009 and the project has started to deliver.

7. Wuhan Poly Cultural Plaza

Wuhan Poly Cultural Plaza is located in an interchange of Zhongnan Road and Mingzhu Road in Wuchang, Wuhan (at the central region of Hong Shan Plaza), 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 project has a site area of approximately 12,000 square meters and an aggregate 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 interests in the project.

The project is under the construction phase of underground structure work and is expected to be completed in 2012.

8. Wuhan Poly Royal Palace (Phases 1 and 2)

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. The project has a site area of approximately 212,000 square meters and an aggregate gross floor area of approximately 640,000 square meters and will be constructed into a medium and high-end scenic residential area. In 2009, Poly Royal Palace was awarded with the "Outstanding Project of Residence in China for 2009" in the 9th China Real Estate Industry Development Annual Conference, which is the only real estate in Wuhan being awarded with this award. The Group holds 100% of interests in the project.

Phase 1 of the project has an aggregate gross floor area of approximately 208,000 square meters which is under construction and is planned to be completed in 2009. The pre-sales of Phase 1 of the project has commenced in December 2007. As at the end of 2008, the accumulated pre-sales of residential units amounted to a gross floor area of approximately 63,000 square meters. Phase 2 of the project has an aggregate gross floor area of approximately 114,000 square meters. Its construction has officially commenced in the first half of 2008 and is expected to be completed in 2010.

9. Chongqing Emerald Valley (Phases 3 and 4)

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 approximately 523,000 square meters, with aggregate gross floor area of approximately 482,000 square meters. The project comprised medium and high-end residential development of town houses and homes with gardens and will become a small residential district in French style. The Group holds 30% of interests in the project.

The construction of Phase 1 of the project, which has area of approximately 108,000 square meters, was completed at the end of 2007. Construction of Phase 2 of the project, which has an area of approximately 62,000 square meters, was completed in 2008. Phase 3 of the project, which has an area of approximately 111,000 square meters, is expected to be completed in 2009. Phase 4 of the project is expected to be completed in 2010. As at the end of 2008, the accumulated pre-sales and sales of residential units amounted to a gross floor area of approximately 210,000 square meters.

10. Guiyang Poly Newisland (Phases 1 and 2)

Located in Wudang District, Guiyang, Guizhou Province, Guiyang Poly Newisland has a site area of approximately 482,000 square meters and gross floor area of approximately 1,005,000 square meters. It will be constructed into a large-scale hot spring cultural residential project. In December 2008, the project was awarded the silver medal of "International Garden Community"(「國際花園社區」) in the competition of "2008 International Garden City and International Garden Community"(「2008年度國際花園城市與國際花園社區」), organized by IFPRA(國際公園協會). It was the only property in the western region awarded a prize for the year and also the first residential project in Guizhou Province awarded such a big prize. In addition, "Poly International Hot Spring Center"(「保利國際溫泉中心」) of the project officially passed the assessment of the quality ranking of national tourist attraction on 7th December, 2008 and ranked 4A national tourist attraction. It has become the only 4A hot spring tourist attraction in Guizhou Province, or even the south-western region. The Group holds 66.5% of interests in the project.

The gross floor area of the Phase 1 of the project amounted to approximately 234,000 square meters and the construction of part of the high-rise units was completed and passed through inspection. The gross floor area of Phase 2 of the project amounted to approximately 188,000 square meters. The construction commenced in the first half of 2008 and is expected to be completed by the end of 2009. The sales of Phases 1 and 2 of the project commenced in mid-2007 and the second half of 2008 respectively. As at the end of 2008, the accumulated sales of residential units and villas amounted to a gross floor area of approximately 188,000 square meters.

11. Guiyang Clouds Hill International (Phase 1)

Located in Yunyan District of Guiyang, Guiyang Clouds Hill International Project is a quality real estate which is scarce and can be developed on a large scale in the old city of Guiyang. It will be developed into a leisure and cultural residential zone in Guiyang. The project has a site area of approximately 156,000 square meters and an aggregate gross floor area of almost 670,000 square meters. The Group holds 60% of interests in the project.

Phase 1 of the project has a site area of approximately 66,000 square meters and a gross floor area of approximately 310,000 square meters. Its construction commenced in the first half of 2008 and is expected to be completed in 2011. The pre-sales of Phase 1 commenced in November 2008. As at the end of 2008, the accumulated sales of residential units amounted to a gross floor area of approximately 36,000 square meters.

12. 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 approximately 80,000 square meters and an aggregate gross floor area of approximately 127,000 square meters. Situated approximately one kilometer from the 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.

The construction of part of the residential area was completed at the end of 2008 and has started to deliver to buyers. The construction of the remaining of approximately 50,000 square meters will be completed in mid-2009.

13. Nanning Poly Century

Nanning Poly Century is situated on the south side of Nanning Minzu Avenue in the Nanning ASEAN International Business Area. It has a site area of approximately 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 interests in the project.

The pre-sales of the project commenced in July 2008. As at the end of 2008, the accumulated sales of residence amounted to a gross floor area of approximately 24,000 square meters. The project is expected to be completed and delivered by the end of 2009.

14. Nanning Shan Shui Yi Cheng

Located in the Dong Gou Ling New District, Xingning District, Nanning, Nanning Shan Shui Yi Cheng is adjacent to the Xingning District Government. The project has a site area of approximately 67,000 square meters and an aggregate gross floor area of approximately 271,000 square meters. It is planned to construct a high-rise residential area with 21 buildings of 15-18 storeys. The Group holds 75% of interests in the project.

The construction of the project commenced in December 2008 and is expected to be completed in 2011. The pre-sales is scheduled to commence in mid-2009.

15. Kunming Sunny Lake & Splendid Life (Phases 1 and 2)

The project is located in Anning of Kunming, Yunnan. It has a site area of approximately 160,000 square meters and an aggregate gross floor area of approximately 279,000 square meters. It is planned to develop into an integrated high-end residential and commercial area.

The project is divided into two phases and is at the stage of construction. The construction of Phase 1 and Phase 2 is expected to be completed in 2009 and 2010 respectively. The Group holds 80% of interests in the whole project. The pre-sales of Phase 1 is scheduled to commence in the first half of 2009.

16. Harbin Poly The Water's Fragrant Dike (Phases 1 and 2)

Harbin Poly The Water's Fragrant Dike is adjacent to the Harbin 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 approximately 567,000 square meters and an aggregate gross floor area of approximately 703,000 square meters. It is planned to be developed into a large-scale low density residential area mainly comprising of villas. The Group holds 58% of interests in the project.

Phase 1 of the project has a site area of 122,000 square meters and a gross floor area of approximately 97,000 square meters. Construction of part of it commenced in the beginning of 2009 and has started to deliver. Phase 2 of the project has a site area of approximately 196,000 square meters and a gross floor area of approximately 179,000 square meters. Construction of Phase 2 commenced in mid-2008 and is at the stage of construction and is expected to be completed by the end of 2010. The pre-sales of Phase 1 commenced in September 2008. As at the end of 2008, the accumulated sales of residential units amounted to a gross floor area of approximately 12,000 square meters.

17. Poly Harbin Contemporary No. 9 Park Life (Phase 1)

Located in interchange of Longxiang Road and Xiangan Street North, Songbei, Poly Harbin Contemporary No. 9 Park Life 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 approximately 172,000 square meters and an aggregate gross floor area of approximately 281,000 square meters. It is planned to develop into a high quality residential community. The Group holds 51% of interests in the project.

Phase 1 of the project has a site area of approximately 133,000 square meters and a gross floor area of approximately 143,000 square meters. The project is currently under construction and will be completed in the second half of 2009. The pre-sales of Phase 1 commenced in October 2008 and as at the end of 2008, the accumulated sales of residential units amounted to a gross floor area of approximately 3,700 square meters.

18. Jinan Poly Garden (Phase 1)

Jinan Poly Garden is situated at 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 interests 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. It is currently under construction and is expected to be completed at the end of 2009. The pre-sales of Phase 1 is intended to commence in the first half of 2009.

19. Jinan Poly Lotus

Located in Lixia District of Jinan, Jinan Poly Lotus is adjacent to Daming Lake. The project has a site area of 26,000 square meters and an aggregate gross floor area of approximately 84,000 square meters. It will be developed into a residential area. The Group holds 100% of interests in the entire project.

The project is currently under construction and is expected to be completed in 2010. The pre-sales of the project commenced in October 2008. As at the end of 2008, the accumulated sales of residential units amounted to an area of approximately 50,000 square meters.

TABLE FOR PROJECTS UNDER CONSTRUCTION

unit:'000 square meters

Project		Site Area	Aggregrate Gross Floor Area	Group's Interest	Expected Completion and Delivery Year
First-tier cities					
1.	Shanghai Poly Square	27	102	90%	2010
2.	Shanghai Poly Town Phases 1, 2 & 3	136	309	100%	Phase 1 2009
3.	Shanghai Poly Lakeside Garden Phase 1 (originally the land parcel in Shanghai Jiading)	24	56	100%	2010
4.	Shanghai Poly Noble Duke Phases 1 & 2	75	146	50.1%	Phase 1 2009
5.	Guangzhou City of Poly Phase 1	125	223	51%	2009
6.	Shenzhen Sea Songs Garden	35	91	51%	2009
Central and south-western region					
7.	Wuhan Poly Cultural Plaza	12	143	100%	2012
8.	Wuhan Poly Royal Palace Phases 1 & 2	112	322	100%	Phase 1 2009
9.	Chongqing Emerald Valley Phases 3 & 4	290	312	30%	Phase 3 2009
10.	Guiyang Poly Newisland Phases 1 & 2	306	422	66.5%	2009
11.	Guiyang Clouds Hill International Phase 1	66	310	60%	2011
12.	Nanning Poly Upper House	80	127	75%	2009
13.	Nanning Poly Century	47	190	75%	2009
14.	Nanning Shan Shui Yi Cheng	67	271	75%	2011
15.	Kunming Sunny Lake & Splendid Life Phases 1 & 2	160	279	80%	Phase 1 2009
Other cities					
16.	Harbin Poly The Water's Fragrant Dike Phases 1 & 2	318	276	58%	Phase 1 2009
17.	Poly Harbin Contemporary No.9 Park Life Phase 1	133	143	51%	2009
18.	Jinan Poly Garden Phase 1	49	156	100%	2009
19.	Jinan Poly Lotus	26	84	100%	2010
Total:		2,088	3,962		

LAND RESERVES

During 2008, the Group acquired a new land parcel located in Shanghai and Wuhan respectively, with a total site area of 240,000 square meters and a total constructible gross floor area of 470,000 square meters. In addition, the Group successfully acquired a parcel of land in Wudang District, Guiyang in February 2009. Adjacent to Guiyang Poly Newisland, the land has an area of approximately 448,000 square meters and a constructible gross floor area of 775,000 square meters. At present, the Group possesses land reserves of site area of approximately 2,700,000 square meters and planned gross floor area of approximately 5,320,000 square meters in 9 cities, which are sufficient for planned development in the coming two to three years.

List of land reserves

	Land Parcel	**Site Area** ('000 square meters)	**Planned Aggregate Gross Floor Area** *('000 square meters)*	**Group's Interest**	**Expected Construction Commencement Date**
First-tier cities					
1	Shanghai Poly Town Phase 4	33	100	100%	2009 or later
2	Shanghai Poly Lakeside Garden Phase 2 (originally the land parcel in Shanghai Jiading)	95	220	100%	2009 or later
3	Shanghai Tang Zhen Tang XingLu +	120	241	50.1%	1st half of 2009
4	Shanghai Poly Villa Town(originally the land parcel in Jiangwang Xin Cheng)	12	16	100%	1st half of 2009
5	Guangzhou City of Poly Phases 2 & 3	124	333	51%	1st half of 2009

Land Parcel		Site Area	Planned Aggregate Gross Floor Area	Group's Interest	Expected Construction Commencement Date
		('000 square meters)	*('000 square meters)*		
Central and south-western region					
6	Wuhan Poly Royal Palace Phase 3	87	318	100%	1st half of 2010
7	Wuhan Yang Yuan	30	84	51%	To be confirmed
8	Wuhan Jin Yin Tan +	122	230	100%	To be confirmed
9	Chongqing Poly Spring Villa Phases 2 & 3	143	19	51%	1st half of 2009
10	Nanning Long Hu Lan Wan	568	485	75%	2nd half of 2009
11	Guiyang Poly Newisland Phases 3 & 4	176	583	66.5%	1st half of 2009
12	Guiyang Clouds Hill International Phases 2 & 3	90	360	60%	1st half of 2010
13	Guiyang Wu Dang District South Eastern Part +	448	775	66.5%	1st half of 2010
14	Guiyang Poly International Plaza	21	243	66.5%	1st half of 2009
Other Cities					
15	Harbin Poly The Water's Fragrant Dike Phases 3 & 4	249	427	58%	1st half of 2010
16	Harbin Yi He Homeland Northern District	78	365	51%	2nd half of 2009
17	Poly Harbin Contemporary No.9 Park Life Phase 2	39	138	51%	1st half of 2010
18	Jinan Poly Garden Phase 2	34	110	100%	1st half of 2009
19	Huizhou Bouluo County Project	230	269	80%	2nd half of 2009
Total :		2,699	5,316		

\+ *Acquired in 2008 and early 2009*

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. As at 31st December, 2008, the Group held a gross floor area of approximately 300,000 square meters, with the accumulated operating revenue for 2008 at RMB263.3 million. Such properties have continually recorded a high occupancy rate and have become a stable, long term source of income for the Group.

List of Investment Properties

Location	**Project**	**Gross Floor Area** *('000 square meters)*	**Category**
Shanghai	Shanghai Stock Exchange building[#1]	48	Office building
Beijing	Poly Plaza[#2]	71	Office building, hotel and theatre
Beijing	Beijing Legend Garden Villas[#1]	9	Apartment, villa, commercial
Wuhan	Hubei Poly White Rose Hotel	33	Hotel
Hong Kong	25th Floor, Tower 1, Admiralty Centre	2	Office building
Shenzhen	Shenzhen Poly Cultural Plaza	135	Mall, cinema, theatre, etc.
Total:		298	

#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 financial institutions such as Credit Suisse, CITIC Securities 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.

As at 31st December, 2008, the rental income amounted to RMB88.6 million, an increase of 22.2% as compared to RMB72.47 million in the corresponding period last year. The occupancy rate remained at 98% and the average rental rate was RMB6.16/square meter/day, representing an increase of 12% as compared with the rental rate of RMB5.49/square meter/day in the corresponding period last year. The rental rate for new leases exceeded RMB8.2/square meter/day as a result of the robust economic development in Shanghai in 2008. Looking ahead in 2009, the rental rate for new leases and the overall occupancy rate may decrease slightly.

2. **Beijing 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.

As at the end of 2008, its turnover amounted to RMB130.50 million, representing an increase of 9.9% as compare with RMB118.80 million in the corresponding period last year. Poly Plaza was appointed as the designated Olympic Games hotel in 2008. The guest room occupancy rate maintained at approximately 70% for the year and the average room rate amounted to RMB825/day/room, representing an increase of 25% as compared with the average room rate of RMB659/day/room in the corresponding period last year. In the meantime, the office occupancy rate maintained at a high level of 99.7%.

3. Shenzhen Poly Cultural Plaza

Shenzhen Poly Cultural Plaza is situated in the core area of Nanshan Commercial and Cultural Centre in Shenzhen. The Plaza, with an aggregate gross floor area of over 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 the rental income of the plaza amounted to RMB32.30 million in 2008. 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 approximately 33,000 square meters. White Rose Hotel is now closed temporarily for renovation. The hotel will be upgraded from four-star to five-star with 320 suites and catering and entertainment facilities after the renovation work. The renovation work is expected to be completed by the second quarter of 2009.

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 real estate project in Beijing. It is surrounded by an exquisite natural environment and conveniently located with only 15 minutes drive from the 燕莎商圈. The Group holds this project for property investment purpose.

The Group held residential units and commercial property with an area of approximately 3,816 square meters and approximately 5,550 square meters respectively. As at 31st December, 2008, the income for the year amounted to RMB7.80 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 31st December, 2008, the aggregate rental income amounted to HK$4.50 million, representing an increase of 20% as 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 of hotels and high-end properties. 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 RMB346,000 in 2008 and managed over 40 property projects with an aggregate gross floor area of 3.69 million square meters, encompassing offices premises, hotels, shopping malls, villas and residentials.

COMPANY PROSPECT

In the opinion of the Group, the continuous and steady growth of the PRC's economy, gradual increase in urban population, continual improvements of the old towns and the residents becoming more demanding on living quality and environment have provided with various development opportunities for the real estate industry in the PRC. Although the real estate market in the PRC have undergone adjustments for over a year, the real estate market has shown positive signs under the "RMB4,000 billion plan for stimulating economic" and credit easing policies issued by the PRC government recently. The Group believes that the steady growth of the PRC's economy will gradually revive investors' confidence towards the real estate market and the Group is optimistic about the long-term and healthy development of the real estate market in China

Looking ahead, the addition of real estate projects into the Group's assets by the parent during the past two years gradually yields returns. The gain for each project has been emerging progressively since 2009. In 2009, the Group will newly offer 5 new projects and 16 projects for continuous launch with a saleable gross floor area of approximately 1,200,000 square meters. Operating revenue and profit of the Group are expected to grow steadily.

As the sole overseas flagship of the China Poly Group, the Group is confident about its future prospects of development. Looking forward, the Group will strive to grasp rare opportunities under the ever-changing circumstances and continuously solidify its leading position in the market, in order to maintain a constant and healthy development for the Group and in turn create fruitful returns for our shareholders.

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, 2008 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, 2008.

By Order of the Board
Wang Xu
Managing Director

Hong Kong, 30th March, 2009

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.