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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, 2009

FINANCIAL HIGHLIGHTS

1. Turnover increased by 116% to HK$7,197 million, with property development business making up the greatest proportion of about 92% of the turnover.

2. Profit for the year increased by 197% to HK$816 million.

3. Basic earnings per share increased by 145% to HK30 cents.

4. Final dividend proposed is HK4.4 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, 2009 with comparative figures for the previous year ended 31st December, 2008 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2009** **HK$'000**	2008 *HK$'000*
Revenue	*2*	**7,196,898**	3,324,368
Cost of sales		**(5,518,651)**	(2,520,748)
Gross profit		**1,678,247**	803,620
Net increase in fair value of investment properties		**49,885**	28,676
Other income		**82,823**	136,077
Selling expenses		**(243,521)**	(169,838)
Administrative expenses		**(509,033)**	(385,426)
Net decrease in fair value of held-for-trading investments		**(741)**	(37,499)
Gain on partial disposal of interest in a subsidiary		**196,797**	–
Equity-settled share-based payment expenses		**(7,060)**	(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		**(13,083)**	(4,042)
Impairment loss on short-term loan receivables		**–**	(5,959)
Impairment loss on trade and other receivables		**(3,360)**	(4,609)
Finance costs	*3*	**(86,327)**	(75,831)
Share of results of associates		**(6,834)**	2,120
Share of results of jointly controlled entities		**(7,506)**	(5,682)
Profit before taxation	*4*	**1,130,287**	349,104
Income tax expense	*5*	**(314,127)**	(74,590)
Profit for the year		**816,160**	274,514
Attributable to:			
Owners of the Company		**662,114**	222,994
Non-controlling interests		**154,046**	51,520
		816,160	274,514
Dividends	*6*	**38,221**	95,553
Earnings per share	*7*		
– Basic		**30.00 cents**	12.22 cents
– Diluted		**29.67 cents**	12.07 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009	2008
	HK$'000	*HK$'000*
Profit for the year	**816,160**	274,514
Other comprehensive income		
Exchange differences arising on translation of net investment in foreign operations	**–**	243,475
Change in fair value of available-for-sale investments	**230,493**	(205,526)
(Loss) gain on revaluation of hotel properties	**(86,400)**	22,489
Deferred tax asset/(liability) arising on revaluation of hotel properties	**21,600**	(5,622)
Other comprehensive income for the year, net of tax	**165,693**	54,816
Total comprehensive income for the year	**981,853**	329,330
Attributable to:		
Owners of the Company	**839,964**	244,091
Non-controlling interests	**141,889**	85,239
	981,853	329,330

CONSOLIDATED BALANCE SHEET

	Notes	2009 HK$'000	2008 HK$'000
Non-Current Assets			
Investment properties		**4,476,339**	3,392,821
Property, plant and equipment		**1,111,026**	1,036,814
Prepaid lease payments – non-current portion		**400,829**	347,265
Goodwill		**790,716**	–
Interests in associates		**164,025**	66,815
Interests in jointly controlled entities		**1,630**	1,422
Available-for-sale investments		**346,340**	115,847
Club membership		**1,130**	1,130
Deposits paid for acquisition of land use rights		**2,789,257**	1,275,637
Deposits paid for acquisition of subsidiaries		**186,742**	–
Deferred tax assets		**93,003**	148,649
		10,361,037	6,386,400
Current Assets			
Properties under development		**14,335,346**	11,284,857
Properties held for sale		**2,068,511**	509,694
Other inventories		**29,749**	28,045
Trade and other receivables	*8*	**623,999**	605,924
Prepaid lease payments – current portion		**10,931**	9,222
Short-term loan receivables		**–**	96,013
Held-for-trading investments		**9,897**	16,526
Deposits paid for acquisition of property development projects		**216,155**	45,506
Amount due from an associate		**62,571**	–
Amount due from a jointly controlled entity		**2,275**	2,275
Amounts due from fellow subsidiaries		**28,138**	53,771
Amounts due from non-controlling shareholders of subsidiaries		**144,252**	72,000
Amounts due from related companies		**11,430**	6,826
Taxation recoverable		**96,902**	35,683
Pledged bank deposits		**263,548**	51,491
Bank balances, deposits and cash		**10,100,429**	3,111,903
		28,004,133	15,929,736

	Notes	2009 HK$'000	2008 HK$'000
Current Liabilities			
Trade and other payables	*9*	**2,276,723**	1,625,823
Pre-sale deposits		**4,569,206**	1,738,770
Property rental deposits		**71,589**	60,142
Amount due to ultimate holding company		**992,315**	826,216
Amount due to an intermediate holding company		**886,192**	1,536,464
Amounts due to fellow subsidiaries		**388,584**	201,493
Amounts due to non-controlling shareholders of subsidiaries		**749,955**	920,960
Amounts due to associates		**85,294**	34,130
Taxation payable		**663,404**	673,457
Bank borrowings – due within one year		**2,683,635**	1,552,831
		13,366,897	9,170,286
Net Current Assets		**14,637,236**	6,759,450
Total Assets Less Current Liabilities		**24,998,273**	13,145,850
Capital and Reserves			
Share capital		**1,491,996**	955,524
Reserves		**13,127,954**	5,124,537
Equity attributable to owners of the Company		**14,619,950**	6,080,061
Non-controlling interests		**1,518,950**	1,076,983
Total Equity		**16,138,900**	7,157,044
Non-Current Liabilities			
Bank borrowings – due after one year		**8,043,210**	5,245,345
Loan from a fellow subsidiary		**171,936**	162,203
Deferred tax liabilities		**644,227**	581,258
		8,859,373	5,988,806
		24,998,273	13,145,850

Notes:

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

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

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instrument issued in 2008
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except for the following new HKFRSs, the application of other new HKFRSs had no material impact on the Group's financial statements for the current or prior accounting periods.

As a result of the adoption of HKAS 1 (Revised), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any year presented.

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management, and has resulted in certain segments aggregated and presented as one segment. Corresponding amounts have been provided on a basis consistent with the revised segment information.

As a result of the adoption of the HKFRS 7 (Amendments), the financial statements include expanded disclosures about the fair value measurement of the financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data.

The Improvement to HKFRSs comprise a number of amendments to a range of HKFRSs. Of these, the following two amendments have resulted in material changes to the Group's accounting policies:

– As a result of amendments to HKAS 28 Investments in associates, impairment losses recognised in respect of the associates and jointly controlled entities carried under the equity method are no longer allocated to the goodwill inherent in that carry value. As a result, when there has been a favourable change in the estimates used to determine the recoverable amount, the impairment loss will be reversed. Previously, the Group allocated impairment losses to goodwill and, in accordance with the accounting policy for goodwill, did not consider the loss to be reversible. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any impairment losses that arise in the current or future periods and pervious periods have not been restated.

– As a result of amendments to HKAS 40 Investment property, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously, such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on net assets or profit or loss for any of the periods presented.

The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in investee, rather than as income. As a result, as from 1st January, 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, an impairment loss would be recognised. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

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)	Amendment of HKFRS 1 and HKFRS 5 as a part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendments)	Classification of Rights Issues[4]
HKAS 39 (Amendments)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transaction[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] *Effective for annual periods beginning on or after 1st July, 2009*

[2] *Effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate*

[3] *Effective for annual periods beginning on or after 1st January, 2010*

[4] *Effective for annual periods beginning on or after 1st February, 2010*

[5] *Effective for annual periods beginning on or after 1st July, 2010*

[6] *Effective for annual periods beginning on or after 1st January, 2011*

[7] *Effective for annual periods beginning on or after 1st January, 2013*

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statement except for the following:

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

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.

2. Business and segment information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. There are no material changes in the identification of the Group's reportable segments following the adoption of HKFRS 8.

Business segments

The Group's reportable segment under HKFRS 8 is organised into four operating divisions.

Principal activities are as follows:

Property development business	– property development
Property investment and management	– property investment and management
Hotel operations	– hotel and restaurant business and its related services
Other operations	– manufacturing and sales of digital discs and others

Segment information about these business is presented below:

For the year ended 31st December, 2009

	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel operations *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Total *HK'000*
By principal activity						
REVENUE						
External revenue	**6,642,225**	**339,371**	**90,072**	**125,230**	**–**	**7,196,898**
Inter-segment revenue*	**–**	**33,847**	**–**	**98,611**	**(132,458)**	**–**
Total revenue	**6,642,225**	**373,218**	**90,072**	**223,841**	**(132,458)**	**7,196,898**
SEGMENT RESULT	**883,526**	**146,230**	**(11,985)**	**29,728**	**–**	**1,047,499**
Unallocated income						**48,018**
Unallocated expenses						**(61,360)**
Gain on partial disposal of interest in a subsidiary	**196,797**	**–**	**–**	**–**	**–**	**196,797**
Finance costs						**(86,327)**
Share of results of associates	**(6,834)**	**–**	**–**	**–**	**–**	**(6,834)**
Share of results of jointly controlled entities	**–**	**–**	**–**	**(7,506)**	**–**	**(7,506)**
Profit before taxation						**1,130,287**
Income tax expense						**(314,127)**
Profit for the year						**816,160**

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

For the year ended 31st December, 2008

	Property development business HK$'000	Property investment and management HK$'000	Hotel operations HK$'000	Other operations HK$'000	Eliminations HK$'000	Total HK'000
By principal activity						
REVENUE						
External revenue	2,832,185	272,924	90,187	129,072	–	3,324,368
Inter-segment revenue*	–	23,665	9,147	218,106	(250,918)	–
Total revenue	2,832,185	296,589	99,334	347,178	(250,918)	3,324,368
SEGMENT RESULT	169,372	146,831	(6,972)	(155,879)	–	153,352
Unallocated income						105,078
Unallocated expenses						(71,421)
Discount on acquisition of interests in subsidiaries	241,488	–	–	–	–	241,488
Finance costs						(75,831)
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 with reference to prices charged to external parties for similar services or products.*

3. Finance costs

	Consolidated	
	2009	2008
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
– wholly repayable within five years	**766,939**	536,690
– not wholly repayable within five years	**34,197**	711
Imputed interest expense on non-current interest-free borrowings	**9,732**	8,869
Total borrowing costs	**810,868**	546,270
Less: amounts capitalised	**(724,541)**	(470,439)
	86,327	75,831

4. Profit before taxation

	Consolidated	
	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging and (crediting):–		
Amortisation of prepaid lease payments (included in administrative expenses)	**10,210**	8,987
Depreciation of property, plant and equipment	**62,565**	58,275
Total depreciation and amortisation	**72,775**	67,262
Gain on disposal of investment properties	**(1,768)**	–
Loss on disposal of property, plant and equipment	**9,628**	1,460

5. Income tax expense

	Consolidated	
	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax		
– current year	**275,099**	140,079
– over-provision in prior year	**(61,756)**	(6,619)
	213,343	133,460
Land appreciation tax ("LAT")	**60,327**	43,107
Deferred taxation	**40,457**	(101,977)
	314,127	74,590

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as there is no assessable profit for both years.

Except for certain PRC subsidiaries, which are subject to concessionary rates lower than the PRC statutory enterprise income tax rate ("Statutory EIT rate") in accordance with relevant tax rules and regulations, all other PRC subsidiaries are subject to Statutory EIT rate at 25% based on the estimated assessable profit for both years.

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

	2009	2008
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2008 final dividend of HK$0.02 (2008: HK$0.05 for 2007) per share	**38,221**	95,553

No interim dividend was paid for both years.

A final dividend for the year ended 31st December, 2009 of HK$0.044 (2008: HK$0.02) per share has been proposed by the board of directors and is subject to approval by the shareholders in the forthcoming general meeting.

7. Earnings per share

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

	2009	2008
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**662,114**	222,994

	2009	2008
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,206,752,580**	1,825,039,971
Effect of dilutive potential ordinary shares on share options	**25,162,895**	22,494,260
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,231,915,475**	1,847,534,231

8. Trade and other receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**191,013**	398,565
Less: Allowance for doubtful debts	**(12,437)**	(12,915)
	178,576	385,650
Bills receivable on partial disposal of a subsidiary	**90,443**	–
Other receivables (net of allowance of HK$32,554,000 (2008: HK$38,242,000))	**354,980**	220,274
Total trade and other receivables	**623,999**	605,924

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:–

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**129,753**	333,241
31 to 90 days	**31,023**	19,034
More than 90 days	**17,800**	33,375
	178,576	385,650

9. Trade and other payables

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

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**1,130,249**	937,051
31 to 90 days	**276,907**	11,829
More than 90 days	**106,089**	73,772
Total trade payables	**1,513,245**	1,022,652
Other payables	**763,478**	603,171
	2,276,723	1,625,823

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$0.044 per share (2008: HK$0.02) for the year ended 31st December, 2009. The proposed final dividend will be paid on 11th June, 2010 to the shareholders whose names appear on the register of members of the Company on 3rd June, 2010 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, 2010 to 3rd June, 2010 (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 31st May, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

In 2009, the Group recorded a turnover of HK$7,196,898,000 (corresponding period in 2008: HK$3,324,368,000), representing an increase of 116% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$662,114,000 (corresponding period in 2008: HK$222,994,000), representing an increase of 197% as compared with the corresponding period last year. Basic earnings per share was HK30.00 cents (corresponding period in 2008: HK12.22 cents), while diluted earnings per share was HK29.67 cents (corresponding period in 2008: HK12.07 cents), representing an increase of 145% and 146% respectively as compared with the corresponding period last year.

As at 31st December, 2009, total owners' equity of the Group amounted to HK$14,619,950,000 (31st December, 2008: HK$6,080,061,000) and net book asset value per share was HK$4.90 (31st December, 2008: HK$3.18).

Continuous Assets Injection by Parent Company

On 17th September, 2009, the Group was injected assets by our parent company in respect of development projects located in Shanghai, Shenzhen, Suzhou, Foshan and Hainan, as well as certain areas in the office buildings of CITIC Plaza in Tianhe District, Guangzhou. The consideration was settled by the Group by issuing approximately 403,000,000 consideration shares. The transaction was completed on 13th October, 2009. This assets injection is another significant move by our parent company following its injection of Shanghai Poly Real Estate Limited（上海保利置業集團有限公司）and Shenzhen Poly Investments Co., Limited（深圳保利投資有限公司）, demonstrating our parent company's strong support to the Group's property development for further strengthening the Group's position as one of the leading property developers in the PRC.

Real Estate Development Business

During the period, 13 new projects with a gross floor area of approximately 1,800,000 square meters commenced construction works. 14 projects were launched continuously and 4 projects were launched with a pre-sale and sale area of approximately 1,200,000 square meters. 11 projects with a gross floor area of approximately 1,730,000 square meters were completed and delivered. As at 31st December, 2009, the Group had over 41 projects under construction and land reserves under different development stages with a gross floor area of approximately 12,400,000 square meters.

Sales

After the PRC government issued series of positive policies for stimulating economy and easing credit in early 2009, China's real estate market rebounded from a dip in 2009. As the Group studied the policy changes seriously and seized opportunities in a timely manner, our projects recorded satisfactory sales performance. During the period, the pre-sale and sale areas of the 18 projects totaled 1,200,000 square meters, representing a surge of 627,000 square meters or 109% as compared with 573,000 square meters in 2008 and exceeding our target of an adjusted sale area of 1,000,000 square meters for the year. The pre-sale and sale amount totaled RMB8 billion, representing an increase of 427,000 square meters or 114% as compared with RMB3.73 billion in 2008 and beyond our target of 50% or above set early in the year:

1. Sales in the Yangtze River Delta and Pearl River Delta regions were satisfactory. 70 villas in the Guangzhou City of Poly Phase 1 launched sales in July achieved a subscription rate of 88% on the debut day. 97% of the high-rise apartments in the Shanghai Poly Town Phase 3 comprising 228 units launched in October were sold within the first half of the debut day. 144 residential units of the Shanghai Poly Lakeside Garden released for sales in November were snapped up soon after launch;

2. Projects in central and southwestern regions, including provincial capitals such as Wuhan, Nanning and Guiyang recorded relatively high sales performance. Nanning Poly Century was persistently popular among property buyers and the residential units of the entire project were nearly sold out by June. Guiyang Poly Clouds Hill International launched totally 150 residential units in June and the subscription rate of its first trading day reached 92%. In August, Nanning Poly Upper House launched 134 shops which were sold out within two hours after launch. In September, Wuhan Poly Royal Palace Phase 2 launched 136 residential units, all of which were snapped up within three hours after launch;

3. Real estate markets in other regions, such as provincial capitals including Jinan and Harbin, have also met the expected sales target. Jinan Poly Garden, the Group's second real estate development project in Jinan launched 600 residential units and the subscription rate reached 86% on the first trading day in early June. Two projects in Harbin, namely Poly Harbin Contemporary No.9 Park Life and Harbin Poly The Water's Fragrant Dike recorded satisfactory sales performance. Contracted sales amount totaled approximately RMB1 billion during the year.

Sales area in 2009

	Contracted sales/ pre-sales area in 2009 *('000 square meters)*	As a percentage of overall sales *(%)*
Yangtze River Delta and Pearl River Delta regions	309	25%
Central and Southwestern regions	600	50%
Other regions	295	25%
Total:	1,204	100%

COMPLETED PROJECTS

In 2009, among the Group's under development projects, 11 were completed and delivered with a completed area of approximately 1,732,000 square meters. They include Shanghai Poly Town Phase 1, Shanghai Poly Noble Duke Phase 1, Shenzhen Sea Songs Garden, Nanning Poly Upper House, Nanning Poly Century Phase 1, Guiyang Poly Newisland Phase 1 and Phase 2, Wuhan Poly Royal Palace Phase 1, Kunming Sunny Lake & Splendid Life Phase 1, Poly Harbin Contemporary No. 9 Park Life Phase 1, Harbin Poly The Water's Fragrant Dike Phase 1 and Jinan Poly Garden Phase 1.

List of Completed Projects in 2009

Project(s)	Aggregate Gross Floor Area *('000 square meters)*	Group's Interests
Yangtze River Delta and Pearl River Delta Regions		
Shenzhen Sea Songs Garden	91	51%
Shanghai Poly Town Phase 1	113	100%
Shanghai Poly Noble Duke Phase 1	111	50.1%
Central and Southwestern Regions		
Wuhan Poly Royal Palace Phase 1	208	100%
Guiyang Poly Newisland Phase 1 and Phase 2	411	66.5%
Nanning Poly Upper House	127	75%
Nanning Poly Century	190	75%
Kunming Sunny Lake & Splendid Life Phase 1	110	80%
Other Regions and Cities		
Harbin Poly The Water's Fragrant Dike Phase 1	97	58%
Harbin Contemporary No. 9 Park Life Phase 1	142	51%
Jinan Poly Garden Phase 1	132	100%
Total:	1,732	

PROJECTS UNDER CONSTRUCTION

Currently, the Group has 20 projects under construction with an aggregate gross floor area under construction of approximately 3,360,000 square meters, of which approximately 39% are located in the Yangtze River Delta and Pearl River Delta regions and approximately 61% in other cities.

Projects under construction as at 31st December, 2009:

Project	Aggregate Site Area *('000 square meters)*	Aggregate Gross Floor Area *('000 square meters)*	Group's Interest	Expected Year of Completion
Yangtze River Delta and Pearl River Delta Regions				
Shanghai Poly Square	27	102	90%	2010
Shanghai Poly Town Phases 2, 3 and 4	128	295	100%	2010 (Phase 2)
Shanghai Poly Villa Garden	12	16	100%	2010
Shanghai Poly Lakeside Garden Phases 1 and 2	119	284	100%	2010 (Phase 1)
Shanghai Poly Noble Duke Phase 2	18	35	50.1%	2010
Shanghai Poly Yu Zun Yuan Phase 1	25	52	50.1%	2011
Guangzhou City of Poly Phases 1 and 2	187	382	51%	2010 (Phase 1)
Huizhou Poly Shan Shui Cheng Phase 1	137	130	80%	2011
Central and Southwestern Regions				
Wuhan Poly Cultural Plaza	12	143	100%	2012
Wuhan Poly Royal Palace Phase 2	47	114	100%	2010 (Phase 2)
Chongqing Poly Spring Villa Phases 2 and 3	91	19	51%	2010
Chongqing Emerald Valley Phases 3 and 4	290	314	30%	2010
Guiyang Poly Newisland Phase 3	85	360	66.5%	2011
Guiyang Clouds Hill International Phase 1	66	297	100%	2010
Guiyang Poly International Plaza Phase 1	8	97	66.5%	2012
Nanning Shan Shui Yi Cheng	67	271	75%	2010
Kunming Sunny Lake & Splendid Life Phase 2	45	146	80%	2010
Other Regions and Cities				
Harbin Poly The Water's Fragrant Dike Phase 2	100	84	58%	2010
Jinan Poly Garden Phase 2	34	133	100%	2010
Jinan Poly Lotus	26	84	100%	2010
Total:	1,524	3,358		

LAND RESERVES

In 2009, the Group acquired 9 land parcels situated in Shanghai, Guangzhou, Foshan, Guiyang, Jinan and Liuzhou with a total site area of approximately 1,640,000 square meters and a planned total gross floor area of approximately 3,460,000 square meters. Our land costs amounted to approximately RMB8.3 billion.

Land Parcel/Project	**Usage**	**Total site area** *('000 square meters)*	**Planned gross floor area** *('000 square meters)*
Shanghai Jiading Xincheng (C10-6, C14-2)	Commercial, office and residential complex	93	163
Shanghai Jiading Xincheng (A04-1, A04-2)	Residential	123	157
Guangzhou Ma Xi Cun	Commercial and residential	232	381
Guangzhou Nanfang Flower Market	Residential	254	443
Foshan Chan Cheng Qu	Commercial, office, cultural (and residential)	49	172
Huizhou Poly Shan Shui Cheng	Residential	128	154
Guiyang Poly Spring Boulevard	Commercial and residential	448	775
Liuzhou Bai Sha Lu	Commercial and residential	169	775
Jinan Li Cheng Qu Zhu Shun Lu	Residential	142	442
Total:		1,638	3,462

In addition, our parent company injected land reserves of a constructible gross floor area of approximately 2,140,000 square meters in various regions such as Shanghai, Shenzhen, Suzhou, Foshan and Hainan in September, 2009.

Land Parcel/Project	**Usage**	**Total site area** *('000 square meters)*	**Planned gross floor area** *('000 square meters)*
1. Shanghai Jiading Xincheng (C13)	Residential, commercial and hotel	74	168
2. Suzhou Dushu Lake	Residential	293	264
3. Shenzhen Buji	Residential and commercial	330	825
4. Foshan Shunde Qu	Residential and commercial	95	424
5. Hainan Shenzhou Peninsula	Residential, commercial and yacht wharf	418	457
Total:		1,210	2,138

As at 31st December, 2009, the Group possesses parcels in 15 cities with a total area of approximately 4,603,000 square meters and a planned gross floor area of approximately 9,047,000 square meters.

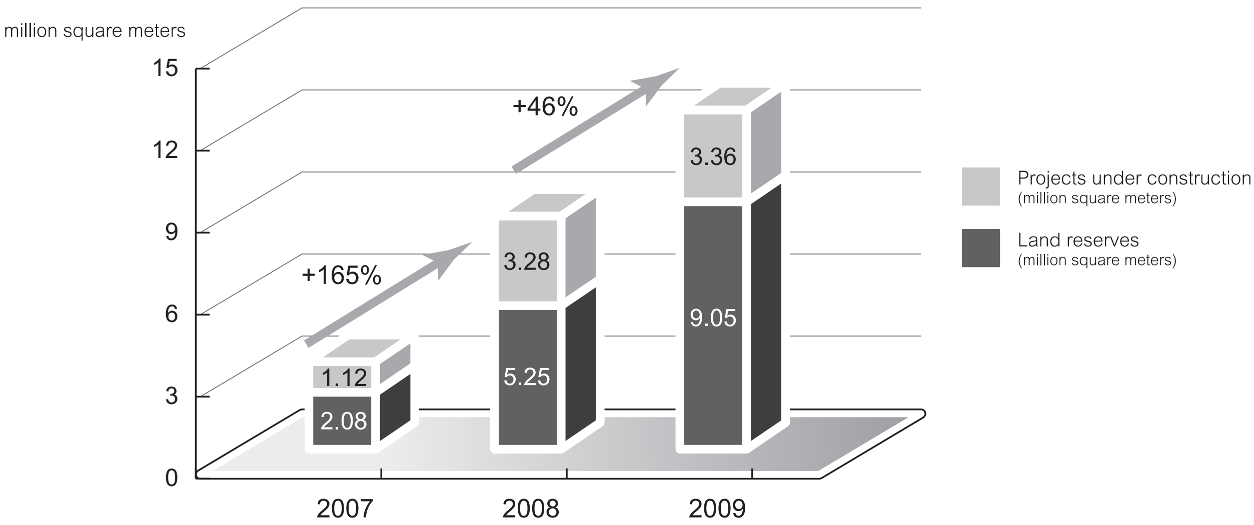
Land reserves as at 31st December, 2009:

Project	Total site area *('000 square meters)*	Aggregate gross floor area *('000 square meters)*	Group's interests	Estimated date of commencement
Yangtze River Delta and Pearl River Delta Regions				
Shanghai Poly Yu Zun Yuan Phases 2, 3 and 4	95	190	50.1%	First half of 2010
Shanghai Jiading Xin Cheng (C13) *	74	168	100%	2011
Shanghai Jiading Xin Cheng (C10-6, C14-2)	93	163	100%	2011
Shanghai Jiading Xin Cheng (A04-1, A04-2)	123	157	100%	2011
Suzhou Dushu Lake *	293	264	100%	Second half of 2010 (Phase 1)
Shenzhen Buji *	330	825	70%	2011
Huizhou Poly Shan Shui Cheng Phase 2	221	337	80%	Second half of 2010 (Phase 2)
Guangzhou City of Poly Phase 3	62	156	51%	First half of 2010 (Phase 3)
Guangzhou Ma Xi Cun	201	381	51%	Second half of 2010 (Phase 1)
Guangzhou Nanfang Flower Market	254	443	100%	2011
Foshan Chan Cheng Qu	31	172	51%	Second half of 2010
Shunde Longgang Project *	95	424	100%	First half of 2010 (Phase 1)

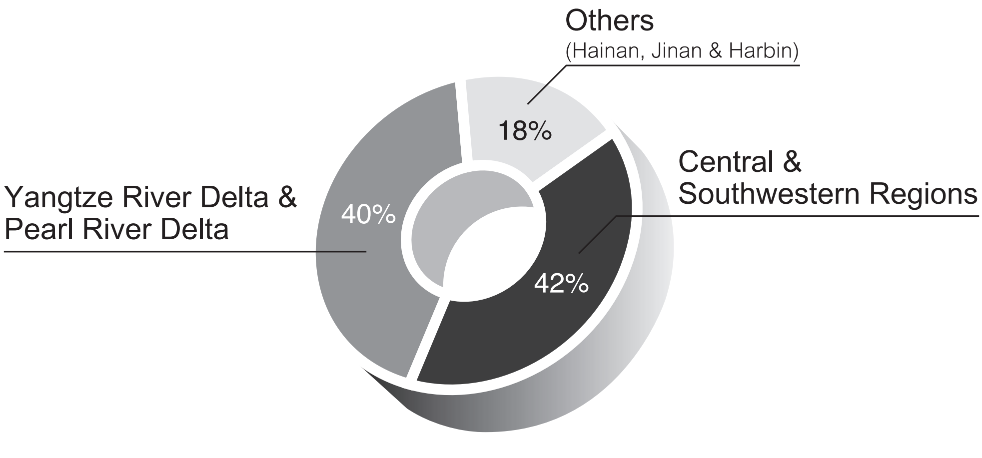
Project	Total site area *('000 square meters)*	Aggregate gross floor area *('000 square meters)*	Group's interests	Estimated date of commencement
Central and Southwestern Regions				
Wuhan Poly Royal Palace Phase 3	87	318	100%	First half of 2010
Wuhan Yangyuan	30	84	51%	First half of 2010
Wuhan Jin Yin Tan	122	153	100%	2011
Guiyang Poly Newisland Phase 4	100	231	66.5%	Second half of 2010
Guiyang Poly Clouds Hill International Phase 2	90	376	100%	First half of 2010
Guiyang Poly International Plaza Phase 2	13	145	66.5%	2011
Guiyang Poly Spring Boulevard	448	775	66.5%	First half of 2010 (Phase 1)
Kunming Sunny Lake & Splendid Life Phase 3	30	43	80%	Second half of 2010
Chongqing Poly Spring Villa Phase 4	52	19	51%	First half of 2010
Nanning Poly Long Hu Lan Wan	568	527	75%	First half of 2010 (Phase 1)
Liuzhou Bai Sha Lu	169	775	100%	First half of 2010 (Phase 1)
Other Regions and Cities				
Harbin Poly The Water's Fragrant Dike Phases 3 and 4	345	522	58%	Second half of 2010 (Phase 3)
Poly Harbin Contemporary No. 9 Park Life Phase 2	39	139	51%	First half of 2010 (Phase 2)
Harbin Poly Yi He Homeland Northern District Phases 1 and 2	78	361	51%	First half of 2010 (Phase 1)
Jinan Li Cheng Qu Zhu Shun Lu	142	442	100%	Second half of 2010 (Phase 1)
Hainan Shenzhou Peninsula *	418	457	100%	Second half of 2010 (Phase 1)
Total:	4,603	9,047		

* *Assets injection by our parent company in September 2009*

The Group's Total Gross Floor Area of Projects under Construction and Land Reserves Increased Continuously during the period 2007-2009



Percentage of the Total Gross Floor Area of the Projects (Projects under Construction and Land Reserves) in Various Regions in 2009



REVIEW OF PROPERTY INVESTMENT BUSINESS

The Group holds a number of investment properties in Shanghai, Beijing, Guangzhou, Wuhan, Shenzhen and Hong Kong. In 2009, under the influence of poor economic conditions and stagnant market, the overall performance of property leasing market faltered, affecting the Group's rental properties. By adopting various effective measures such as improving our management, enhancing competitiveness of our services, reducing our operating costs and minimizing risks, the Group's rental properties maintained a relatively high occupancy rate during the period.

As at 31st December, 2009, the Group held investment properties with a gross floor area of approximately 322,000 square meters. In 2009, the Group had accumulated operating revenue of RMB296,470,000. Investment properties generated a long-term and steady source of income for the Group.

List of Investment Properties

List of Major Investment Properties and Hotels as at 31st December, 2009

Location	**Project**	**Gross floor area** *('000 square meters)*	**Gross floor area attributable to the Group** *(%)*	**Category**
Shanghai	Shanghai Stock Exchange Building	100	48%	Office building
Beijing	Beijing Poly Plaza	95	75%	Office building, hotel and theatre
Beijing	Beijing Legend Garden Villas	22	55%	Apartment and Villa
Guangzhou	Guangzhou Citic Plaza	38	60%	Office building
Shenzhen	Shenzhen Poly Cultural Plaza	148	91%	Mall, cinema, theatre, etc.
Wuhan	Hubei Poly White Rose Hotel	33	100%	Hotel
	Total:	436		

REVIEW OF PROPERTY MANAGEMENT BUSINESS

The Group holds various property management companies principally engaged in the management of hotels and high-end properties. Over the years, the company has won numerous awards and honors including the honorary titles of being the model unit of quality, service, and integrity.

In 2009, the property company realized an income of RMB81,010,000 and managed 54 property projects with an aggregate gross floor area of 6,300,000 square meters, covering categories such as office buildings, hotels, shopping malls, villas and residences.

SUMMARY FOR PROJECTS UNDER CONSTRUCTION

1. Shanghai Poly Square

Shanghai Poly Square is situated in the Huangpu River in Lujiazui, Putong, Shanghai, enjoying the rare and panoramic 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% interests in the project.

The project is under construction and is expected to be completed in the first half of 2010.

2. Shanghai Poly Town (Phases 2, 3 and 4)

Shanghai Poly Town is situated in the core zone of Jiading New City, Jiading District, Shanghai and is divided into 4 phases for development with a site area of approximately 169,000 square meters. The residential area, which has an aggregate gross floor area of approximately 408,000 square meters, comprises an apartment area integrating commercial and residential premises and town houses. The Group holds 100% interests in the project.

Phase 1 of the project has an aggregate gross floor area of approximately 113,000 square meters and was completed in 2009. Phases 2, 3 and 4 of the project have an aggregate gross floor area of 295,000 square meters. The project is under construction and is expected to be completed in phases from 2010 to early 2012. As at 31st December, 2009, the accumulated contracted sales of villas and residential units for the year amounted to a gross floor area of approximately 83,000 square meters.

3. Shanghai Poly Villa Garden

Shanghai Poly Villa Garden is situated in the Yangpu District, Shanghai, which is adjacent to the sub-civic centre of the city. It occupies a site area of approximately 12,000 square meters and an aggregate gross floor area of approximately 16,000 square meters. The project comprises 6 blocks of multi-storey residential houses with lifts and gardens, and is planned to be a Jiangnan small town oozing with Scandinavian style of architecture. The Group holds 100% interests in the project.

The project is now under construction. The project is scheduled to commence pre-sales in the first quarter of 2010 and is expected to be completed and delivered in the same year.

4. Shanghai Poly Lakeside Garden (Phases 1 and 2)

Shanghai Poly Lakeside Garden is situated in the core zone of Jiading New City, Jiading District, Shanghai and is within the educational area with comprehensive facilities in Jiading New City. By linking the urban areas with the Shanghai Lightrail Line 11 which is being constructed, this project is conveniently located and will become an important residential area of Jiading. The project occupies a site area of approximately 119,000 square meters and an aggregate gross floor area of approximately 284,000 square meters. The Group holds 100% interests in the project.

The project is divided into two phases and both Phases 1 and 2 are now under construction. Phase 1 has an aggregate gross floor area of approximately 58,000 square meters and is expected to be completed in 2010 and Phase 2 in 2011. The pre-sales of Phase 1 began in November, 2009. As at 31st December, 2009, the accumulated contracted sale of residence for the year amounted to a gross floor area of approximately 12,000 square meters.

5. **Shanghai Poly Noble Duke (Phase 2)**

Shanghai Poly Noble Duke is situated in the center of "new town", which is the focus of reconstruction under "the Eleventh Five-Year Plan" in Tangzheng of Pudong New Area. Adjacent to Zhangjiang High-tech Industrial Park (張江高科技園區), the project is located near the extension lot of the Tangzheng station of Subway Link No. 2 and is easily accessible. 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% interests in the project.

Phase 1 of the project has an aggregate gross floor area of approximately 111,000 square meters and was completed in 2009; Phase 2 is now under construction and is expected to be completed by the end of 2010. As at 31st December, 2009, the accumulated contracted sale of high-rise residential premises for the year amounted to a gross floor area of approximately 79,000 square meters.

6. **Shanghai Poly Yu Zun Yuan (Phase 1)**

Shanghai Poly Yu Zun Yuan is situated in Tangzhen, Pudong New District, Shanghai, a new town which will undergo major development in the next five years. It occupies a site area of approximately 120,000 square meters and an aggregate gross floor area of approximately 242,000 square meters. It is planned to be a residential area comprising villas, apartments and commercial buildings. The Group holds 50.1% interests in the project.

The project is divided into four phases. Phase 1 has an aggregate gross floor area of 52,000 square meters and is currently under construction. It is expected to commence sales in 2010 and will be completed and delivered in the same year.

7. **Guangzhou City of Poly (Phases 1 and 2)**

Guangzhou City of Poly is situated in the automobile manufacturing base of Huadou District, Guangzhou and is adjacent to the commercial and administration centre of the district. The project has a total site area of approximately 249,000 square meters and an aggregate gross floor area of approximately 538,000 square meters. It will be developed into a residential complex comprising villas, condominiums and high-rise apartments. The Group holds 51% interests in the project.

The entire project is divided into three phases. Phases 1 and 2 of the project occupy a gross floor area of approximately 382,000 square meters and are both under construction. Phase 1 has a gross floor area of approximately 223,000 square meters, of which high-rise residential premises of approximately 178,000 square meters was completed and delivered, and villas are expected to be completed by 2010. The gross floor area of Phase 2 is approximately 159,000 square meters and it is scheduled to be launched by 2010 and is expected to be completed by 2011. As at 31st December, 2009, the accumulated contracted sales of high-rise residential premises and villas for the year amounted to a gross floor area of approximately 128,000 square meters.

8. Huizhou Poly Shan Shui Cheng (Phase 1)

Huizhou Poly Shan Shui Cheng is situated in Huizhou, Guangdong, approximately 10 minutes ride from the city centre of Huizhou. The project features exquisite natural landscape with a site area of approximately 358,000 square meters and an aggregate gross floor area of approximately 467,000 square meters. It is a large residential area integrating villas, condominiums, high-rise apartments and commercial streets. The Group holds 80% interests in the project.

The project is divided into four phases. Phase 1 has a gross floor area of approximately 130,000 square meters and has commenced construction in August 2009. It is expected to commence sales in 2010 and be completed in 2011.

9. Wuhan Poly Cultural Plaza

Wuhan Poly Cultural Plaza is located at an intersection of Zhongnan Road and Mingzhu Road in Wuchang, Wuhan (at the centre of the Hong Shan Plaza), which is opposite to the Hubei Provincial Government, close to Inner Ring Road of the city and will connect to Subway Line no. 2 and 4. The project has a site area of approximately 12,000 square meters and an aggregate gross floor area of approximately 143,000 square meters. The project will be developed into a landmark commercial and office complex in Wuchang. The Group holds 100% interests in the project.

The project is under construction and is expected to be completed in 2012.

10. Wuhan Poly Royal Palace (Phase 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 Donghu scenic area on its north and the immense South Lake on its south. The project has a site area of approximately 199,000 square meters and an aggregate gross floor area of approximately 640,000 square meters. It will be constructed into a medium and high-end residential area. The Group holds 100% interests in the project.

The project is divided into 3 phases. Phase 1 of the project has an aggregate gross floor area of 208,000 square meters and was completed in 2009. Phase 2 of the project has an aggregate gross floor area of 114,000 square meters. It is now under construction and is expected to be completed in 2010. Residential premises of Phase 1 have been sold out. The pre-sales of Phase 2 commenced in September, 2009. As at 31st December, 2009, the accumulated contracted sales of residential premises for the year amounted to a gross floor area of approximately 163,000 square meters.

11. Chongqing Poly Spring Villa (Phases 2 and 3)

Chongqing Poly Spring Villa is situated in the South Hot Spring Scenic Area, one of Chongqing's top ten scenic spots. The project occupies a site area of approximately 210,000 square meters and an aggregate gross floor area of approximately 58,000 square meters. It is a high-end, separate hot spring villa resort in which the Group holds 51% interests.

Phase 1 was completed in 2008. Phases II and III have an aggregate gross floor area of approximately 19,000 square meters and are now under construction. They are expected to commence sales in 2010 and be completed in the same year.

12. Chongqing Emerald Valley (Phases 3 and 4)

Chongqing Emerald Valley is situated in the North New District of Chongqing, which commands a remarkable view of surrounding hills in the district. The project has a site area of approximately 523,000 square meters and an aggregate gross floor area of approximately 483,000 square meters. The project comprises medium and high-end residential development of town houses and residential houses with gardens, and will become a small residential district in French style. The Group holds 30% interests in the project.

Phase 1 of the project occupies an area of approximately 108,000 square meters and was completed at the end of 2007. Phase 2 of the project, which covers an area of approximately 62,000 square meters, was completed in 2008. Phases 3 and 4 of the project are now under construction and are expected to be completed in 2010 and 2011 respectively. As at 31st December, 2009, the accumulated contracted sales of residential units for the year amounted to a gross floor area of approximately 80,000 square meters.

13. Guiyang Poly Newisland (Phase 3)

Located in Wudang District, Guiyang, Guizhou Province, Guiyang Poly Newisland has a site area of 482,000 square meters and an aggregate gross floor area of 1,005,000 square meters. It is a large-scale hot spring cultural residential project, in which the Group holds 66.5% interests.

Phases 1 and 2 of the project cover a gross floor area of 411,000 square meters and were completed in 2009. Phase 3 has a gross floor area of 360,000 square meters and is now under construction. Its sales is scheduled to be commenced in 2010 and be completed in 2011.

As at 31st December, 2009, the accumulated contracted sales of Phases 1 and 2 for the year amounted to a gross floor area of approximately 125,000 square meters.

14. Guiyang Clouds Hill International (Phase 1)

Located at the north-east side of Qianling Park of Guiyang and opposite to the Xiaoguan Lake, Guiyang Clouds Hill International is adjacent to the provincial government and will be developed into a recreational and cultural residential zone. The project has a site area of approximately 156,000 square meters and an aggregate gross floor area of approximately 673,000 square meters. The Group holds 100% interests in the project.

Phase 1 of the project has a gross floor area of approximately 297,000 square meters. It is now under construction and is expected to be completed in 2010. As at 31st December, 2009, the accumulated contracted sales of residential premises for the year amounted to a gross floor area of approximately 108,000 square meters.

15. Guiyang Poly International Plaza (Phase 1)

Guiyang Poly International Plaza is situated on the bank of Nanming River, Nanming, Guiyang. With a shoreline of nearly 300 meters, the project adjoins the Guiyang Grand Theatre and faces the Provincial Guanzhou Hotel across the river. This project covers a site area of approximately 21,000 square meters and an aggregate gross floor area of approximately 242,000 square meters. It is a diversified and integrated development project featuring residential premises, shopping malls, office towers and art galleries. The Group holds 66.5% interests in the project.

The project is divided into two phases. Phase 1 has an aggregate gross floor area of approximately 97,000 square meters and is now under construction. It is expected to be completed in 2012 and the entire project in 2013.

16. 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 become a high-rise residential area with several buildings. The Group holds 75% interests in the project.

The project commenced in early 2009 and the pre-sales commenced in November 2009. The project is expected to be completed in 2010.

17. Kunming Sunny Lake & Splendid Life (Phase 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 become an integrated, high-end residential and commercial area. The Group holds 80% interests in the project.

The project is divided into three phases. Phase 1 of the project has a gross floor area of approximately 110,000 square meters and was completed in 2009. Phase 2 has a gross floor area of approximately 146,000 square meters. It is now under construction and is expected to be completed in 2010. The pre-sales of Phase 1 began in April, 2009. As at 31st December, 2009, the accumulated contracted sales of residential units and villas for the year amounted to a gross floor area of approximately 70,000 square meters.

18. Harbin Poly The Water's Fragrant Dike (Phase 2)

Harbin Poly The Water's Fragrant Dike is adjacent to the Harbin municipal government offices and is ringed by a financial and business service centre, the Dragon Culture Theme Park and the Songbei University Town. The entire 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 develop into a large-scale, low density and high-end residential area comprising villas mainly. The Group holds 58% interests in the project.

Phase 1 of the project has a gross floor area of approximately 97,000 square meters. Its construction was completed in 2009. Phase 2 has a gross floor area of approximately 84,000 square meters. The construction of Phase 2 commenced in the second half of 2009. The sales of Phase 2 is expected to commence in 2010 and the construction to be completed in the same year. As at 31st December, 2009, the accumulated contracted sales of villas for the year amounted to a gross floor area of approximately 72,000 square meters.

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

Located in Songbei District, Poly Harbin Contemporary No. 9 Park Life is closely adjacent to the Songbei Commercial Central District, the Convention and Exhibition Centre and the Oumeiya Science Park District. The whole 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% interests in the project.

The project is divided into two phases. Phase 1 of the project has a gross floor area of approximately 142,000 square meters. The construction of the project was completed in the second half of 2009. Phase 2 is expected to be commenced in 2010. As at 31st December, 2009, the accumulated contracted sales of residential units for the year amounted to a gross floor area of approximately 119,000 square meters.

20. Jinan Poly Garden (Phase 2)

Jinan Poly Garden is situated at the eastern part of the Jinan High-tech Development Zone. With a site area of approximately 83,000 square meters and an aggregate gross floor area of approximately 265,000 square meters, the project will be developed into a high-end residential area. The Group holds 100% interests in the project.

The project is divided into two phases. Phase 1 of the project has an aggregate gross floor area of approximately 132,000 square meters and was completed by the end of 2009. Phase 2 of the project has an aggregate gross floor area of approximately 133,000 square meters. It is now under construction and is expected to be completed in 2010. The pre-sales of Phase 1 commenced in June, 2009. As at 31st December, 2009, the accumulated contracted sales of residential units amounted to a gross floor area of approximately 94,000 square meters.

21. Jinan Poly Lotus

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

Three residential buildings of the project was completed and delivered for use, the remaining 11 buildings are currently under construction and are expected to be completed in 2010. The pre-sales of the project commenced in October 2008 and the residence has been sold out already. As at 31st December, 2009, the accumulated contracted sales of residential premises for the year amounted to an area of approximately 7,000 square meters.

SUMMARY OF INVESTMENT PROPERTIES

1. Shanghai Stock Exchange Building

Shanghai Stock Exchange Building is situated in the financial district in Lujiazui, Pudong District, Shanghai, which houses the Shanghai Stock Exchange. 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 is for leasing purpose.

For the year ended 31st December, 2009, the rental income amounted to RMB76,070,000. The average occupancy rate for the year was at 83% and the average rental rate was RMB6.0/square meter/day, representing a decrease of approximately 3% as compared with the average rental rate of RMB6.2/square meter/day in the corresponding period last year. Although the rental rate went up slightly in 2009, the occupancy rate climbed back to 98% at the end of the year. It is expected that the overall rental rate will remain steady in 2010.

2. Beijing Poly Plaza

Beijing Poly Plaza is located in a prime site adjacent to the embassies of various countries in China and the Central Business District. Beijing Poly Plaza is a composite architecture comprising of a four-star hotel, offices with an area of 20,000 square meters and a theatre.

For the year ended 31st December, 2009, the annual turnover amounted to approximately RMB109,000,000, representing a decrease of 17% as compared with RMB131,000,000 in the corresponding period last year. The hotel room occupancy rate maintained at approximately 60% or above and the average room rate was RMB602/day/room, representing a decrease of approximately 27% as compared with RMB825 in the corresponding period last year. Meanwhile, the occupancy rate of office buildings remained high and stood at 97%. The average rental rate was RMB6.4/square meter/day, representing an increase of 2% as compared with RMB6.3/square/meter/day in the corresponding period last year.

3. 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 with only 15 minutes ride from the Yansha Commercial Area. It is surrounded by an exquisite natural environment and is easily accessible. The Group holds this project for investment property purpose.

The Group holds residential units and commercial properties with an area of approximately 5,800 square meters and approximately 6,300 square meters respectively. For the year ended 31st December, 2009, the income for the year amounted to RMB12,250,000.

4. Guangzhou Citic Plaza

Guangzhou Citic Plaza is situated at Tianhe Bei Lu, Guangzhou. It has a site area of 22,000 square meters and a gross floor area of 322,000 square meters. It is a prime building with commercial offices and residence within the area, comprising a main building of 80 stories, a shopping mall of 5 stories and two sub-buildings of 38 stories each. The Group holds 60% interests of the 38,000 square meters office area of the Citic Plaza. For the year ended 31st December, 2009, the income after acquisition amounted to RMB14,790,000.

5. Shenzhen Poly Cultural Plaza

Shenzhen Poly Cultural Plaza is situated in the core area of Nanshan Commercial and Cultural Centre in Shenzhen. The Plaza, which has an aggregate gross floor area of over 148,000 square meters (of which a mall area of approximately 13,000 square meters was sold), is a large-scale cultural and commercial project with functions such as catering, shopping, theatre, convention and exhibition, cinema, museum and recreation. In 2009, the occupancy rate of the Plaza was over 85% and the rental income amounted to RMB40,760,000, representing an increase of RMB8,460,000 or 26% as compared to RMB32,300,000 in the corresponding period last year. The Group holds approximately 91% interests of the project, equivalent to 135,000 square meters.

6. Hubei Poly White Rose Hotel

Hubei Poly White Rose Hotel is situated in Wuhan, Hubei Province and is in close proximity to Hong Shan Plaza in town centre. It has a gross floor area of approximately 33,000 square meters. Hubei Poly resumed operation in the second half of 2009 after renovation, which upgraded its rating from four-star to five-star. It has 320 suites and is equipped with catering and entertainment facilities. For the year ended 31st December, 2009, the revenue for the year amounted to RMB17,380,000.

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, 2009 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, 2009.

By Order of the Board
Xue Ming
Managing Director

Hong Kong, 22nd February, 2010

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.