保 利（香 港）投 資 有 限 公 司
Poly (Hong Kong) Investments Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 119)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

INTERIM RESULTS

The directors (the "Directors") of Poly (Hong Kong) Investments Limited (the "Company") hereby announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2010 with comparative figures for the six months ended 30th June, 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th June,	
	Notes	**2010** **HK$'000** **(Unaudited)**	2009 *HK$'000* (Unaudited)
Revenue	*3*	**2,765,465**	456,048
Cost of sales		**(1,698,987)**	(274,852)
Gross profit		**1,066,478**	181,196
Other income		**271,038**	26,347
Selling expenses		**(120,806)**	(95,085)
Administrative expenses		**(259,927)**	(114,364)
Equity-settled share-based payment expenses		**–**	(7,059)
Net (decrease) increase in fair value of held-for-trading investments		**(3,352)**	191
Net increase in fair value of investment properties		**–**	53,299
Gain on disposal of interests in subsidiaries		**176,867**	–
Discount on acquisition of interests in subsidiaries		**81,110**	–
Finance costs		**(47,776)**	(33,369)
Share of results of jointly controlled entities		**(3,411)**	(3,545)
Share of results of associates		**5,094**	22,265

		Six months ended 30th June,	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Profit before taxation	*4*	**1,165,315**	29,876
Income tax expense	*5*	**(302,487)**	(26,583)
Profit for the period		**862,828**	3,293
Attributable to:			
Owners of the Company		**735,819**	18,436
Non-controlling interests		**127,009**	(15,143)
		862,828	3,293
Dividends	*6*	**140,938**	38,221
Earnings per share	*7*		
– Basic		**23.91 cents**	0.96 cents
– Diluted		**23.62 cents**	0.95 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**862,828**	3,293
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**121,636**	–
Change in fair value of available-for-sale investments	**(111,877)**	270,930
Surplus (Deficit) arising on revaluation of properties	**6,682**	(69,027)
Other comprehensive income before tax effect	**16,441**	201,903
Deferred tax (liability) asset arising on revaluation of properties	**(1,670)**	17,257
Other comprehensive income for the period, net of tax	**14,771**	219,160
Total comprehensive income for the period	**877,599**	222,453
Attributable to:		
Owners of the Company	**736,492**	250,777
Non-controlling interests	**141,107**	(28,324)
	877,599	222,453

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30th June, 2010 HK$'000 (Unaudited)	31st December, 2009 HK$'000 (Audited)
Non-Current Assets			
Investment properties		**4,540,457**	4,476,339
Property, plant and equipment		**1,260,645**	1,111,026
Prepaid lease payments – non-current portion		**316,718**	400,829
Goodwill		**790,716**	790,716
Interests in associates		**170,816**	164,025
Interests in jointly controlled entities		**1,758**	1,630
Available-for-sale investments		**234,475**	346,340
Club membership		**1,142**	1,130
Deposits paid for acquisition of land use rights		**1,166,307**	2,789,257
Deposits paid for acquisition of subsidiaries		**229,885**	186,742
Deferred tax assets		**85,404**	93,003
		8,798,323	10,361,037
Current Assets			
Properties under development		**34,105,752**	14,335,346
Properties held for sale		**1,002,406**	2,068,511
Other inventories		**29,773**	29,749
Trade and other receivables	*9*	**917,883**	623,999
Prepaid lease payments – current portion		**8,700**	10,931
Short-term loan receivables		**–**	–
Held-for-trading investments		**6,545**	9,897
Deposits paid for acquisition of property development projects		**436,782**	216,155
Amounts due from fellow subsidiaries		**28,850**	28,138
Amount due from an associate		**–**	62,571
Amount due from a jointly controlled entity		**3,133**	2,275
Amounts due from non-controlling shareholders of subsidiaries		**150,759**	144,252
Amounts due from related companies		**19,339**	11,430
Taxation recoverable		**184,456**	96,902
Pledged bank deposits		**134,530**	263,548
Bank balances, deposits and cash		**10,983,327**	10,100,429
		48,012,235	28,004,133

	Notes	30th June, 2010 HK$'000 (Unaudited)	31st December, 2009 HK$'000 (Audited)
Current Liabilities			
Trade and other payables	*10*	**2,569,444**	2,276,723
Pre-sale deposits		**6,914,372**	4,569,206
Property rental deposits		**68,716**	71,589
Amount due to the ultimate holding company		**96,367**	992,315
Amount due to an intermediate holding company		**3,161,344**	886,192
Amounts due to fellow subsidiaries		**774,003**	388,584
Amounts due to non-controlling shareholders of subsidiaries		**707,678**	749,955
Amounts due to associates		**87,182**	85,294
Taxation payable		**700,741**	663,404
Bank and other borrowings – due within one year		**10,551,979**	2,683,635
		25,631,826	13,366,897
Net Current Assets		**22,380,409**	14,637,236
Total Assets Less Current Liabilities		**31,178,732**	24,998,273
Capital and Reserves			
Share capital		**1,601,569**	1,491,996
Reserves		**15,526,253**	13,127,954
Equity attributable to owners of the Company		**17,127,822**	14,619,950
Non-controlling interests		**1,713,954**	1,518,950
Total Equity		**18,841,776**	16,138,900
Non-Current Liabilities			
Bank and other borrowings – due after one year		**11,501,947**	8,043,210
Loan from a fellow subsidiary		**178,926**	171,936
Deferred tax liabilities		**656,083**	644,227
		12,336,956	8,859,373
		31,178,732	24,998,273

Notes:

1. **Basis of preparation**

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

2. **Principal accounting policies**

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

A number of new or revised standards, amendments and interpretations are effective for the financial year beginning on 1st January, 2010. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31st December, 2009.

In the current interim period, the Group has applied the following new and revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning 1st January, 2010.

HKFRSs (Amendments)	Improvements to HKFRS 1 and HKFRS 5 as a part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transaction
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

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.

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 issued in 2010[5]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 32 (Amendments)	Classification of Right Issues[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[4]
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] *Effective for annual periods beginning on or after 1st February, 2010*
[2] *Effective for annual periods beginning on or after 1st July, 2010*
[3] *Effective for annual periods beginning on or after 1st January, 2011*
[4] *Effective for annual periods beginning on or after 1st January, 2013*
[5] *Effective for annual periods beginning on or after 1st January, 2011 or 1st July, 2011, as appropriate*

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 statements.

3. Revenue and segment information

The Group's reportable segments under HKFRS 8 are as follows:

For the six months ended 30th June, 2010

	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel operations *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
REVENUE						
External revenue	2,434,621	209,087	64,907	56,850	–	2,765,465
Inter-segment revenue*	–	1,507	–	143,185	(144,692)	–
Total revenue	2,434,621	210,594	64,907	200,035	(144,692)	2,765,465
SEGMENT RESULT	624,588	90,423	3,359	191,292	–	909,662
Unallocated income						78,356
Unallocated expenses						(34,587)
Gain on disposal of interests in subsidiaries	176,867					176,867
Discount on acquisition of interests in subsidiaries	81,110					81,110
Finance costs						(47,776)
Share of results of jointly controlled entities				(3,411)		(3,411)
Share of results of associates	5,094					5,094
Profit before taxation						1,165,315
Income tax expense						(302,487)
Profit for the period						862,828

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

For the six months ended 30th June, 2009

	Property development business *HK$'000*	Property investment and management *HK$'000*	Hotel operations *HK$'000*	Other operations *HK$'000*	Elimi- nations *HK$'000*	Total *HK$'000*
REVENUE						
External revenue	217,770	150,162	30,582	57,534	–	456,048
Inter-segment revenue*	–	1,468	4,479	40,123	(46,070)	–
Total revenue	217,770	151,630	35,061	97,657	(46,070)	456,048
SEGMENT RESULT	(49,738)	105,355	5,012	9,297	–	69,926
Unallocated income						12,750
Unallocated expenses						(38,151)
Finance costs						(33,369)
Share of results of jointly controlled entities				(3,545)		(3,545)
Share of results of associates	22,265					22,265
Profit before taxation						29,876
Income tax expense						(26,583)
Profit for the period						3,293

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

4. Profit before taxation

	Six months ended	
	30th June, 2010	30th June, 2009
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	**4,350**	4,585
Depreciation and amortisation of property, plant and equipment	**36,982**	29,823
Share of tax of associates (included in share of results of associates)	**–**	–

5. Income tax expense

	Six months ended	
	30th June, 2010	30th June, 2009
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong profits tax calculated at 16.5% (six months ended 30th June, 2009: 16.5%) of the estimated assessable profits for the period	**–**	–
PRC enterprise income tax	**156,457**	3,742
	156,457	3,742
Land appreciation tax	**140,904**	1,884
Deferred taxation	**5,126**	20,957
	302,487	26,583

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

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

6. Dividends

	Six months ended	
	30th June, 2010	30th June, 2009
	HK$'000	*HK$'000*
2009 final dividend of HK$0.044 (2008: HK$0.02) per share	**140,938**	38,221

The Directors have decided not to declare any interim dividend for the six months ended 30th June, 2010 (2009: HK$nil).

7. Earnings per share

The calculation of basic and diluted earnings per share for the six months ended 30th June, 2010 is based on the following data:

	Six months ended	
	30th June, 2010	30th June, 2009
	HK$'000	*HK$'000*
Earnings:		
Profit for the period attributable to owners of the Company	**735,819**	18,436

	Six months ended	
	30th June, 2010	30th June, 2009
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**3,077,363,101**	1,922,483,510
Effect of dilutive potential ordinary shares on share options	**37,854,423**	14,122,095
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**3,115,217,524**	1,936,605,605

8. Transfer to and from reserves

During the six months ended 30th June, 2010, the Group's subsidiaries in the PRC appropriate net of non-controlling interests' share of approximately HK$6,354,000 out of accumulated profits to the PRC statutory reserves (2009: HK$333,000).

9. Trade and other receivables

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

	30th June, 2010	31st December, 2009
	HK$'000	*HK$'000*
0 to 30 days	**96,152**	129,753
31 to 90 days	**11,400**	31,023
More than 90 days	**37,359**	17,800
Total trade receivables	**144,911**	178,576
Bills receivable on disposal of a subsidiary	**–**	90,443
Other receivables	**772,972**	354,980
	917,883	623,999

10. Trade and other payables

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

	30th June, 2010	31st December, 2009
	HK$'000	*HK$'000*
0 to 30 days	**994,918**	1,130,249
31 to 90 days	**50,747**	276,908
More than 90 days	**343,942**	106,088
Total trade payables	**1,389,607**	1,513,245
Other payables	**1,179,837**	763,478
	2,569,444	2,276,723

11. Contingent liabilities

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amount to HK$6,908,151,000 as at 30th June, 2010 (31st December, 2009: HK$6,075,008,000). Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate; and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the Directors. The Directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

12. Capital commitments

	30th June, 2010	31st December, 2009
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– property development expenditures	**8,529,565**	2,578,937
– acquisition of land use rights	**1,250,177**	5,663,074
– acquisition of interests in subsidiaries	**689,655**	748,751
– acquisition of property development projects	**206,897**	204,778
	10,676,294	9,195,540
Capital expenditure authorised but not contracted for in the consolidated financial statements in respect of:		
– acquisition of land use rights	**–**	2,025,028
– acquisition of interests in subsidiaries	**–**	77,543
	–	2,102,571

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30th June, 2010 (corresponding period in 2009: HK$nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Operating Conditions

For the first half of year 2010, the Group recorded a turnover of HK$2,765,465,000 (corresponding period in 2009: HK$456,048,000), representing an increase of HK$2,309,417,000 or 506% as compared with the corresponding period last year. Profit attributable to shareholders amounted to HK$735,819,000 (corresponding period in 2009: HK$18,436,000), representing an increase of HK$717,383,000 or 3,891% as compared with the corresponding period last year. Basic earnings per share was HK23.91 cents (corresponding period in 2009: HK0.96 cents), representing an increase of HK22.95 cents or 2,391% as compared with the corresponding period last year, while diluted earnings per share was HK23.62 cents (corresponding period in 2009: HK0.95 cents). For the first half of year 2010, the Group's operating profit margin was 38.6%, representing an decrease of 1.1% as compared with 39.7% in the corresponding period last year.

As at 30th June, 2010, the shareholders' equity of the Group amounted to HK$17,127,822,000 (31st December, 2009: HK$14,619,950,000), a growth of 17.2% as compared with the end of last year, and net book asset value per share was HK$5.35 (31st December, 2009: HK$4.9), a growth of 9.18% as compared with the end of last year.

Continuous Asset and Capital Injections By Parent Company

On 16th March, 2010, 4 development projects, which are located at Shanghai, Shenzhen, Suzhou and Hangzhou within the Yangtze River Delta and Zhujiang River Delta regions, were injected into the Group by the parent company. The Group settled the transaction consideration by way of payment of HK$2 billion in cash and by issuance of 220 million shares. The transaction was completed on 15th April, 2010. This was another important initiative taken by the parent company after the 2009 capital injection, which once again shows the strong and continuous support of the parent company to the Group's development on its' primary real estate business, and also further strengthens the Group's position as one of the leading real estate developers in the PRC.

Business Review

At the beginning of 2010, the PRC property market is riding on the upward trend of 2009, both transaction volume and price were increased. After a few months, market control measures on the PRC property market were launched by the State with the aim to curb the rapidly increasing property prices, increase control on properties transactions for investment and speculative purposes, and promote the healthy development of the property market. Recently, the effects of the austerity measures is starting to show and transactions in cities with property prices going up at a faster pace declined significantly. Facing the market changes and adjustments, the Group was mindful of such realities and adopted effective sales strategies, with the launch of property projects with better market competitiveness, the sales results was satisfactory, and realised a significant increase in year-on-year growth in turnover, which helped to mitigate the effects of the control measures. Meanwhile, through the strong support of the parent company and the concerted effort of the specialised management team, development and sales plans of various real estate projects of the Group were on track according to our yearly plan, while other targets, including area of new constructions, area carried forward and completed area, also reached targets set at the beginning of the year. As of 30th June 2010, the Group had a total of 23 projects under construction, 15 projects under continuously launched, 1 newly-launched project and 3 delivered projects.

Sales

In the first half of year 2010, the pre-sale and sale areas of the Group totaled 650,000 square meters, representing an increase of 3% as compared with previous year. The Group completed nearly 45% and 47% of its full-year sales target in terms of pre-sale and sale areas (i.e. 1,440,000 square meters) and sales amount (i.e. RMB10 billion) in the first half of the year, with the pre-sale and sale amount totaled RMB4.7 billion.

The pre-sale and sale realized in the first half of the year distributed over 9 cities, of which 34% were attributable to developments in the first-tier cities, which amounted to RMB1.58 billion with an average sales price of approximately RMB9,600, while 45% were attributable to developments in the provincial capitals located in central and south-western regions, which amounted to RMB2.13 billion with an average price of approximately RMB5,700, and 21% were attributable to developments in other cities, which amounted to RMB1.00 billion with an average price of approximately RMB8,900.

Projects	Accumulated contracts signed from January to June 2010# Amount (RMB million)	Percentage to total contracts signed
Shanghai	1,030	22%
Guangzhou	547	12%
Wuhan	205	4%
Chongqing	47	1%
Guiyang	772	16%
Nanning	871	19%
Kunming	238	5%
Harbin	616	13%
Jinan	380	8%
Subtotal	4,706	100%
Car parks	20	
Total	4,726	

Chongqing Emerald Valley not included

In the second half of the year, the Group plans to launch 6 residential properties for sale, including Shanghai Poly Yu Zun Yuan, Huizhou Poly Shan Shui Cheng, Nanning Poly Long Hu Lan Wan, Guiyang Poly International Plaza, Guiyang Poly Spring Boulevard and Jinan Poly Daming Hu.

New projects under construction

In the first half of the year, there were 9 new projects commenced constructions, four of which were in first phrase of construction. As of 30th June, the Group had 23 projects under construction with an area under construction of 4,770,000 square meters.

Projects under Construction in the first half of the year	**Aggregate site area** *('000 square meter)*	**Aggregate gross floor area** *('000 square meter)*	**Group's interest** *(%)*
Shanghai Jiading Xincheng (C8, C11, D10)	30	50	100%
Guangzhou City of Poly Phase 3	62	156	51%
Wuhan Poly Royal Palace Phase 3	87	318	100%
Guiyang Poly Clouds Hill International Phase 2	90	376	100%
Guiyang Poly Spring Boulevard Phase 1	117	202	66.5%
Nanning Poly Long Hu Lan Wan Phase 1	135	135	75%
Kunming Sunny Lake & Splendid Life Phase 3	30	43	80%
Poly Harbin Contemporary No. 9 Park Life Phase 2	39	139	51%
Jinan Poly Daming Hu	80	224	80%
Total:	670	1,643	

Projects sales recognised

In the first half of the year, the sold gross floor area of 15 projects were recognised and delivered, the amount involved was RMB2,083 million and the area was 290,000 square meters, average unit price was approximately RMB7,200 per square meter. 73% of the area was apartments, 16% was villas and 11% was premises and others.

	Projects sales recognised in the first half of the year	Recognised in the first half of 2010 *(RMB million)*	Percentage to total amount *(%)*
1.	Shanghai Poly Town	142.8	7%
2.	Shanghai Poly Noble Duke	382.7	18%
3.	Guangzhou City of Poly	110.0	5%
4.	Wuhan Poly Royal Palace	6.5	–
5.	Guiyang Poly Newisland	220.6	11%
6.	Nanning Poly Phoenixia Garden	4.5	–
7.	Nanning Poly Upper House	388.5	19%
8.	Nanning Poly Century	92.4	4%
9.	Kunming Sunny Lake & Splendid Life	314.7	15%
10.	Harbin Poly Yi He Homeland Southern District	0.4	–
11.	Harbin Poly The Water's Fragrant Dike	113.9	6%
12.	Poly Harbin Contemporary No. 9 Park Life	106.7	5%
13.	Jinan Poly Garden	62.8	3%
14.	Jinan Poly Lotus	126.5	6%
15.	Other (BaoLi Gentlefolk Villa)	10.0	1%
	Sub-total	2,083.0	100%

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 second half of 2010.

2. Shanghai Poly Town (Phases 2 to 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. In January to June 2010, the accumulated contracted sales of villas and residential units amounted to a gross floor area of approximately 52,000 square meters.

3. Shanghai Poly Villa Garden

Shanghai Poly Villa Garden is situated in the Yangpu District, Shanghai, which is adjacent to the subcivic 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 under construction and is scheduled to be completed and delivered in 2010.

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. In January to June 2010, the accumulated contracted sale of residence amounted to a gross floor area of approximately 27,000 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 Hightech 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 was completed in the first half of 2010.

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 apartments, villas and commercial buildings. The Group holds 50.1% interests in the project.

The project is divided into four phases. Phase 1 has a gross floor area of 52,000 square meters and is currently under construction. It is expected to commence sales in the second half of 2010 and will be completed and delivered in 2011.

7. Shanghai Jiading Xincheng (C8, C11, D10) Project

Shanghai Jiading Xincheng (C8, C11, D10) Project is situated in the central zone of Jiading Xincheng, north-western Shanghai and is composed of 5 land parcels. The project occupies a site area of approximately 205,000 square meters and an aggregate gross floor area of approximately 430,000 square meters. It is planned to be an integrated property development project featuring residential premises, commercial premises, offices, theatres and hotels. The Group holds 100% interests in the project.

The project is divided into 4 phases for development with the phase 1 being a grand theatre with an aggregate gross floor area of approximately 50,000 square meters. The construction of the project commenced in June and is expected to be completed in 2014.

8. Guangzhou City of Poly (Phases 1, 2 and 3)

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 condominiums, highrise apartments and villas. The Group holds 51% interests in the project.

The entire project is divided into three phases, all of which are currently under construction. Phase 1 has a gross floor area of approximately 223,000 square meters, of which high-rise residential premises 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 in the second half of 2010 and is expected to be completed by 2011. The gross floor area of Phase 3 is approximately 156,000 square meters and is expected to be completed by 2012. In January to June 2010, the accumulated contracted sales of high-rise residential premises and villas amounted to a gross floor area of approximately 85,000 square meters.

9. 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 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 is currently under construction. It is expected to commence sales in the second half of 2010 and be completed in 2011.

10. 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.

11. Wuhan Poly Royal Palace (Phases 2 and 3)

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 Donghu scenic area on its north and the immense South Lake scenic area 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 the second half of 2010. Residential premises of Phase 1 and 2 have been sold out. The pre-sales of Phase 3 is scheduled to commence in the second half of 2010.

12. 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 2 and 3 have an aggregate gross floor area of approximately 19,000 square meters and are now under construction. They are expected to commence sales in the second half of 2010 and be completed in the same year.

13. Chongqing Emerald Valley (Phase 4)

Chongqing Emerald Valley is situated in the North New District of Chongqing, which commands a remakable 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. Phase 3 of the project has an area of approximately 117,000 square meters and was completed in the first half of 2010. Phase 4 of the project is now under construction and is expected to be completed in 2011.

14. 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. It is expected to be completed in 2011.

In January to June 2010, the accumulated contracted sales of residential units and villas amounted to a gross floor area of approximately 65,000 square meters.

15. Guiyang Clouds Hill International (Phases 1 and 2)

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.

Phases 1 and 2 of the project have a gross floor area of approximately 673,000 square meters and are now under construction. Phase 1 occupies a gross floor area of approximately 97,000 square meters and is expected to be completed in 2011. In January to June 2010, the accumulated contracted sales of residential premises amounted to a gross floor area of approximately 85,000 square meters.

16. 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. The pre-sales of phase 1 is expected to be commenced in the second half of 2010 and is expected to be completed in 2012, while the entire project is expected to be completed in 2013.

17. Guiyang Poly Spring Boulevard (Phase 1)

Guiyang Poly Spring Boulevard is situated in the southern part of Wudang District, Guiyang and is 1 kilometer away from the centre of Wudang District. Precious hot springs are found in the land parcel of the project. The project occupies a site area of approximately 448,000 square meters and an aggregate gross floor area of approximately 775,000 square meters. It is planned to become a low density small residential district featuring residential houses, villas and high-rise residential premises. The Group holds 66.5% interests in the project.

The project is divided into 4 phases for development. Phase 1 of the project has an aggregate gross floor area of approximately 202,000 square meters and is now under construction. The presale is expected to commence in the second half of 2010, while the project is expected to be completed in 2011.

18. 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 is currently under construction and is expected to be completed in 2010. In January to June 2010, the accumulated contracted sale of residence amounted to a gross floor area of approximately 115,000 square meters.

19. Nanning Poly Long Hu Lan Wan

Nanning Poly Long Hu Lan Wan is situated in the north of the urban area of Nanning and is an approximately 20 minute drive from the urban area. The project has a site area of approximately 568,000 square meters and an aggregate gross floor area of approximately 527,000 square meters. Constructed around the lake, the project is planned to become a large residential project comprising residential houses, high-rise residential premises, villas and serviced apartments. The Group holds 75% interests in the project.

The project is divided into 4 phases for development. Phase 1 of the project has an aggregate gross floor area of approximately 135,000 square meters and is now under construction. The presale is expected to commence in the fourth quarter of 2010, while the project is expected to be completed in 2012.

20. Kunming Sunny Lake & Splendid Life (Phases 2 and 3)

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. Phases 2 and 3 have a gross floor area of approximately 189,000 square meters and are now under construction. Phase 2, which covers a gross floor area of approximately 146,000 square meters, is expected to be completed in 2011. In January to June 2010, the accumulated contracted sales of residential units and villas amounted to a gross floor area of approximately 63,000 square meters.

21. 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 and is now under construction. The construction is expected to be completed in 2010. In January to June 2010, the accumulated contracted sales of villas amounted to a gross floor area of approximately 56,000 square meters.

22. 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. The construction work of phase 1 was completed in 2009. Phase 2 covers an area of 139,000 square meters and is now under construction, which is expected to be completed in 2011.

23. 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 the second half of 2010. In January to June 2010, the accumulated contracted sales of residential units amounted to a gross floor area of approximately 50,000 square meters.

24. 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 whole project.

The project was completed in the first half of 2010 and all the residential units were sold out. In January to June 2010, the accumulated contracted sales of premises amounted to a gross floor area of approximately 6,000 square meters.

25. Jinan Poly Daming Hu

Poly Daming Hu is situated in Li Xia District, Jinan, neighboring the famous Daming Lake scenic area in Jinan. The project has a site area of approximately 80,000 square meters and an aggregate gross floor area of approximately 224,000 square meters. It is planned to be an integrated real estate project comprising mainly high-rise residential premises. The Group holds 80% interests in the project.

The construction of the project commenced in February 2010. The presale is expected to commence in the second half of 2010, while the project is expected to be completed in 2011.

Land Reserves

From the beginning of 2010 to present, the Group has acquired five land parcels in Shanghai, Jinan, Wuhan and Guiyang, with a total site area of 2,922,000 square meters and a total constructible gross floor area of approximately 3,593,000 square meters. Four property development projects were injected into the Group by the parent company in mid-March, among which, the land use right certificate or notice of confirmation of transaction of an area of 604,000 square meters was obtained, and the constructible gross floor area involved is approximately 1,501,000 square meters.

	Land reserves	**Proposed properties under planning** Types	**Total land area** *('000 square meters)*	**Total planned gross floor area** *('000 square meters)*	**Group's interest**
1.	Land parcel in Longgang, Shenzhen	residential and commercial	70	270	100%
2.	Land parcel in Yinshan Lake, Suzhou	residential and commercial	369	811	100%
3.	Land parcel in Deqing, Hangzhou	residential, hotel and office	165	420	100%
4.	Commercial and residential land parcel in Shanghai Jiading Xincheng	residential, commercial, office and theatre	205	430	100%
5.	Land parcel in Shanghai Baoshan District	residential, commercial and office	43	100	100%
6.	Jinan Poly Daming Hu	residential	80	224	80%
7.	Land parcel in Tieji Village, Wuhan	residential	333	1,316	68%
8.	Guiyang Poly Golf Project	residential, hotel and golf club	2,261	1,523	70%
	Total:		3,526	5,094	

At present, the Group has a total land area of approximately 6,952,000 square meters and planned gross floor area of approximately 11,268,000 square meters in 16 cities based on those land parcels which have obtained the land use permits or notices of confirmation of transaction. Among which, projects with a gross floor area of 4,512,000 square meters, representing 40.0% of the land reserves, are located in the Yangtze River Delta and Zhujiang River Delta regions; projects with a gross floor area of 4,974,000 square meters, representing 44.1% of the land reserves, are located in the provincial capitals of the central and southwestern regions; projects with a gross floor area of 1,782,000 square meters, representing 15.8% of the land reserves, are located in provincial capitals of other regions.

Investment Properties

The Group has various investment properties and hotels located in the first-tier cities and second-tier provincial capitals. The aggregate gross floor area is approximately 436,000 square meters, 322,000 square meters of which are held by the Group.

During the period, the overall performance of property leasing market remained stable. The occupancy rate of the Group's rental properties further improved and the rental rate remained at a relatively high level. The Group strived to strengthen its management, broaden sources of income and reduce expenditure and adopt numerous effective measures to cut down operating costs and risks to boost our competitiveness and maintain a stable long-term rental income.

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 46,000 square meters is for leasing purpose.

In the first half of 2010, the occupancy rate was 81% and the income amounted to RMB32,400,000.

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.

In the first half of 2010, the occupancy rate of the office building was 97%. The hotel room occupancy rate was approximately 68%, and the income amounted to RMB53,390,000.

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. In the first half of 2010, the income amounted to RMB8,230,000.

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. In the first half of 2010, the occupancy rate was 97% and the income amounted to RMB29,840,000.

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 the first half of 2010, the occupancy rate of the Plaza was approximately 95% and the income amounted to RMB22,280,000.

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 White Rose Hotel resumed operation in the second half of 2009 after renovation, which upgraded its rating to five-star. It has 320 suites and is equipped with catering and entertainment facilities.

In the first half of 2010, hotel room occupancy rate was approximately 54% and the income amounted to RMB25,110,000.

Property Management

The Group holds various property management companies which principally engage in the management of residential properties, 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.

In the first half of 2010, the property company realised an income of RMB56,300,000 and managed over 54 property projects with an aggregate gross floor area of 6.68 million square meters, encompassing offices premises, hotels, shopping malls, villas and residences.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 30th June, 2010, the shareholders' equity of the Group amounted to HK$17,127,822,000 (31st December, 2009: HK$14,619,950,000), while the net asset value per share was HK$5.35 (31st December, 2009: HK$4.90). As at 30th June, 2010, the Group's gearing ratio (on the basis of the amount of total liabilities divided by total assets) was 67% (31st December, 2009: 58%).

As at 30th June, 2010, the Group had outstanding bank and other borrowings of HK$22,053,926,000. In terms of maturity, the outstanding bank and other borrowings can be divided into HK$10,551,979,000 (48%) to be repaid within one year, HK$5,572,622,000 (25%) to be repaid after one year but within two years, HK$5,024,993,000 (23%) to be repaid after two years but within five years and HK$904,332,000 (4%) to be repaid after five years. In terms of currency denomination, the outstanding bank and other borrowings can be divided into HK$18,543,926,000 (84%) in Renminbi and HK$3,510,000,000 (16%) in United State dollars.

30% of the bank and other borrowings of the Group are subject to fixed interest rates and the remaining 70% are subject to floating interest rates. Therefore, under circumstances of interest rates uncertainty or fluctuations or otherwise as appropriate, the Group will consider the use of hedging instruments (including interest rates swaps), in order to manage interest rate risks.

As at 30th June, 2010, the Group had net current assets of HK$22,380,409,000 and total bank balances of HK$11,117,857,000 (31st December, 2009: HK$14,637,236,000 and HK$10,363,977,000 respectively). With the available banking facilities and cash revenue from business operations, it is believed that the Group has sufficient resources to meet the foreseeable working capital demands and capital expenditure.

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, United State dollars and Renminbi. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimised via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures. The management believes that the foreign exchange rate between Hong Kong dollars and United State dollars is relatively stable. On the other hand, despite the recent mild appreciation of the Renminbi exchange rate, the Board believes that the Renminbi exchange rate will only gradually appreciate by a small percentage in the foreseeable future. In this regard, the Group believes that its exposure to foreign exchange risks is immaterial.

Pledge of Assets

As at 30th June, 2010, bank deposits amounted to HK$134,530,000 (31st December, 2009: HK$263,548,000), certain of the Group's properties under development of approximately HK$6,583,536,000 (31st December, 2009: approximately HK$4,288,045,000), certain of the Group's properties held for sale of approximately HK$235,407,000 (31st December, 2009: approximately HK$470,369,000), certain of the Group's investment properties of approximately HK$1,170,472,000 (31st December, 2009: approximately HK$1,744,683,000), hotel properties, prepaid lease payments, other property, plant and equipment with an aggregate net book value of approximately HK$936,033,000 (31st December, 2009: HK$1,201,523,000) and shares in certain subsidiaries were pledged to secure credit facilities granted to the Group.

Contingent Liabilities

The Group arranged mortgage loan facilities with certain banks for purchasers of property units and provided guarantees to banks to secure obligations of such purchasers of repayment. The maximum guarantees given to banks amount to HK$6,908,151,000 as at 30th June, 2010 (31st December, 2009: HK$6,075,008,000). Such guarantees terminate upon the earlier of (i) issue of the real estate ownership certificate and (ii) the satisfaction of the mortgage loans by the buyers of the properties. The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors. The directors also consider that the fair value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

STAFF

As at 30th June, 2010, the Group employed about 4,481 (30th June, 2009: 2,760) staff with remuneration for the period amounted to approximately HK$122,846,000. The Group provides its staff with various benefits including year-ended double-pay, discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

COMPANY PROSPECT

Facing the increasingly complicated and constantly changing economic and market conditions, the Group holds its view on the favorable long term development of the PRC property market and its' judgment on short-term fluctuation and adjustments.

The Group will continue to rely on the great support from the parent company, in an effort to further enhance the construction capability of our specialised management team and make appropriate adjustments to its' real estate development projects and sales proposals in a timely manner, so as to accelerate the development of various types of properties in different regions. The Group will adjust its proportion of resources committed to product development, increase the proportion of units with a smaller area that were less affected by the control measures introduced, and adopt flexible pricing strategies to respond to the changing market environment.

The Group expected that the Government's control measures would further optimise the market structure, and provide developers with a market environment which could achieve reasonable and stable growth.

Looking forward to the second half of 2010, the Group has various projects scheduled to commence sales, and the construction progress of our projects are satisfactory. It is expected that turnover will increase steadily during the second half of the year. As for properties to be available for sales, the Group will keep its focus on properties in Tier II and Tier III cities.

In general, the Group's target on annual sales contract signed remains at a level of RMB10 billion and is truly confident of its development prospects with its core business focuses on investing and development of real estate. Through the support of parent company and our shareholders, the Group will continue to actively and soundly participate in the quality real estate projects in the mainland China, so as to sustain healthy development of the Group, and to further realise steady growth in results, thus creating fabulous returns for the shareholders.

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

During the six months period ended 30th June, 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

Under code provision A.2.1 of the Code on Corporate Governance Practices ("CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, the roles of Chairman and Chief Executive Officer of the Company have been performed by Mr. Xue Ming since 29th April, 2010. The Board believes that the roles of Chairman and Chief Executive Officer performed by Mr. Xue Ming provide the Group with strong and consistent leadership and are beneficial to the Group especially in planning and execution of business strategies. The Board also believes that the present arrangement is beneficial to the Company and the shareholders as a whole.

Except as aforesaid, the Company has complied throughout the six months ended 30th June, 2010 with the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules on the Stock Exchange.

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

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the Model Code for the six months ended 30th June, 2010 except that the Company has received a notification from Mr. Lam Tak Shing, Harry on 21st January, 2010 regarding his trading of 300,000 Shares during the blackout period for the final results for the year ended 31st December, 2009.

AUDIT COMMITTEE

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

By Order of the Board
XUE Ming
Chairman and Managing Director

Hong Kong, 2nd August, 2010

As at the date of this announcement, the executive Directors of the Company are 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.