For the year ended 31st December, 2004, the Company and its subsidiaries (collectively the "Group") recorded a turnover of HK$567,190,000, representing an increase of HK$93,600,000 or approximately 19.8% as compared with the turnover of HK$473,590,000 of the year 2003. The increase in turnover was mainly attributable to the contribution from the shipping business for the year 2004 amounted to HK$149,581,000, representing an increase of HK$90,426,000 as compared with that of HK$59,155,000 last year.

In 2004, the Group has achieved a remarkable results with a profit of HK$164,997,000 and earnings per share of HK18.61 cents. It was mainly attributable to the operating profit generated from the shipping business of approximately HK$104,285,000, the gain of approximately HK$54,600,000 generated from the disposal of the carriers "Hai Ji" in the year and the operating profit of approximately HK$73,047,000 generated from the property leasing.

PRINCIPAL BUSINESS ACTIVITIES

1. February 2004: Completed the top-up placing of 100,000,000 shares and raised HK$166,000,000 for the Company.

2. February 2004: Completed the acquisition of 36.75% equity interests of Xuzhou Western Co-generation and 29.4% equity interests of Funing Co-generation in Jiangsu Province.

3. August 2004: Entered into the subscription agreement to subscribe for 35% equity interests of an oils & grains company and a port company in Yang Jiang City.

4. October 2004: Entered into syndicated loan agreement amounted to HK$300,000,000 with six bankers for a term of 3 years.

5. November 2004: Obtained an approval at an Extraordinary General Meeting to acquire 60% equity interests of Shanghai Puly Company and 100% equity interests of Hubei White Rose Hotel.

6. November 2004: Entered into the disposal agreements of two carriers namely "Hai Ji" and "Hai Kang".

7. December 2004: Obtained an approval at an Extraordinary General Meeting to change the name of the Company from "Continental Mariner Investment Company Limited" to "Poly (Hong Kong) Investments Limited".

8. December 2004: Completed the disposal of carrier "Hai Ji".

PROPERTY INVESTMENT AND DEVELOPMENT

The overall property market of the People's Republic of China (the "PRC") underwent rapid development. Despite the indication that some of the markets were overheated, those in major cities were still considered under normal development. The Group's property projects were mainly located in key cities such as Beijing, Shanghai, Guangzhou and Wuhan, laying a sound foundation for the Group to capitalize on the tremendous business opportunities to be brought forth by the 2008 Beijing Olympic Game, 2010 Guangzhou Asian Games and 2010 World Expo in Shanghai.

Shanghai Stock Exchange Building

Shanghai Stock Exchange Building is the trading center for the PRC stock market and the place where the Shanghai Stock Exchange is located. As a landmark construction, it has enormous market influence and a substantial inherent appreciation potential.

As at the end of 2004, rental income generated from the six floors of Shanghai Stock Exchange Building held directly by the Group was approximately US$2,113,000, representing an increase of 19% as compared to 2003. The occupancy rate of 2004 reached 92%, representing a rise of 10% as compared to 2003, while the average daily rental rate per sq.m. reached US$0.48, representing an increase of 14% as compared to 2003. The Group also holds 40% equity interests in Shanghai Puly Real Estate Development Company Limited ("Shanghai Puly"). Shanghai Puly holds a floor area of 34,206 sq.m in Shanghai Stock Exchange Building, with an occupancy rate of 97% in 2004, representing a growth of 23% as compared to 2003, and the average daily rental rate per sq.m. was US$0.5.

On 11th August, 2004, the Group entered into the Shanghai Properties Acquisition Agreement to acquire 60% equity interests in Shanghai Puly at a consideration of RMB258,000,000 (about HK$241,210,000). After confirming the acquisition, the Group will hold approximately 47% of the gross area in Shanghai Stock Exchange Building.

Poly Plaza

The Group owns 75% equity interests in Poly Plaza in Beijing, which is a comprehensive multi-functional complex comprising a Grade A office tower, a four-star ranking hotel tower, a theatre and other ancillary facilities. It enjoys excellent reputation in Beijing and is recognized as the "most prefer hotel chosen by the Beijing citizens" in 2004.

After completion of the renovation works of the hotel rooms and exterior wall of Poly Plaza in 2003, there has been significant increase in the income generated from hotel suites. The total turnover of Poly Plaza in 2004 reached RMB132,000,000 and a gross profit of RMB58,800,000 was realized. The average occupancy rate for the office building reached 94%. The average occupancy rate for the hotel suites was 80%, representing a rise of 5% as compared to 2003, and the room rates were US$66 per day, representing a rise of 12% as compared to 2003.

Beijing Jinrong Street office building project

The Group owns a 49% equity interests in Tong Sun Limited. The sole asset of Tong Sun Limited is its co-operative joint venture interests in a Grade A office building development project located at Jinrong Street, Xi Cheng District, Beijing, with a floor area of approximately 128,800 sq.m. In December 2003, Tong Sun Limited successfully disposed the whole office building to a sole purchaser at a total consideration of approximately RMB2 billion. The superstructure work of the building is completed in November 2004. It is expected that the office building will be completed and delivered to the purchaser by the end of 2005. It is also expected that the Group can fully recover the shareholders' loan and receive the dividend of preference shares amounting to HK$297,000,000 in total after the completion of the disposal.

Guangzhou hotel and office building project

The Group owns 51% interest in the entire project which occupies a site area of approximately 9,000 sq.m., with a gross floor area of approximately 129,000 sq.m. Its construction works have been carried out based on the standard of Grade A office buildings and international five-star hotels. The development is currently in good progress, and is expected to be completed in late 2006 at the earliest.

SHIPPING

The shipping industry was on the rebound in 2004, and the Group recorded an operating profit of HK$104,285,000 generated from the rental business throughout the year. To further integrate its core business, the Group disposed its bulk carriers at the right time. The "Hai Ji" carrier was delivered on 28th December, 2004 and realized a gain on disposal of HK$54,637,000, and the "Hai Kang" carrier was delivered on 13th April, 2005.

INFRASTRUCTURE AND MANUFACTURING

Cogeneration Operations

In February 2004, the Group had completed the acquisition of 36.75% equity interests of Xuzhou Western Co-generation and 29.4% equity interests of Funing Co-generation in Jiangsu Province. The purchase price of the two cogenerations was HK$71,000,000 in total. Currently, the Group holds equity interests ranging from 29.4% to 51% in five cogenerations in the Yangtze River Delta, with an aggregate cogeneration capacity amounted to 165 MW.

At the beginning of 2005, the Group exercised the share options under the Guarantee Agreement, which is to acquire Peixian Mine-Site Environment Cogen-Power Co., Ltd. and Dongtai Suzhong Environmental Protection Co-generation Company Limited, to purchase an additional equity interest of 1.1% at a total consideration of HK$1 respectively, leading the Group to become the 50.1% Controlling Shareholder in the above 2 cogeneration companies.

Due to the domestic price of coal had significantly increased by an average of 40% in 2004, despite additional profit contribution from the two new cogeneration power plants, profit attributable to the Group from this sector still decreased to HK$32,881,000 for the year, representing a drop of approximately 23.4% from 2003.

Polystar Digidisc Co. Ltd. ("Polystar")

The Group owns 66% equity interests in Polystar. In 2004, Polystar recorded a turnover of RMB72,000,000 and a profit of RMB11,280,000, representing an increase of 10% as compared to 2003. The actual output for the year of CDs and DVDs reached 45,610,000 pieces and 21,320,000 pieces, representing an increase of 51% and 80% respectively as compared with 2003. The expansion projects for the four disc duplication lines and one master disc production line in 2004 were all completed and production has been commenced. At present, the annual disc production capacity of Polystar has already reached 80,000,000 pieces. It is expected that the operating efficiency will be further enhanced in 2005.

OILS & GRAINS INDUSTRY AND PORT BUSINESS

In August 2004, the Group had entered into an agreement to subscribe for the equity interests in an oils & grains company and a port company in Yang Jiang City at a total consideration of US$14,490,000. After the subscription, the Company holds 35% interests in the respective enlarged registered capital of the oils & grains company and the port company.

The principal business of the oils & gains company is extraction of soybean oil, and production and sale of soybean meals, soybean oil and related by-products. The construction of its factory was completed in late 2004, and it has already commenced production, having an annual production capacity of 1.2 million tons. The principal business of the port company is the operation of a deepwater port located in Yang Jiang City, having an annual handling capacity of approximately 1,000,000 tons of good. The construction of its port was completed in late 2004, and it has already commenced operation.

STRATEGIC INVESTMENT

Insurance

The Group holds 48% equity interests in Winterthur Insurance (Asia) Limited ("Winterthur Insurance"). Winterthur Insurance, through its Shanghai branch, is principally engaged in non-life insurance businesses in the PRC. The major insurance business of Winterthur Insurance has resumed to profitability in 2004.

FINANCIAL REVIEW

Liquidity and Capital Structure

As at 31st December, 2004, the shareholders' funds of the Group amounted to HK$2,570,157,000 (2003: HK$2,329,020,000), while the net asset value per share was HK$2.87 (2003: HK$2.88). As at 31st December, 2004, the Group's gearing ratio (on the basis of the amount of total liabilities less total bank balances divided by shareholders' funds) was 27.1% (2003: 29.1%).

As at 31st December, 2004, the Group had an outstanding bank loans of HK$490,253,000. In terms of maturity, the outstanding bank loans can be divided into HK$279,061,000 (57%) to be repaid within one year, HK$111,772,000 (23%) to be repaid after one year but within two years, HK$99,420,000 (20%) to be repaid after two years but within five years. In terms of currency denomination, the outstanding bank loans can be divided into HK$242,353,000 (49%) in Renminbi, HK$42,900,000 (9%) in US dollars and HK$205,000,000 (42%) in Hong Kong dollars.

43% of the bank borrowings of the Group are subject to fixed interest rates and the remaining 57% 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 31st December, 2004, the Group had a working capital of HK$175,737,000 and total bank balances of HK$471,879,000 (2003: HK$97,277,000 and HK$255,238,000 respectively). In February 2004, the Company successfully completed a top-up placing of 100,000,000 shares and raised HK$166,000,000. Together with the current cash balances, 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, Renminbi and US dollars. The Group maintains a prudent strategy in its foreign exchange risk management, where foreign exchange risks are minimized via balancing the monetary assets versus monetary liabilities, and foreign exchange revenue versus foreign exchange expenditures. Besides as the Hong Kong dollar is pegged to the US dollar, and the exchange rate between Hong Kong dollar and Renminbi also fluctuates slightly, the Group believes that its exposure to foreign exchange risks is not material.

Pledge of Assets

As at 31st December, 2004, bank deposits amounted to HK$25,178,000 (2003: HK$11,948,000), certain of the Group's investment properties of approximately HK$702,400,000 (2003: approximately HK$364,600,000), other property interests and motor vessels with an aggregate net book value of approximately HK$997,119,000 (2003: HK$1,158,220,000) and shares in certain subsidiaries and an associate were pledged to secure credit facilities granted to the Group.

Contingent Liabilities

As at 31st December, 2004, the Company had given guarantees to certain banks in respect of credit facilities granted to certain subsidiaries of the Company and the amount utilised was approximately HK$60,000,000 (2003: HK$129,000,000).

In addition, as at 31st December, 2004, the Group had given guarantees of approximately HK$14,300,000 (2003: HK$14,300,000) to a bank in respect of credit facilities granted to prospective purchasers of properties developed by a jointly controlled entity of the Group.

STAFF

As at 31st December, 2004, the Group employed about 1,200 staff with remuneration for the year amounted to HK$58,900,000. 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.

PROSPECTS

The management of the Group is still confident in the economic development of the PRC and the prospects of the Group's PRC projects. The Group will continually adopt an active but prudent operating strategy, strengthen its corporate governance, reduce the operating costs in order to further develop its principal business of property operations, optimize the business structure, enhance effectiveness and maximize the return to shareholders.