Hopefluent Group Holdings Limited

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code: 733

Annual Report 2008

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. FU Wai Chung *(Chairman)*
Ms. NG Wan
Ms. FU Man
Mr. LO Yat Fung

Independent Non-Executive Directors
Mr. LAM King Pui
Mr. NG Keung
Mrs. WONG LAW Kwai Wah, Karen

MEMBERS OF AUDIT COMMITTEE

Mr. LAM King Pui AHKSA, CPA, FCCA, ACS, ACIS
Mr. NG Keung
Mrs. WONG LAW Kwai Wah, Karen

MEMBERS OF REMUNERATION COMMITTEE

Mr. LAM King Pui AHKSA, CPA, FCCA, ACS, ACIS
Mr. NG Keung
Mrs. WONG LAW Kwai Wah, Karen

COMPANY SECRETARY

Mr. LO Hang Fong, solicitor, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. FU Wai Chung
Mr. LO Yat Fung

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

8th Floor, International Trade Center
1 Linhe Xi Lu
Tianhe District
Guangzhou
PRC

PLACE OF BUSINESS IN HONG KONG

Room 3411, 34th Floor
Shun Tak Centre West Tower
200 Connaught Road Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

LEGAL ADVISERS

Stevenson, Wong & Co.
4/F & 5/F, Central Tower
28 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Room 358, Citic Plaza
233 Tian Ho Bei Road
Guangzhou, PRC

Agricultural Bank of China
1/F Guangzhou International Trade Centre
1 Linhe Xi Lu
Guangzhou, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield International (Cayman) Ltd.
Butterfield House, 68 Fort Street
P.O. Box 705
George Town, Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

733

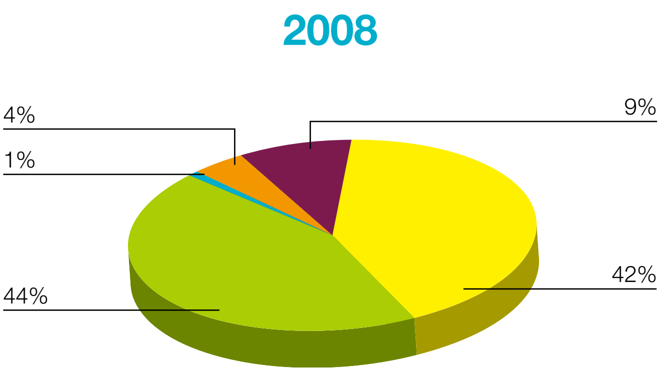
HOME PAGE

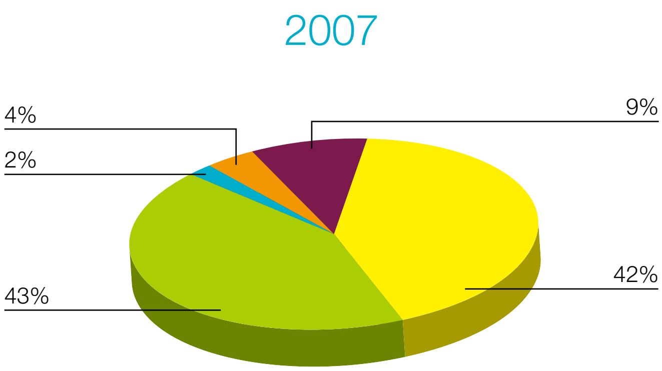
www.hopefluent.com

Financial Highlights

TURNOVER BY BUSINESS

for the year ended 31st December

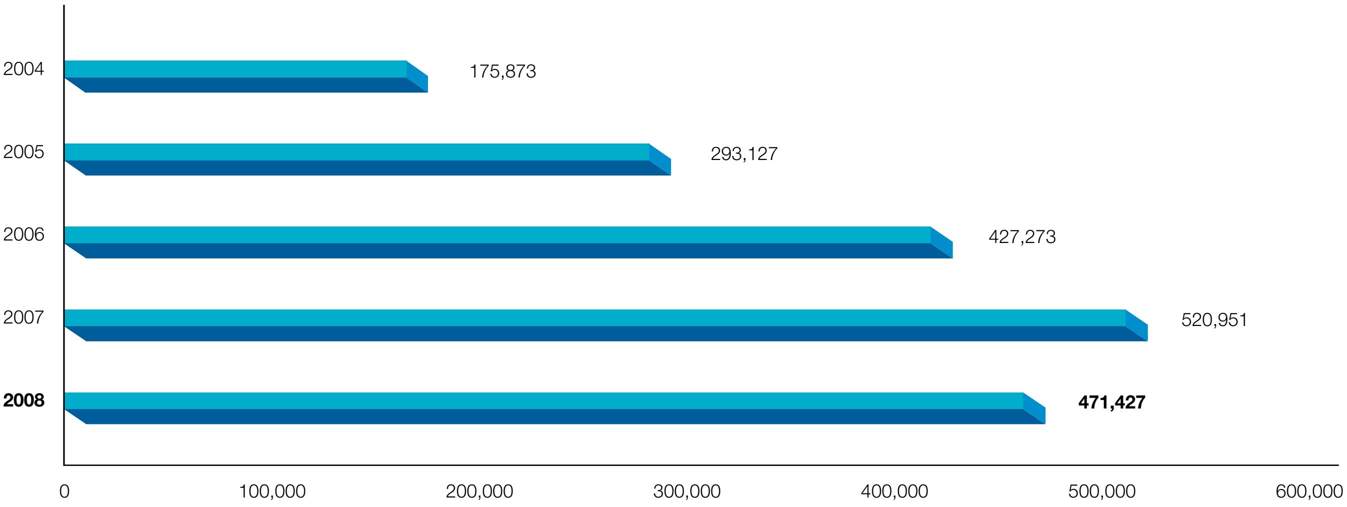




- Commission income for primary property transactions
- Marketing and planning consultancy services fee income
- Conveyancing services fee income
- Commission income for secondary property transactions
- Property management and others

SHAREHOLDERS' FUNDS

(HK$'000)



Year in Review

Year in Review (Continued)

The Group has more than 20 offices in different major markets including Guangzhou, Dogguan, Foshan, Tianjin, Shanghai, Anhui, Hubei, Hunan and Shandong.

Riding on its quality property real estate agency service, effective sales strategies and outstanding corporate brand, the Group continued to work closely with major property developers and secured exclusive agency rights for more projects. Between 2005 and now, the Group has been the sole agent for the renowned mainland property developers Vanke, Gemdale, KWG Property, Sino-Ocean Land, China Everbright, Poly, Evergrande Real Estate and China Merchants Property Development, etc. The Group is also the agent for projects of the renowned Hong Kong developers like Sun Hung Kai and China Overseas.

Chairman's Statement

Fu Wai Chung
Chairman

In 2008, like the entire property real estates market, Hopefluent experienced severe challenges. The global economic crisis and banks in China tightening credit control led to a drop in consumer confidence and in turn affected the property market and the overall performance of the Group. The Group's turnover for 2008 dropped slightly by 12% to HK$683.9 million when compared with that in 2007. Moreover, as a result of efforts of the Group to rationalise its secondary property real estate agency service operation during the year, extra expenses were incurred, thus the Group recorded loss attributable to shareholders of HK$75.2 million for the year.

During the year under review, the primary property real estate agency service business of the Group delivered performance similar to that in 2007. The Group was the sole contract agency for about 300 projects in 25 cities in the country and more than 250 of the projects contributed turnover to the Group for the year. As for the secondary property real estate agency service business, it was more vulnerable to impact of external factors and as such it did not perform as well as in the previous year. The Group had to make major adjustments to its secondary property real estate agency service business during the year including closing branches with low profitability so as to control costs in the difficult period. The number of branches was trimmed from the peak of 420 to approximately 260 as at the end of 2008 which the Group believed to be reasonable given the current market situation. As for other property real estates related businesses, namely project consultancy service, mortgage referral and property management, they continued to generate stable income for the Group.

Looking ahead, after going through adjustment, the property market has shown signs of warming up, and the economic stimulus packages announced by the PRC government are expected to help gradually boost consumer confidence. While the worst has yet to come of the global financial crisis and the outlook of the economy is still uncertain, the Group is optimistic about the long-term development of the property market in China and believes the market has already bottomed out. It will apply prudent strategies in tackling the challenges in 2009. The Group will continue to implement stringent cost control and strive to strengthen its industry leadership so as to enhance overall operational strengths and provide even better quality services to customers.

Last but not least, on behalf of the Board, I would like to thank all shareholders, business partners and customers for their continuous support and our staff for working side-by-side with the Group in the testing business environment. Their efforts and contribution during the year were heartfelt. I have full confidence in the prospects of the Group and its ability to weather difficult times and seize timely market opportunities to generate satisfactory long-term returns for shareholders.

By order of the board

Fu Wai Chung
Chairman

Hong Kong, 15th April, 2009

COMPREHENSIVE NETWORKS IN PRC

Headquarters

Primary Real Estate Services

Secondary Real Estate Services

Biographical Details of Directors & Senior Management

DIRECTORS

Executive Directors

Mr. Fu Wai Chung (Chairman), aged 59, the co-founder and chairman of the Group, is responsible for the strategic planning and overall management of the Group. Mr. Fu is a graduate of 華南工學院 (Wahnan Industrial College, the PRC) and holds a certificate in mechanical engineering. Mr. Fu has over thirteen years of experience in real estate agency business management and administration in the PRC. Mr. Fu is a member of the committee of the Chinese People's Political Consultative Conference of Guangzhou City.

Ms. Ng Wan, aged 53, the co-founder of the Group, is responsible for the Group's sales and marketing and overall management. Ms. Ng is a graduate of 廣州業餘大學 (Guangzhou Part-time University, the PRC) and holds a certificate in arts. Ms. Ng has over thirteen years of experience in the real estate agency business. She is the wife of Mr. Fu.

Ms. Fu Man, aged 48, the co-founder of the Group, is responsible for the Group's sales and marketing and overall management. Ms. Fu attended 廣州大學科技幹部學院 (Technology College, Guangzhou University, the PRC) and holds a certificate in industrial foreign trade. Ms. Fu has over thirteen years of experience in the real estate agency business. She is the sister of Mr. Fu.

Mr. Lo Yat Fung, aged 44, is a certified public accountant in Hong Kong and has over nineteen years of experience in accounting and financial management. Mr. Lo has obtained a professional diploma in accountancy from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. In addition, Mr. Lo is a fellow member of the Taxation Institute of Hong Kong and an associate member of the Institute of Chartered Secretaries and Administrators.

Independent Non-Executive Directors

Mr. Lam King Pui, aged 43, is the chief financial officer of a jewellery retailer in Hong Kong. He holds a Bachelor of Arts degree in accountancy from the Hong Kong Polytechnic University and has over nineteen years of experience in accounting. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants, a Certified Public Accountant, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

Mr. Ng Keung, aged 58, is the managing director of a private information technology company since 2000. Prior to the current appointment, Mr. Ng was the vice chairman and the general manager of a private investment company in Hong Kong. Mr. Ng graduated from 廣州市廣播電視大學 (Guangzhou City Radio and Television University, the PRC) with a diploma in industrial enterprises management.

Mrs. Wong Law Kwai Wah, Karen, aged 60, holds a bachelor of arts degree from the University of Hong Kong and has over thirty-five years working experience in the real estate field. Mrs. Wong is a fellow member of the Chartered Institute of Housing Asian Pacific Branch and a fellow of the Hong Kong Institute of Housing. She is a licensed real estate agent and is currently the Vice-President of the Society of Hong Kong Real Estate Agents Ltd. She is appointed as a member of the Disciplinary Committee of the Estate Agents Authority.

AUDIT COMMITTEE

The Company established an audit committee on 24th June, 2004. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The committee has reviewed the audited financial statements for the year ended 31st December, 2008.

The audit committee of the Group consists of three independent non-executive Directors, namely Mr. Lam King Pui, Mr. Ng Keung and Mrs. Wong Law Kwai Wah, Karen. Mr. Lam King Pui was appointed as the chairman of the audit committee.

COMPANY SECRETARY

Mr. Lo Hang Fong, aged 45, is a solicitor practising in Hong Kong and the company secretary of the Company. He holds a bachelor's degree in laws from the University of Bristol in England and a diploma in Chinese laws from the China Law Society. He has acquired over sixteen years of experience in corporate advisory on mergers and acquisitions, initial public offerings and loan syndication.

SENIOR MANAGEMENT

Ms. Li Jie Nu, aged 55, is the manager of the administration department and is responsible for the administration and human resources of the Group. Ms. Li holds a diploma in business administration from 廣州市財貿管理幹部學院 (Guangzhou Finance and Trading Management College, the PRC). She has sixteen years of experience in management and business administration.

Mr. Liang Guo Hong, aged 43, is the financial controller and is responsible for the financial management of the Group. He holds a diploma in business administration from 廣州市財貿管理幹部學院 (Guangzhou Finance and Trading Management College, the PRC) and a bachelor's degree in construction engineering from 工程兵工程學院 (Military Engineering College, the PRC).

Mr. Xie Yu Han, aged 44, is a deputy general manager and is responsible for property market research analysis and project planning consultancy service business. He holds a diploma in corporate management from 中國暨南大學 (Jinan University, the PRC).

Ms. Wu Shan Hong, aged 40, is a deputy general manager and is responsible for the management of the overall business of the Group. She holds a bachelor's degree in arts from 深圳大學 (Shenzhen University, the PRC) and a master's degree in business administration from University of Western Sydney, Australia.

Mr. Zheng Song Jie, aged 31, is a business manager, and is responsible for sales and promotion strategies for primary property projects. He holds a bachelor's degree in business management from 廣東商學院 (Guangdong Commercial College, the PRC).

Ms. Hu Yun, aged 36, is the manager of the architectural design department, and is responsible for the research on architectural planning of the primary property projects. She holds a bachelor's degree in architecture from 華南理工大學 (South China Polytechnic University, the PRC).

Mr. Xu Jing Hong, aged 37, is the general manager of Dongguan Hopefluent Real Properties Consultancy Limited, and is responsible for formulating marketing and planning strategies for primary property projects in Dongguan. He holds a diploma in business administration from 廣州市華南師範大學 (South China University of Education, the PRC).

Mr. Li Wei, aged 37, is the general manager of Foshan Hopefluent Real Properties Consultancy Limited, and is responsible for formulating marketing and planning strategies for primary property projects in Foshan. He holds a bachelor's degree in material science and engineering from 廣州工業大學 (Guangdong Industrial University, the PRC).

Mr. Ou Yang Da Hui, aged 41, is the general manager of Tianjin Hopefluent Real Properties Sales and Marketing Limited, and is responsible for formulating marketing and planning strategies for primary property projects in Tianjin. He holds a bachelor's degree in engineering from 深圳大學 (Shenzhen University, the PRC).

Mr. Ye Hou Biao, aged 35, is currently enrolled in the programme for the Master's degree of Business Administration at 上海同濟大學比利時聯合商學院 (Belgium Joint School of Commerce of Shanghai Tongji University). He has been in the real estate agency industry in Shanghai for over eleven years. He joined the Hopefluent Group in January 2007, and is currently the general manager of Shanghai Hope Realty Consultancy Limited.

Mr. Liu Lian, aged 37, is a postgraduate student of Corporate Management at 南京大學國際商學院 (International Business Faculty of Nanjing University). He has around seventeen years of experience in corporate management, and has been in the real estate industry for eleven years. He joined the Hopefluent Group in April 2004, and is currently the general manager of Anhui Hopefluent Real Properties Consultancy Limited.

Ms. Zhu Jie, aged 46, holds a Master's degree of Business Administration of 中國人民大學 (Renmin University of China). She has been in the development projects and marketing in the real estate industry for over eleven years. She joined the Hopefluent Group in 2005, and is currently the general manager of Shanghai Hopefluent Real Properties Consultancy Limited.

Ms. Hu Yue, aged 40, is the general manager of Bola Realty Financing (Guangzhou) Limited and is responsible for the management of the primary and secondary property mortgage and loans business. She holds a master's degree in economic law from 中國人民大學 (Renmin University of China).

Ms. Li Jing, aged 34, is the general manager of operations in the secondary property market and is responsible for the management of sales and marketing strategies and promotion activities of the secondary property market.

Management Discussion and Analysis

BUSINESS REVIEW

The property real estate sector of the PRC had a very difficult year in 2008. The global financial crisis as well as the tightening monetary policies imposed negative effects on expectations from consumers and market players. The overall property market shrank as a result.

For the year ended 31st December, 2008, the Group recorded turnover of HK$683.9 million, down by 12% against HK$773.7 million in 2007. Loss attributable to shareholders was HK$75.2 million (2007: profit attributable to shareholders of HK$109.8 million). Basic loss per share was HK30.0 cents (2007: basic earnings per share of HK44.5 cents). The loss reflected mainly the write-off of fixed assets and refurbishment expenses of closed secondary real estate service branches and related additional expenses.

During the year under review, the Group's primary and secondary property real estate agency service businesses brought in turnover of HK$349.9 million and HK$302.4 million respectively, accounting for 49% and 42% of the Group's total turnover. The remaining 9% or HK$71.4 million was derived from property management business. Guangzhou contributed about 54% of the total turnover and about 46% came from outside Guangzhou.

PRIMARY PROPERTY REAL ESTATE AGENCY AND CONSULTANCY SERVICES

During the year under review, the Group handled approximately 36,000 primary property transactions involving a total gross floor area of about 37 million square feet at a total value of about HK$30.2 billion, an approximately 6% decrease as compared to HK$32.0 billion last year. The contracted amount decreased because the transactions comprised mainly small to medium size units. In 2008, the Group was the exclusive agency for about 300 projects and more than 250 of them contributed turnover to the Group in the amount of HK$314.7 million, representing a 11% decrease when compared to HK$353.3 million in 2007.

The Group has more than 20 offices in different major markets including Guangzhou, Dongguan, Foshan, Tianjin, Shanghai, Anhui, Hubei, Hunan and Shandong. Guangzhou accounted for approximately 50% of the total turnover from primary property real estate agency service business and about 50% came from outside Guangzhou.

During the year under review, the Group continued to work closely with major property developers and was appointed by them as the sole agency of more projects, including Jinsha Bay (金沙灣) of China Overseas, The Paradiso (金域藍灣) of Vanke, Everbright Riverside (光大花園) of Guangzhou Everbright Group, The Apex (領峰) of KWG Property, and The Hills (金山谷) of China Merchants Property Development. All of them recorded excellent sales.

The Group also offers comprehensive initial project consultancy services to property developers spanning the entire planning process from giving professional advice on location and market positioning to marketing strategies and sales. During the year under review, the Group provided initial project consultancy services to over 80 development projects.

SECONDARY PROPERTY REAL ESTATE AGENCY SERVICE

As for the secondary property real estate agency service business, the Group handled over 35,000 secondary property transactions in 2008, an increase of 3% when compared to approximately 34,000 transactions in 2007. Since nearly 70% of the business came from rental transactions which involve lower transaction amount, turnover from this segment decreased by 12% from approximately HK$343.9 million in 2007 to HK$302.4 million, despite the slight increase in the number of transactions when compared with last year. Guangzhou contributed about 65% of the total turnover from secondary property real estate agency service business and about 35% came from outside Guangzhou.

SECONDARY PROPERTY REAL ESTATE AGENCY SERVICE (Continued)

Relative to the primary property segment, the secondary property real estate agency service business was hit more seriously by the different adverse market conditions. In Shanghai, in particular, with most of the branches in early investment stage and the branch network still too small to reap economies of scale, and consumer confidence and spending hampered by the sliding economy, overall profit of the Group was seriously affected. Responding to the adverse market situation, the Group quickly and decisively adjusted its secondary property real estate agency service business. It closed a large number of branches in Shanghai and other unprofitable regions to keep costs under control. By the end of 2008, the Group had total of about 260 branches in operation, of which approximately 200 were in Guangzhou and 26 were in Shanghai. The remaining branches were in cities including Dongguan and Foshan.

In addition to providing property agency service, the Group also offers other property related value-added services including mortgage referral, property valuation and property auction. These services not only provide an additional income source to the Group, but also help to strengthen its brand image. With the Group's mortgage referral business fully developed and backed up by a comprehensive customer network, the Group is able to provide secondary property real estate agency service customers with professional advice and referral services in relation to property mortgage.

PROPERTY MANAGEMENT SERVICE

As for property management business, the Group provided property management services during the year to over 50 residential and commercial projects and shopping arcades in Guangzhou, Shanghai, Tianjin and Wuhan involving more than 40,000 units of total gross floor area over 50 million square feet. The business grew steadily and at good pace.

PROSPECTS

Although the property market in the PRC is in a volatile period with many uncertainties ahead, the consumer confidence is starting to pick up and the PRC government has promptly adjusted strategies to boost the economy. Nevertheless, the Group is determined to exercise prudence in operating its business and seek strength from its solid foundation to tackle the challenges in 2009.

For its primary property real estate agency service business, the Group will build on its good reputation, abundant industry experience and close relationship with major developers to secure more exclusive agency contracts so as to ensure stable income. In nowadays market environment, we believe that more developers will appoint professional property agency to achieve win-win objective. To date, the Group has confirmed partnership with big names including Sun Hung Kai Properties, King Gold Group, China Overseas, Vanke, KWG Property, Poly, Evergrande, Hopson, Gemdale, China Merchants Property Development and etc. in 2009. At the same time, the Group will continue to improve operating management, enhancing the office's operating capabilities by adjusting under-performing operations so as to achieve highest efficiency.

For the secondary property real estate agency service business, the Group has completed adjusting at large the deployment of branches. The number of branches in Shanghai was reduced from the peak of about 100 to 26 as at the end of 2008 and their performance is expected to be enhanced in 2009. The Group will also strengthen internal management, reasonably trim advertising expense and adjust the number of sales staff at each branch to increase business revenue as well as to tighten cost control.

Looking ahead, the Group remains confident of the long-term development prospects of the PRC property market. It will carefully steer its operation and impose more stringent cost control to ensure the stability of its businesses and cement industry leadership. By actively adjusting its strategies to ensure it provides the best quality services, the Group believes it will be able to weather the turbulent market and seize opportunities in order to bring satisfactory long-term returns to shareholders.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") and management of the Company and its subsidiaries (the "Group") are committed to maintaining high standards of corporate governance and the Board is responsible for achieving consistent and sustainable long-term returns for the shareholders. The Group has complied throughout the review year with the code provisions contained in the Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "SEHK") save and except certain deviations as more specifically described below.

DIRECTORS

Directors' Securities Transactions

The Company has adopted the code of conduct regarding directors' securities transactions as set out in 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, they all have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

Board of Directors

The Board comprises:

Executive Directors	:	Mr. FU Wai Chung Ms. NG Wan Ms. FU Man Mr. LO Yat Fung
Independent Non-Executive Directors	:	Mr. LAM King Pui Mr. NG Keung Mrs. WONG LAW Kwai Wah, Karen

Each independent non-executive director has given an annual confirmation of his independence to the Company, and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

During the financial year ended 31st December, 2008, five Board meetings were held and the attendance of each director is set out as follows:

Name of director	Number of Board meetings attended in the financial year ended 31st December, 2008	Attendance rate
Mr. FU Wai Chung	5	100%
Ms. NG Wan	5	100%
Ms. FU Man	5	100%
Mr. LO Yat Fung	5	100%
Mr. LAM King Pui	5	100%
Mr. NG Keung	5	100%
Mrs. WONG LAW Kwai Wah, Karen	5	100%

DIRECTORS (Continued)

Board of Directors (Continued)

The Board has in place a list of key matters that are to be retained for board decision:

– Long-term objectives and strategies
– Extension of Group activities into new areas (if any)
– Monitoring the budgets and financial performance of the Company
– Preliminary announcements of interim and final results
– Material banking facilities
– Internal control assessment
– Overseeing the performance of the management

while daily operation and administration are delegated to the management.

The Board held meetings from time to time whenever necessary. The agenda accompanying board papers are sent to all directors at least 3 days before the date of every Board meeting in order to allow sufficient time for the directors to review the documents. Minutes of every Board meeting are circulated to all directors for their perusal and comments. The Board also ensures that it is supplied in a timely manner with the agenda and all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the company secretary with a view to ensuring that board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Fu Wai Chung ("Mr. Fu") is the chairman of the Company and co-founder of the Company. Mr. Fu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company.

The Company has no such title as the chief executive officer and therefore the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

The Board is of the view that though there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meetings between the directors and the management are held from time to time to discuss issues relating to operation of the Company.

Ms. Ng Wan is the wife of Mr. Fu and Ms. Fu Man is the sister of Mr. Fu.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive director is appointed for an initial term which is renewable automatically each year. All independent non-executive directors are currently appointed for a specific term up to 31st December, 2011 which may be extended as each director and the Company may agree in writing. However, they are appointed subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the provision of the Articles of Association of the Company (the "Articles of Association").

The Articles of Association provides that at each annual general meeting, one-third of the directors for the time being shall retire from office by rotation and that every director shall be subject to retirement by rotation at least once every 3 years.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") comprises the three independent non-executive directors and Mr. LAM King Pui is the chairman of the Remuneration Committee.

According to the terms of reference of the Remuneration Committee, its major roles and functions are as follows:

(1) To make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

(2) To have the delegated responsibility to determine the specific remuneration package for all executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remunerations.

(3) To review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

(4) To review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company.

(5) To review and approve compensation arrangement relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate.

(6) To ensure that no director or any of his associate is involved in deciding his own remuneration.

The Group's human resources department assists the Remuneration Committee by providing relevant remuneration data and market conditions for Committee's consideration. The remuneration of executive directors and senior management is determined with reference to the Company's performance and profitability, as well as remuneration benchmarks in the industry and the prevailing market conditions.

A meeting was held in the year 2008 and during the meeting the remuneration policies, structures and procedures in remunerating the directors and senior management of Group were under review and no change has been proposed to the remuneration policies for the Group. No director or any his associates is involved in deciding his own remuneration.

Name of members of Remuneration Committee	Number of meetings attended in the financial year ended 31st December, 2008	Attendance rate
Mr. LAM King Pui	1	100%
Mr. NG Keung	1	100%
Mrs. WONG LAW Kwai Wah, Karen	1	100%

ACCOUNTABILITY AND AUDIT

Financial Reporting

The management reports regularly to the Board and provides such explanation and information to the Board on the financial position and prospects of the business of the Company so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The directors acknowledge their responsibility to prepare the financial statements that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibility of the external auditors is to form an independent opinion, based on audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of the Company, as a body, and for no other purpose. A statement by the auditors about their reporting responsibility is set out on page 22 of this Annual Report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for overseeing the Company's system of internal control.

To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of a sound internal control system which is also indispensable to mitigating the Group's risk exposures. An internal control department ("ICD") was established in 2006 which reported directly to the Board. The function of the ICD audit team is to ensure the branches operation and practices are complied with the Group's policies and procedures. The team has reviewed and checked the sales, performance reports and cash flow of each branch rotationally. Programs have also been tailor-made for a monthly consolidated management accounts.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of materials assets and identification of business risks. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31st December, 2008 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets and the Board is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

The Group is committed to the identification, monitoring and management of risks associated with its business activities and has implemented a practical and effective control system which includes a defined management structure with limits of authority, a sound cash management system, such as control over expenditures and payroll, certain risk assessment controls and periodic review of the Group's performance by the Audit Committee and the Board.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises the three independent non-executive directors. Mr. LAM King Pui, the chairman of the Audit Committee, has professional qualifications and in-depth experience in accounting and related financial management expertise. No member of the Audit Committee is a member of the former or existing auditors of the Company.

According to the existing terms of reference of the Audit Committee, its major roles and functions are, amongst others, to consider the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal of the external auditors; to review the half-year and annual financial statements before submission to the Board and to consider major findings of internal investigations and management's response.

The Audit Committee held four meetings in 2008, which were attended by all audit committee members.

Name of members of Audit Committee	Number of meetings attended in the financial year ended 31st December, 2008	Attendance rate
Mr. LAM King Pui	4	100%
Mr. NG Keung	4	100%
Mrs. WONG LAW Kwai Wah, Karen	4	100%

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the work performed by the Audit Committee included reviewing and supervising the financial reporting process and review and discussion of business development and internal control system of the Company and its subsidiaries and reviewing the financial statements for the relevant period with reference to the scope of the terms of reference.

AUDITOR'S REMUNERATION

During the financial year ended 31st December, 2008, the remuneration paid to the Company's auditor, Deloitte Touche Tohmatsu, is set out as follows:

Services rendered	Fees paid/ payable (HK$'000)
Audit services	1,480
Non-audit services	80
	1,560

SHAREHOLDERS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.hopefluent.com.

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 30 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2008 are set out in the consolidated income statement on page 23.

The directors do not recommend the payment of a dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4th June, 2009 (Thursday) to 5th June, 2009 (Friday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the 2009 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 3rd June, 2009 (Wednesday).

INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2008 were revalued by an independent firm of professional property valuers on an open market value basis. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent capital expenditure of approximately HK$96,823,000 on additions of property, plant and equipment, mostly for the expansion of property agency services throughout the People's Republic of China, mostly during the first half of 2008. Due to the poor economic sentiment affecting the property market in mid to late 2008, the Group closed a number of its branches, mostly in the second half of 2008.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movement in share capital of the Company are set out in note 21 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2008 were HK$320,732,000 (2007: HK$313,458,000).

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution or dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Article of Association, dividends shall be distributed out of the retained profits or other reserves, including the share premium account, of the Company.

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

The Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31st December, 2008.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors
Mr. Fu Wai Chung *(Chairman)*
Ms. Ng Wan
Ms. Fu Man
Mr. Lo Yat Fung

Independent non-executive directors
Mr. Lam King Pui
Mr. Ng Keung
Mrs. Wong Law Kwai Wah, Karen

In accordance with the provisions of the Company's Articles of Association, Messrs. Fu Wai Chung, Lo Yat Fung and Lam King Pui retire by rotation and, being eligible, offer themselves for re-election.

The term of office of each independent non-executive director is the period from the date of appointment up to his retirement by rotation as required by the provisions of the Company's Articles of Association.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors of the Company proposed for re-election at the forthcoming annual general meeting has entered into a service contract with the Company for a duration of three years commencing from 1st April, 2004 and will continue thereafter until terminated by either party giving to the other not less than three months' advance written notice of termination.

Other than as disclosed above, none of the directors of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN SHARES

At 31st December, 2008, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions:

(i) Ordinary share of HK$0.01 each in the Company

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Fu Wai Chung ("Mr. Fu")	Held by controlled corporation (Note)	100,910,000	34.09%

Note: These 100,910,000 shares are registered in the name of Fu's Family Limited which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and the remaining 15% by Ms. Fu Man.

(ii) Ordinary shares of US$1.00 each in Fu's Family Limited, the associated corporation of the Company

Name of director	Number of shares interest	Percentage of shareholding
Mr. Fu	70	70%
Ms. Ng Wan	15	15%
Ms. Fu Man	15	15%

Other than as disclosed above, none of the directors nor their associates had any interest or short position in any shares or underlying shares of the Company or any of its associated corporations as at 31st December, 2008.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 27 to the consolidated financial statements.

No option has been granted under the Company's share option scheme since its adoption.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Company's share option scheme as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There were no contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Fu's Family Limited	Beneficial owner	100,910,000	34.09%
Arisaig Greater China Fund Limited ("Arisaig China")	Beneficial owner (Note 1)	44,884,000	15.16%
Arisaig Partners (Mauritius) Limited ("Arisaig Partners")	Investment manager (Note 1)	44,884,000	15.16%
Cooper Lindsay William Ernest ("Mr. Cooper")	Held by controlled corporation (Note 1)	44,884,000	15.16%
Value Partners Limited ("Value Partners")	Investment manager (Note 2)	42,177,000	14.24%
Hang Seng Bank Trustee International Limited	Trustee (Note 2)	42,177,000	14.24%
Cheah Capital Management Limited	Held by controlled corporation (Note 2)	42,177,000	14.24%
Cheah Company Limited	Held by controlled corporation (Note 2)	42,177,000	14.24%
Value Partners Group Limited	Held by controlled corporation (Note 2)	42,177,000	14.24%
To Hau Yin	Interest of spouse (Note 2)	42,177,000	14.24%
Cheah Cheng Hye ("Mr. Cheah")	Founder of the trust (Note 2)	42,177,000	14.24%

Notes:

1. The shares of Arisaig China are held by the funds under management by Arisaig Partners in its capacity as an investment manager. Mr. Cooper is deemed to be interested in the shares of the Company through 33% interest in Arisaig Partners.

2. These shares are held by Hang Sang Bank Trustee International Limited in its capacity as the trustee of a trust and Value Partners as the investment manager through Value Partners Group Limited, Cheah Company Limited and Cheah Capital Management Limited. Mr. Cheah is the founder of the trust and Ms. To Hau Yin as the spouse of Mr. Cheah is deemed to be interested in these shares.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2008.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.

EMOLUMENT POLICY

The Group remunerates its employees based on their performance, experience and prevailing market rate. Other employee benefits included insurance and medical cover, subsidised training programme as well as share option scheme.

The determination of emoluments of the directors of the Company had taken into consideration their expertise and job specifications.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS

The aggregate turnover attributable to the Group's five largest customers were less than 20% of total turnover.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers of the Group.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient float throughout the year ended 31st December, 2008.

AUDITOR

The consolidated financial statements were audited by the auditor, Messrs. Deloitte Touche Tohmatsu.

During the year, Zhong Yi (Hong Kong) C.P.A. Company Limited, who acted as one of the two joint auditors of the Company for the past five years, resigned and Messrs. Deloitte Touche Tohmatsu was appointed as the sole auditor of the Company. A resolution will be submitted to the annual general meeting to appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Fu Wai Chung
Chairman

Hong Kong, 15th April, 2009

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF HOPEFLUENT GROUP HOLDINGS LIMITED
合富輝煌集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hopefluent Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 57, which comprise the consolidated balance sheet as at 31st December, 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

15th April, 2009

Consolidated Income Statement

for the year ended 31st December, 2008

	NOTES	2008 HK$'000	2007 HK$'000
Turnover	6	**683,927**	773,654
Other income		**7,121**	6,777
Selling expenses		**(130,986)**	(131,677)
Administrative expenses		**(594,673)**	(489,237)
Loss on disposal and write-off of property, plant and equipment		**(24,115)**	(69)
Finance costs	8	**(2,669)**	(432)
(Loss) profit before tax		**(61,395)**	159,016
Income tax expense	9	**(17,753)**	(41,117)
(Loss) profit for the year	10	**(79,148)**	117,899
Attributable to:			
Equity holders of the Company		**(75,176)**	109,820
Minority interests		**(3,972)**	8,079
		(79,148)	117,899
Dividends recognised as distribution during the year	13	**22,212**	30,850
(Loss) earnings per share – basic	14	**HK(30.0) cents**	HK44.5 cents

Consolidated Balance Sheet

at 31st December, 2008

	NOTES	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Investment properties	15	**14,385**	6,964
Property, plant and equipment	16	**254,230**	220,513
Goodwill	17	**15,528**	15,355
		284,143	242,832
CURRENT ASSETS			
Accounts receivables	18	**196,442**	212,045
Other receivables and prepayment		**38,487**	57,687
Bank balances and cash	19	**155,931**	210,385
		390,860	480,117
CURRENT LIABILITIES			
Payables and accruals		**57,661**	115,473
Tax liabilities		**35,418**	36,369
Bank borrowings – due within one year	20	**36,728**	7,804
		129,807	159,646
NET CURRENT ASSETS		**261,053**	320,471
		545,196	563,303
CAPITAL AND RESERVES			
Share capital	21	**2,960**	2,468
Share premium and reserves		**468,467**	518,483
Equity attributable to equity holders of the Company		**471,427**	520,951
Minority interests		**22,229**	26,550
		493,656	547,501
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year	20	**31,250**	–
Deferred tax liabilities	22	**20,290**	15,802
		51,540	15,802
		545,196	563,303

The consolidated financial statements on pages 23 to 57 were approved and authorised for issue by the board of directors on 15th April, 2009 and are signed on its behalf by:

Fu Wai Chung
DIRECTOR

Lo Yat Fung
DIRECTOR

Consolidated Statement of Changes in Equity

for the year ended 31st December, 2008

	Attributable to equity holders of the Company								
	Share capital HK$'000	**Share premium** HK$'000	**Special reserve** HK$'000 (Note i)	**Statutory surplus reserve** HK$'000 (Note ii)	**Translation reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1st January, 2007	2,468	223,948	5,760	29,578	10,332	155,187	427,273	36,094	463,367
Exchange differences arising on translation to presentation currency recognised directly in equity	–	–	–	–	14,708	–	14,708	158	14,866
Profit for the year	–	–	–	–	–	109,820	109,820	8,079	117,899
Total recognised income for the year	–	–	–	–	14,708	109,820	124,528	8,237	132,765
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	(15,470)	(15,470)
Disposal of a subsidiary	–	–	–	–	–	–	–	(2,311)	(2,311)
Transfer	–	–	–	6,909	–	(6,909)	–	–	–
Dividends paid	–	–	–	–	–	(30,850)	(30,850)	–	(30,850)
At 31st December, 2007	2,468	223,948	5,760	36,487	25,040	227,248	520,951	26,550	547,501
Exchange differences arising on translation to presentation currency recognised directly in equity	–	–	–	–	16,530	–	16,530	1,372	17,902
Loss for the year	–	–	–	–	–	(75,176)	(75,176)	(3,972)	(79,148)
Total recognised income and expense for the year	–	–	–	–	16,530	(75,176)	(58,646)	(2,600)	(61,246)
Issue of shares by private placement under general mandate (note 21)	492	31,488	–	–	–	–	31,980	–	31,980
Transaction costs attributable to issue of shares	–	(646)	–	–	–	–	(646)	–	(646)
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	(1,873)	(1,873)
Acquisition of a subsidiary	–	–	–	–	–	–	–	152	152
Transfer	–	–	–	3,926	–	(3,926)	–	–	–
Dividends paid	–	–	–	–	–	(22,212)	(22,212)	–	(22,212)
At 31st December, 2008	2,960	254,790	5,760	40,413	41,570	125,934	471,427	22,229	493,656

Notes:

(i) Special reserve

The special reserve of the Group represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation on the basis that the group reorganisation had been effected on 24th June, 2004.

(ii) Statutory surplus reserve

As stipulated by the relevant laws and regulations of the People's Republic of China ("PRC"), the Group's subsidiaries in the PRC shall set aside 10% of its profit after taxation for the statutory surplus reserve. The reserve can only be used, upon approval by the Board of Directors and by the relevant authority, to offset accumulated losses or increase capital.

Consolidated Cash Flow Statement

for the year ended 31st December, 2008

	NOTES	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES			
(Loss) profit before tax		**(61,395)**	159,016
Adjustments for:			
Depreciation of property, plant and equipment		**40,957**	38,295
Impairment on accounts receivables		**1,262**	1,358
Gain on disposal of a subsidiary		**–**	(157)
Discount on acquisition of a subsidiary		**(13)**	–
Discount on acquisition of additional interest in subsidiaries		**(1,381)**	(1,205)
Finance costs		**2,669**	432
Loss on disposal and write-off of property, plant and equipment		**24,115**	69
Interest income		**(1,229)**	(3,115)
Operating cash flows before movements in working capital		**4,985**	194,693
Decrease (increase) in accounts and other receivables		**34,159**	(99,984)
(Decrease) increase in payables and accruals		**(57,959)**	42,421
Cash (used in) generated from operations		**(18,815)**	137,130
PRC income tax paid		**(17,872)**	(32,176)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		**(36,687)**	104,954
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(96,823)**	(101,650)
Acquisition of investment property		**–**	(5,874)
Acquisition of additional interest in subsidiaries		**(492)**	(24,048)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	23	**(514)**	–
Disposal of a subsidiary, net of cash and cash equivalents disposed of	24	**–**	2,421
Interest received		**1,229**	3,115
Proceeds on disposal of property, plant and equipment		**4,698**	366
NET CASH USED IN INVESTING ACTIVITIES		**(91,902)**	(125,670)
FINANCING ACTIVITIES			
New bank borrowings raised		**69,565**	7,216
Dividends paid		**(22,212)**	(30,850)
Repayment of bank borrowings		**(10,232)**	(8,069)
Interest paid		**(2,669)**	(432)
Proceeds on issue of shares		**31,980**	–
Expenses on issue of shares		**(646)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**65,786**	(32,135)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(62,803)**	(52,851)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**210,385**	253,429
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**8,349**	9,807
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		**155,931**	210,385

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi. The directors selected Hong Kong dollars as the presentation currency because the shares of the Company are listed on the Stock Exchange.

The Company is an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 30.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 9 & HKAS39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[7]

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of additional interests in subsidiaries

On acquisition of additional interest in a subsidiary, goodwill is calculated as the difference between the consideration paid for the additional interest and the carrying amount of the net assets of the subsidiary attributable to the additional interest acquired.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of business tax and surcharges.

Agency commission and conveyancing services income from property brokering is recognised when a buyer and seller execute a legally binding sale agreement and when the relevant agreement becomes unconditional and irrevocable.

Development, marketing, planning consultancy and property management services income is recognised when the services are rendered.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the period of the relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply for services or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure except for those transferred from property, plant and equipment to investment properties which are measured at fair value at date of transfer. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

If an item of an investment property becomes property, plant and equipment because its use has changed as evidenced by the commencement of owner occupation, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use, the relevant leasehold land continued to account for as a finance lease.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases, except for those that are classified and accounted for as investment properties under fair value model and for those transferred from investment properties to property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including accounts receivables, other receivables, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at each balance sheet date. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as accounts receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of loans and receivables (Continued)

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of all loans and receivables is reduced by the impairment loss directly with the exception of accounts and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an account or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including bank borrowings, payables and accruals) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 20, net of cash and cash equivalents disclosed in note 19, and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associates with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, and the issue of additional share capital or new debt or the redemption of existing debt.

5. FINANCIAL INSTRUMENTS

5a. Categories of financial instruments

	2008 **HK$'000**	2007 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**352,373**	422,430
Financial liabilities		
Amortised cost	**125,639**	123,277

5. FINANCIAL INSTRUMENTS (Continued)

5b. Financial risk management objectives and polices

The Group's major financial instruments include accounts receivables, other receivables, bank balances and cash, payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries of the Company have foreign currency assets and liabilities including bank balances and cash, payables and bank borrowings, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date that are considered significant by management are as followings:

	Liabilities		**Assets**	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
HKD	**(52,775)**	(1,447)	**31,360**	4,446

Sensitivity analysis

The Group is mainly exposed to the currency of Hong Kong dollar ("HKD").

The following table details the Group's sensitivity to a 5% (2007: 5%) increase and decrease in HKD against RMB. 5% (2007: 5%) is the sensitivity rate and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2007: 5%) change in foreign currency rates. A (negative) positive number below indicates an increase in (loss) profit respectively where HKD strengthen 5% (2007: 5%) against RMB. For a 5% (2007: 5%) weakening of HKD against RMB, there would be an equal and opposite impact on the (loss) profit.

	HKD Impact	
	2008	2007
	HK$'000	HK$'000
Increase in (loss) profit for the year	**(1,071)**	150

5. FINANCIAL INSTRUMENTS (Continued)

5b. Financial risk management objectives and polices (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings which carry fixed interest rate, as detailed in the liquidity risk tables below. The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowing and bank deposits because these balances carry interest at prevailing rates and they are of short maturity.

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risk and cash flow interest rate risk. The directors monitor the Group's exposure on ongoing basis and will consider hedging the interest rate should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for variable-rate bank borrowing and bank deposits at the balance sheet date. The analysis is prepared assuming the amount outstanding at the balance sheet date was outstanding for the whole year. A 25 basis point increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31st December, 2008 would decrease/increase by HK$265,000 (2007: profit for the year would increase/decrease by HK$526,000).

Credit risk

As at 31st December, 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2007: 100%) of the total accounts receivables as at 31st December, 2008. The Group also has concentration of credit risk as 10% (2007: 16%) and 3% (2007: 5%) of the total accounts receivables was due from the Group's five largest customers and largest customer respectively.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

5. FINANCIAL INSTRUMENTS (Continued)

5b. Financial risk management objectives and polices (Continued)

Liquidity risk (Continued)

In addition to the Group financed by its own capital and earnings, the Group relies on bank borrowings as an additional source of liquidity. As at 31st December, 2008, the Group has bank borrowings and available unutilised bank facilities of approximately HK$67,978,000 (2007: HK$7,804,000) and HK$Nil (2007: HK$50,000,000) respectively. Details of which are set out in note 20.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31st December, 2008 HK$'000
2008							
Non-derivative financial liabilities							
Payables and accruals	–	57,661	–	–	–	57,661	57,661
Bank borrowings – fixed rate	5.91	8,357	–	10,649	–	19,006	17,978
Bank borrowings – variable rate	3.33	–	6,666	13,176	32,030	51,872	50,000
		66,018	6,666	23,825	32,030	128,539	125,639

	Weighted average interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31st December, 2007 HK$'000
2007							
Non-derivative financial liabilities							
Payables and accruals	–	115,473	–	–	–	115,473	115,473
Bank borrowings – fixed rate	6.93	75	147	8,240	–	8,462	7,804
		115,548	147	8,240	–	123,935	123,277

5c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. TURNOVER

Turnover represents agency commission and services income received and receivable from outsider customers for the sales of properties in the People's Republic of China (the "PRC") less business tax and surcharges and is analysed as follows:

	2008 HK$'000	2007 HK$'000
Agency commission and service income	723,699	818,375
Less: Business tax and surcharges	(39,772)	(44,721)
	683,927	773,654

7. SEGMENT INFORMATION

No analysis of the Group's segmental information by business or geographical segments is presented as less than 10% of the Group's activities and operations are contributable by activities other than provision of real estate agency services or from markets outside the PRC. In addition, less than 10% of the assets and customers of the Group are located outside the PRC.

8. FINANCE COSTS

The amount represents interest on bank borrowings wholly repayable within five years.

9. INCOME TAX EXPENSE

	2008 HK$'000	2007 HK$'000
The expense comprises:		
PRC Enterprises Income Tax ("EIT")	14,581	42,657
Deferred tax (note 22)		
Current year	3,172	2,434
Attributable to a change in tax rate	–	(3,974)
	17,753	41,117

EIT is provided on the estimated assessable profits of the Group's subsidiaries in the PRC in accordance with the laws and regulations in the PRC at 25% (2007: 33%).

Certain of the Group's subsidiaries in the PRC are only required to pay the PRC income tax on predetermined tax rate at 2.5% to 5.0% on turnover during the year (2007: 3.3% to 6.6%). The predetermined tax rate is agreed and determined between such enterprises and the PRC tax bureau of local government and is subject to annual review and renewal.

9. INCOME TAX EXPENSE (Continued)

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1st January, 2008 onwards. On 6th March, 2008, the State Administration of Taxation issued the Circular No. 30 for the predetermined tax arrangement after the change of the tax rate in the New Law. The predetermined tax rate was changed from the range of 3.3% to 6.6% to 2.5% to 5.0% on turnover before business tax and surcharges.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the subsidiaries have no assessable profit for both years.

The income tax expense for the year can be reconciled to the (loss) profit per the consolidated income statement as follows:

	2008 **HK$'000**	2007 HK$'000
(Loss) profit before tax	**(61,395)**	159,016
Tax at the applicable rate of 25% (2007: 33%)	**(15,349)**	52,475
Tax effect of expenses not deductible for tax purpose	**6,064**	828
Tax effect of income not taxable for tax purpose	**(243)**	(397)
Effect of tax charged at predetermined tax rate on turnover entitled by certain subsidiaries operating in the PRC	**(162)**	(9,436)
Tax effect of tax loss not recognised	**27,647**	3,160
Utilisation of tax loss previously not recognised	**(204)**	(1,449)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**–**	(3,974)
Others	**–**	(90)
Income tax expense	**17,753**	41,117

Details of deferred taxation are set out in note 22.

10. (LOSS) PROFIT FOR THE YEAR

	2008 HK$'000	2007 HK$'000
(Loss) profit for the year has been arrived at after charging:		
Directors' remuneration, including retirement benefits scheme contributions (note 11)	**6,108**	6,108
Other staff costs	**355,900**	355,400
Other retirement benefits scheme contributions	**22,412**	16,382
Total staff costs	**384,420**	377,890
Auditor's remuneration	**1,480**	1,750
Depreciation of property, plant and equipment	**40,957**	38,295
Impairment on accounts receivables	**1,262**	1,358
Exchange loss	**544**	362
and after crediting:		
Bank interest income	**1,229**	3,115
Gain on disposal of a subsidiary	**–**	157
Net rental income in respect of premises, net of outgoings of HK$Nil (2007: HK$22,000)	**724**	234
Discount on acquisition (include in other income)	**1,394**	1,205

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors are as follows:

For the year ended 31st December, 2008

	Mr. Fu Wai Chung HK$'000	Ms. Ng Wan HK$'000	Ms. Fu Man HK$'000	Mr. Lo Yat Fung HK$'000	Mr. Ng Keung HK$'000	Mr. Lam King Pui HK$'000	Mrs. Wong Law Kwai Wah, Karen HK$'000	Total HK$'000
Fees	–	–	–	–	60	120	180	360
Salaries and other benefits	1,800	1,300	1,300	1,300	–	–	–	5,700
Retirement benefits scheme contributions	12	12	12	12	–	–	–	48
Total emoluments	1,812	1,312	1,312	1,312	60	120	180	6,108

11. DIRECTORS' EMOLUMENTS (Continued)

For the year ended 31st December, 2007

	Mr. Fu Wai Chung HK$'000	Ms. Ng Wan HK$'000	Ms. Fu Man HK$'000	Mr. Lo Yat Fung HK$'000	Mr. Ng Keung HK$'000	Mr. Lam King Pui HK$'000	Mrs. Wong Law Kwai Wah, Karen HK$'000	Total HK$'000
Fees	–	–	–	–	60	120	180	360
Salaries and other benefits	1,800	1,300	1,300	1,300	–	–	–	5,700
Retirement benefits scheme contributions	12	12	12	12	–	–	–	48
Total emoluments	1,812	1,312	1,312	1,312	60	120	180	6,108

The Group also provided rent-free accommodation to Mr. Fu Wai Chung, the executive director for the year ended 31st December, 2008. The annual rateable value of the properties involved, which are owned by the Group, amounting to HK$720,000 (2007: HK$720,000).

For both years, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments for both years.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2007: four) were directors of the Company, whose emoluments are included in the above. The emoluments of the remaining individual with band of HK$ nil to HK$1,000,000 were as follows:

	2008 HK$'000	2007 HK$'000
Salaries and other benefits	**535**	1,120
Retirement benefits scheme contributions	**32**	32
	567	1,152

13. DIVIDENDS

	2008 HK$'000	2007 HK$'000
Dividends recognised as distribution during the year:		
2007 final dividend of HK9 cents per share	**22,212**	–
2007 interim dividend of HK5.5 cents per share	**–**	13,574
2006 final dividend of HK7 cents per share	**–**	17,276
	22,212	30,850

On 15th April, 2009, the Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2008.

14. (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to the ordinary equity holders of the Company for the year is based on the following data:

	2008	2007
	HK$'000	HK$'000
(Loss) profit for the year attributable to equity holders of the Company and earnings for the purpose of basic (loss) earnings per share	**(75,176)**	109,820
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**250,709,041**	246,800,000

No diluted (loss) earnings per share has been presented because the Company has no dilutive potential shares for both years.

15. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1st January, 2007	1,658
Exchange adjustments	54
Addition	5,874
Transfers to property, plant and equipment	(622)
At 31st December, 2007	6,964
Exchange adjustments	466
Transfers from property, plant and equipment	6,955
At 31st December, 2008	**14,385**

The fair value of the Group's investment properties at 31st December, 2008 have been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited, independent qualified valuers not connected to the Group. BMI Appraisals Limited is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. No valuation surplus/deficit arises from the valuation as at 31st December, 2008.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises of leasehold land under medium term land use rights in the PRC.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1st January, 2007	68,381	75,388	46,447	20,765	210,981
Exchange adjustments	3,877	3,935	2,429	1,012	11,253
Transfers from investment properties	622	–	–	–	622
Additions	12,915	53,338	30,268	5,129	101,650
Disposals	–	–	(673)	(538)	(1,211)
Disposal of subsidiary	–	–	(345)	(1,313)	(1,658)
At 31st December, 2007	85,795	132,661	78,126	25,055	321,637
Exchange adjustments	5,793	8,535	5,436	1,591	21,355
Additions	10,362	70,212	11,841	4,408	96,823
Acquire on acquisition of subsidiaries	–	–	208	–	208
Disposals/write-off	(2,254)	(26,225)	(6,503)	(4,276)	(39,258)
Transfers to investment properties	(7,062)	–	–	–	(7,062)
At 31st December, 2008	**92,634**	**185,183**	**89,108**	**26,778**	**393,703**
DEPRECIATION					
At 1st January, 2007	6,423	24,959	21,684	7,429	60,495
Exchange adjustments	198	2,348	698	216	3,460
Provided for the year	1,313	22,200	11,005	3,777	38,295
Eliminated on disposals	–	–	(263)	(513)	(776)
Disposal of subsidiary	–	–	(73)	(277)	(350)
At 31st December, 2007	7,934	49,507	33,051	10,632	101,124
Exchange adjustments	861	3,433	2,944	706	7,944
Provided for the year	4,730	26,239	5,182	4,806	40,957
Eliminated on disposals/write-off	(204)	(4,358)	(3,370)	(2,513)	(10,445)
Transfers to investment properties	(107)	–	–	–	(107)
At 31st December, 2008	**13,214**	**74,821**	**37,807**	**13,631**	**139,473**
CARRYING VALUES					
At 31st December, 2008	**79,420**	**110,362**	**51,301**	**13,147**	**254,230**
At 31st December, 2007	77,861	83,154	45,075	14,423	220,513

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold land and buildings	Over the term of the leases or 40 years, whichever is shorter
Leasehold improvements	20%
Office equipment, furniture and fixtures	20%
Motor vehicles	20%

The leasehold land and buildings of the Group are held under medium term land use rights in the PRC.

During the year ended 31st December, 2008, the loss on disposal and write-off of property, plant and equipment was mainly due to the closure of branches for property agency services.

17. GOODWILL

	HK$'000
COST	
At 1st January, 2007	5,472
Exchange adjustments	128
Arising on acquisition of additional interests in a subsidiary	9,755
At 31st December, 2007	15,355
Exchange adjustments	173
At 31st December, 2008	15,528

For the purposes of impairment testing, goodwill with indefinite useful lives as detailed above has been allocated to the subsidiaries as individual cash generating units (CGUs) from which goodwill arose. The carrying amount of goodwill as at 31st December, 2008 allocated to these units are as follows:

	2008 **HK$'000**	2007 HK$'000
Provision of estate management services in the PRC ("Unit A")	**2,743**	2,570
Provision of real estate agency services in the PRC ("Unit B")	**12,785**	12,785
	15,528	15,355

During the year ended 31st December, 2008, management of the Group determines that there are no impairment of any of its CGUs containing goodwill.

The recoverable amount of the CGUs has been determined based on a value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 19.65% and 22.37% (2007: 17.31% and 20.17%) for Unit A and Unit B, respectively. The set of cash flows beyond the five-year period are extrapolated using a steady 2% growth rate, as determined by management. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and profit margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGUs to exceed the aggregate recoverable amount.

18. ACCOUNTS RECEIVABLES

The Group allows its customers with credit periods normally ranging from 30 to 120 days.

The aged analysis of accounts receivables at the balance sheet date is as follows:

	2008 HK$'000	2007 HK$'000
Accounts receivables		
0 – 30 days	**82,741**	102,712
31 – 60 days	**42,809**	34,984
61 – 90 days	**33,278**	29,248
91 – 120 days	**22,834**	27,835
Over 120 days	**14,780**	17,266
	196,442	212,045

Included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$14,780,000 (2007: HK$17,266,000) which are past due as at the reporting date for which the Group has not provided for impairment loss.

Before accepting any new customer, the Group has to assess the potential customer's credit quality. The credit quality are renewed periodically. Majority of the accounts receivables that are neither past due nor impaired have no default payment history.

Ageing of accounts receivables which are past due but not impaired

	2008 HK$'000	2007 HK$'000
121 – 150 days	**7,851**	11,063
151 – 180 days	**6,929**	6,203
	14,780	17,266

Movement in the allowance for doubtful debts

	2008 HK$'000	2007 HK$'000
Balance at beginning of the year	**1,374**	16
Impairment losses recognised on receivables	**1,262**	1,358
	2,636	1,374

19. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and short-term bank deposits that are interest-bearing ranging from 0.26% to 2% (2007: 0.72% to 3.42%) and have original maturity of three months or less.

20. BANK BORROWINGS

	2008 HK$'000	2007 HK$'000
Secured	17,978	7,804
Unsecured	50,000	–
	67,978	7,804
The bank borrowings are repayable as follows:		
Within one year	36,728	7,804
More than one year but not exceeding two years	25,000	–
More than two years but not more than three years	6,250	–
	67,978	7,804
Less: Amounts due within one year shown under current liabilities	(36,728)	(7,804)
Amounts due after one year	31,250	–

The ranges of effective interest rates on the Group's borrowings are as follows:

	2008	2007
Effective interest rate:		
Fixed-rate borrowings	5.31% to 7.29%	5.85% to 7.29%
Variable-rate borrowings	3.33%	N/A

As at 31st December, 2008, the Group has variable-rate borrowings of HK$50,000,000 which carry interest at HIBOR+1.5%. Interest is repricing annually.

The Group's borrowings that are denominated in foreign currency of Hong Kong Dollars as at 31st December, 2008 amounted to HK$50,000,000 (2007: Nil)

As at the balance sheet date, the Group has an undrawn revolving borrowing facility of HK$Nil (2007: HK$50,000,000) at floating rate.

21. SHARE CAPITAL

	Number of shares	Nominal amounts HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st January, 2007, 31st December, 2007 and 31st December, 2008	8,000,000,000	80,000
Issued and fully paid:		
At 1st January, 2007 and 31st December, 2007	246,800,000	2,468
Issue of shares by private placement under general mandate	49,200,000	492
At 31st December, 2008	296,000,000	2,960

Pursuant to a placing agreement dated 18th November, 2008, more than six independent third parties agreed to subscribe 49,200,000 new shares in the Company at a price of HK$0.65 per share. The subscription price represented a discount of 4.41% to the closing price of the Company's shares as quoted on the Stock Exchange on 18th November, 2008, being the last day of trading of the Company's shares on the Stock Exchange prior to the execution of the placing agreement. In the opinion of the directors, the discount was necessary and reasonable after taking into account the trading volume of the Company's shares and the quantum of the shares subscribed under the placing agreement. The placing was completed on 2nd December, 2008.

22. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the current and prior years:

	Revenue recognised for accounting purpose but not for tax purpose HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1st January, 2007	8,252	8,140	16,392
Charge for the year (note 9)	(631)	3,065	2,434
Exchange differences	560	390	950
Effect of change in tax rate	(2,000)	(1,974)	(3,974)
At 31st December, 2007	6,181	9,621	15,802
Charge for the year (note 9)	(114)	3,286	3,172
Exchange differences	414	902	1,316
At 31st December, 2008	**6,481**	**13,809**	**20,290**

22. DEFERRED TAX LIABILITIES (Continued)

At 31st December, 2008, the Group's PRC subsidiaries had unused tax losses of approximately HK$123,951,000 (2007: HK$12,828,000) available for offset against future profits. An analysis of the expiry dates of the tax losses is as follows:

	2008	2007
	HK$'000	HK$'000
2008	**–**	816
2009	**825**	1,641
2010	**1,195**	1,195
2011	**5,827**	5,827
2012	**3,349**	3,349
2013	**112,755**	–
	123,951	12,828

In addition, the Group other than its subsidiaries in the PRC had unused tax losses of approximately HK$5,545,000 (2007: HK$6,897,000) available for offset against future profits. Such unrecognised tax losses may be carried forward indefinitely.

No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respects of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred taxation amounting to HK$3,463,000 has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23. ACQUISITION OF A SUBSIDIARY

On 30th June, 2008, the Group acquired 80% of the issued share capital Guangdong Wanjia Information Company Limited for consideration of HK$596,000. The principal activities of the Company are the provision of real estate agency services in PRC. This acquisition has been accounted for using the purchase method.

The net assets acquired in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination and at fair value
	HK$'000
Net assets acquired:	
Property, plant and equipment	208
Accounts and other receivables	618
Bank balances and cash	82
Payables and accruals	(147)
	761
Minority interests	(152)
Discount on acquisition	(13)
Total consideration satisfied by:	
Cash	596
Net cash outflow arising on acquisition:	
Cash consideration paid	596
Bank balances and cash acquired	(82)
	514

The subsidiary contributed profit of HK$195,000 to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1st January, 2008, the effect on group revenue for the period and loss for the period would have been insignificant. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2008, nor is it intended to be a projection of future results.

24. DISPOSAL OF A SUBSIDIARY

During the year ended 31st December, 2007, the Group disposed of its entire equity interest in a 58% owned subsidiary. The net assets of the subsidiary at the date of the disposal are as follows:

	2007
	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,308
Accounts receivables	7,355
Other receivables	2,955
Bank balances and cash	879
Payables and accruals	(6,384)
Tax liability	(659)
	5,454
Minority interests	(2,311)
	3,143
Gain on disposal	157
Consideration	3,300
The total consideration is satisfied by:	
Cash	3,300
Net cash outflow arising on disposal:	
Cash consideration	3,300
Bank balances and cash disposed of	(879)
	2,421

The consideration was settled on 30th December, 2007.

The subsidiary was disposed on 1st January, 2007 and contributed HK$Nil to both of the Group's turnover and profit before taxation for the year ended 31st December, 2007.

25. PLEDGE OF ASSETS

The Group had pledged the following assets for banking facilities granted to the Group:

	2008	2007
	HK$'000	HK$'000
Investment properties	**9,753**	1,036
Leasehold land and buildings	**9,311**	10,639
	19,064	11,675

26. OPERATING LEASES

The Group as lessee

The Group made minimum lease payments under operating leases in respect of office premises and shops of approximately HK$71,968,000 (2007: HK$52,323,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2008	2007
	HK$'000	HK$'000
Within one year	**50,741**	57,066
In the second to fifth year inclusive	**66,120**	100,022
Over five years	**–**	264
	116,861	157,352

Operating lease payments represent rentals payable by the Group for certain of its office premises and shops. Leases are negotiated and rentals are fixed for lease terms of one to five years.

The Group as lessor

Property rental income earned during the year was approximately HK$724,000 (2007: HK$256,000). All of the investment properties held have committed tenants for the next one to four years.

At the balance sheet dates, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	HK$'000	HK$'000
Within one year	**533**	315
In the second to fifth years inclusive	**1,865**	584
	2,398	899

27. SHARE OPTIONS SCHEME

The Company's share option scheme ("the Scheme"), was adopted on 24th June, 2004 for the primary purpose of providing incentives or rewards to directors, eligible employees and advisors and consultants of the Group for their contributions to the Group. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Scheme became effective upon the listing of the Company's shares on the Stock Exchange on 15th July, 2004 and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of its adoption on 24th June, 2004.

The offer of the grant of share options may be accepted within 28 days from the date of the offer, at a consideration of HK$1, payable by the grantee upon the acceptance of the offer. The options may be exercised at any time within the period commencing from the date of grant of the option and expiring on the date following 10 years from the date of acceptance of the grant of the options. Unless otherwise determined by the Directors, the Scheme does not require a minimum period for which the options must be held or a performance target which must be achieved before the options can be exercised.

The subscription price of the share options is determinable by the directors, but shall be the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant and (iii) the nominal value of a share of the Company.

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company is 18,000,000, which is not permitted to exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme and representing approximately 6.08% of the total number of issued shares of Company as at the date of this annual report. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. Such participant and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's shares in issue and with a value in excess of HK$5 million within any 12-month period must be approved in advance by the Company's shareholders.

No options were outstanding at 31st December, 2007 and 31st December, 2008 under the Scheme. No options were granted, exercised, cancelled or lapsed during the year.

28. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of HK$1,000 or 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of their payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

29. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of key management during the year is as follows:

	2008 **HK$'000**	2007 HK$'000
Short term benefits	**6,594**	7,179
Post-employment benefits	**80**	80
	6,674	7,259

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)		Principal activities	Place of operation
				2008 %	2007 %		
Guangdong Hope Real Properties Limited (note 2)	13th February, 1996 The PRC	Registered	RMB2,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Guangzhou New Profits Properties Agency Limited (note 3)	12th May, 1998 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Hopefluent (BVI) Limited (note 3)	8th August, 2002 British Virgin Islands ("BVI")	N/A	US$100	**100**	100	Investment holding	Hong Kong
Sino Estate Holdings Limited (note 3)	6th November, 2003 BVI	N/A	US$100	**100**	100	Investment holding	Hong Kong
Guangzhou Hope Profits Properties Agency Limited (note 3)	16th March, 1998 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Hopefluent (China) Real Properties Consultancy Limited (note 3)	31st July, 2001 The PRC	Registered	HK$50,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Tianjin Hopefluent Real Properties Sales and Marketing Limited (note 3)	14th March, 2002 The PRC	Registered	RMB1,000,000	**80**	80	Provision of real estate agency services in the PRC	The PRC
Hopefluent Properties Limited (note 3)	7th September, 2001 Hong Kong	Ordinary	HK$100	**100**	100	Provision of real estate agency services in the PRC	Hong Kong
Hopefluent Promotion Limited (note 3)	5th October, 2001 Hong Kong	Ordinary	HK$100	**100**	100	Provision of advertising and marketing services in the PRC	Hong Kong
Hopefluent (Hong Kong) Limited (note 3)	11th May, 2001 Hong Kong	Ordinary	HK$100,000	**100**	100	Investment holding	Hong Kong
Foshan Hopefluent Real Properties Consultancy Limited (note 3)	1st September, 2003 The PRC	Registered	RMB1,000,000	**87**	87	Provision of real estate agency services in the PRC	The PRC

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1) 2008 %	2007 %	Principal activities	Place of operation
Dongguan Hopefluent Real Properties Consultancy Limited (note 3)	4th November, 2003 The PRC	Registered	RMB1,000,000	**86**	86	Provision of real estate agency services in the PRC	The PRC
Hubei Hopefluent Real Properties Consultancy Limited (note 3)	1st April, 2004 The PRC	Registered	RMB1,000,000	**95**	51	Provision of real estate agency services in the PRC	The PRC
Shanghai Hope Realty Consultancy Limited (note 2)	29th October, 2004 The PRC	Registered	RMB1,000,000	**82**	82	Provision of real estate agency services in the PRC	The PRC
Shanghai Hopefluent Real Properties Consultancy Limited (note 2)	19th October, 2004 The PRC	Registered	RMB1,000,000	**85**	85	Provision of real estate agency services in the PRC	The PRC
Asia Asset Property Group Limited (note 3)	27th February, 1998 Hong Kong	Ordinary	HK$5,323,000	**80**	80	Investment holding	Hong Kong
Asia Asset Property Services (Shanghai) Co., Ltd. (note 2)	10th August, 1998 The PRC	Registered	US$630,000	**80**	80	Provision of property management services in the PRC	The PRC
Asia Asset Property Services (Guangzhou) Co., Ltd. (note 2)	5th August, 1999 The PRC	Registered	RMB5,000,000	**80**	80	Provision of property management services in the PRC	The PRC
Asia Asset Property Services (Wuhan) Co., Ltd. (note 2)	26th June, 1995 The PRC	Registered	HK$5,000,000	**80**	80	Provision of property management services in the PRC	The PRC
Beijing Hopefluent Real Properties Consultancy Limited (note 3)	19th May, 1995 The PRC	Registered	RMB2,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Bola Realty Financing (Guangzhou) Limited (note 3)	7th August, 2002 The PRC	Registered	RMB30,000,000	**97**	97	Provision of mortgage referral services in the PRC	The PRC
Guangdong Hopefluent Real Properties Consultancy Limited (note 3)	11th August, 2005 The PRC	Registered	RMB5,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)		Principal activities	Place of operation
				2008 %	2007 %		
Henan Hopefluent Real Properties Consultancy Limited (note 3)	16th November, 2004 The PRC	Registered	RMB1,000,000	**80**	80	Provision of real estate agency services in the PRC	The PRC
Jinan Hopefluent Real Properties Consultancy Limited (note 3)	8th April, 2005 The PRC	Registered	RMB2,010,000	**93.93**	93.93	Provision of real estate agency services in the PRC	The PRC
Anhui Hopefluent Real Properties Consultancy Limited (note 3)	9th September, 2005 The PRC	Registered	RMB1,000,000	**80**	80	Provision of real estate agency services in the PRC	The PRC
Jun Hua Auction (Guangzhou) Limited (note 3)	20th August, 2004 The PRC	Registered	RMB5,000,000	**80**	80	Provision of property auction services in the PRC	The PRC
Guangzhou Bright Profits Properties Agency Limited (note 3)	9th December, 2005 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Qingyuan Hopefluent Real Properties Consultancy Limited (note 3)	27th April, 2007 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Guangdong Wanjia Information Company Limited (note 3)	19th April, 2005 The PRC	Registered	RMB5,000,000	**80**	–	Investment holding	The PRC
Guizhou Hopefluent Real Properties Consultancy Limited (note 3)	17th September, 2008 The PRC	Registered	RMB1,000,000	**100**	–	Provision of real estate agency services in the PRC	The PRC

Notes:

1. The Company directly holds the equity interest in Hopefluent (BVI) Limited. All other interests shown above are indirectly held by the Company.

2. The companies are sino-foreign equity joint ventures.

3. The companies are limited liability companies.

None of the subsidiaries had issued any debt securities at the end of the year.

The above table lists the subsidiaries of the Group as at 31st December, 2008 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

31. SUMMARISED BALANCE SHEET OF THE COMPANY

	2008 HK$'000	2007 HK$'000
ASSETS		
Investments in subsidiaries	**67,385**	67,385
Other receivables and prepayment	**202**	184
Amounts due from subsidiaries	**225,580**	247,859
Bank balances and cash	**30,707**	539
	323,874	315,967
LIABILITIES		
Other payables	**182**	41
	323,692	315,926
SHARE CAPITAL AND RESERVES		
Share capital (note 21)	**2,960**	2,468
Reserves	**320,732**	313,458
	323,692	315,926

Financial Summary

A summary of the results, assets and liabilities of the Group for the last five financial years is as follows:

	For the year ended 31st December,				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	162,243	310,195	452,160	773,654	**683,927**
Profit (loss) before tax	59,296	88,303	106,547	159,016	**(61,395)**
Income tax expense	(13,840)	(19,398)	(27,415)	(41,117)	**(17,753)**
Profit (loss) for the year	45,456	68,905	79,132	117,899	**(79,148)**
Attributable to:					
Equity holders of the Company	37,985	58,449	73,469	109,820	**(75,176)**
Minority interests	7,471	10,456	5,663	8,079	**(3,972)**
	45,456	68,905	79,132	117,899	**(79,148)**

	At 31st December,				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	251,321	419,460	592,461	722,949	**675,003**
Total liabilities	61,519	94,671	129,094	175,448	**181,347**
Total equity	189,802	324,789	463,367	547,501	**493,656**
Attributable to:					
Equity holders of the Company	175,873	293,127	427,273	520,951	**471,427**
Minority interests	13,929	31,662	36,094	26,550	**22,229**
	189,802	324,789	463,367	547,501	**493,656**

Note: The Company was incorporated in the Cayman Islands on 8th August, 2002 and became the holding company of the Group with effect from 24th June, 2004 as a result of the group reorganisation. The results of the Group for year ended 31st December, 2004 has been prepared on a combined basis as if the Group structure had been in existence throughout the year.