丹楓控股有限公司
Dan Form Holdings Company Limited

Stock Code: 271

Annual Report 2008

CONTENTS

Corporate Information

DIRECTORS	:	Dai Xiaoming *(Chairman and Chief Executive)* Kenneth Hiu King Kon *(Deputy Chief Executive)* Jesse Nai Chau Leung** Xiang Bing** Edward Shen** ** *Independent Non-Executive Directors*
AUDIT COMMITTEE	:	Jesse Nai Chau Leung *(Chairman)* Xiang Bing Edward Shen
REMUNERATION COMMITTEE	:	Edward Shen *(Chairman)* Jesse Nai Chau Leung Xiang Bing
COMPANY SECRETARY AND FINANCIAL CONTROLLER	:	Fung Man Yuen
AUDITOR	:	PricewaterhouseCoopers
PRINCIPAL BANKERS	:	Industrial and Commercial Bank of China (Asia) Limited Standard Chartered Bank (Hong Kong) Limited
SOLICITORS	:	Stephenson Harwood & Lo Hampton, Winter & Glynn
REGISTRARS	:	Tricor Tengis Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
REGISTERED OFFICE	:	Room 901-903, Harbour Centre 25 Harbour Road, Wanchai, Hong Kong
WEBSITE	:	http://www.danform.com.hk

Board of Directors of Dan Form Holdings Company Limited

Mr. Edward Shen **Mr. Kenneth Hiu King Kon** **Mr. Jesse Nai Chau Leung**

Mr. Dai Xiaoming
Chairman and Chief Executive

Dr. Xiang Bing

Chairman's Statement

Mr. Dai Xiaoming
Chairman and Chief Executive

RESULTS

Dan Form Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") recorded a revenue of HK$34,058,000 for the year ended 31 December 2008, which represented an increase of approximately HK$1,023,000 or 3% as compared with last year. The increase in revenue was mainly due to increase in revenue from estate management and investment holding, which was partly offset by the decrease in revenue generated from property sale.

The Group's loss attributable to equity holders in this year was HK$49,683,000, as compared to profit of HK$365,295,000 in last year. The loss of this year was mainly attributable to decrease in fair value of investment properties held by the Group and its associated companies.

Chairman's Statement

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

Hong Kong Business

Property

The Group's residential properties situated at Red Hill Peninsula (33.33% owned) and South Horizons recorded average occupancy levels of approximately 85% and 97% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 73%. During the year, the Group's net rental income from property leasing was less than that in the last year.

Beijing Business

The Wangfujing Project

Dan Yao Building (85% owned)

As from 19 June 2007, the Second Intermediate People's Court of Beijing Municipality appointed the receivers of the Beijing Dan Yao Property Company Limited (the " Receivers"). The Receivers has looked after Beijing Dan Yao Property Company Limited ("Dan Yao") and examined and administrated Dan Yao's assets in the year 2008. During the period from April 2008 to January 2009, the Receivers convened four creditors' meetings.

China Beijing Equity Exchange and Beijing Yatelan International Auction Co., Ltd arranged two auctions, which were held on 18 June 2008 and 18 July 2008. However, both auctions were aborted. Under this situation, arrangement for assets transfer by agreement has been made in addition to the sale of assets by public auctions. Because of various reasons, the creditors have different ideas as to how to handle Dan Yao's assets, resulting in handling of Dan Yao's assets come into a standstill. As a result, it is highly likely that the Company, as an ordinary creditor, may get only little or no payment from the liquidation.

The Xidan Project (29.4% owned)

In respect of the project at Lot No. 9: On 22 January 2009, Beijing Jing Yuan Property Development Co., Ltd. ("Jing Yuan") and Huitong Investment Co. Ltd. signed the "Purchase of Beijing Jing Yuan International Mansion Contract" with the condition of one time full payment of RMB353,000,000 (approximately HK$401,136,000) where full payment was received on 23 January 2009. The transfer of the relevant building ownership certificate is in progress.

In respect of the project at Lot No. 10: According to the agreement dated 19 June 2006, Jing Yuan will transfer the land to Beijing Yonganxingye Property Development Co. Ltd. ("Yonganxingye") at a consideration of RMB110,000,000 (approximately HK$116,993,000). Up to the first half of the year 2008, Jing Yuan has received the sum of RMB105,000,000 (approximately HK$111,279,000). The assignment of land has not yet completed. As agreed by both parties, Yonganxingye will pay the balance of RMB5,000,000 (approximately HK$5,682,000) on completion of the transfer of the land title.

Jing Yuan expects the Xidan Project will be completed in the year 2009.

Chairman's Statement

GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have decreased from HK$2,335,279,000 in last year to HK$2,255,183,000 in this year. The net assets of the Group have also decreased from HK$2,242,629,000 to HK$2,165,545,000. The Group had no bank borrowings as at 31 December 2008. The investment properties with net book value of HK$510,400,000 have been pledged as securities for the banking facilities of the Group.

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have decreased from HK$92,650,000 as at 31 December 2007 to HK$89,638,000 as at 31 December 2008. The Group had cash and bank balances of HK$205,565,000 as at 31 December 2008 (2007: HK$165,901,000). The ratio of total liabilities to total assets was approximately 4% (2007: 4%). As at 31 December 2008, the Group had no bank loans (2007: Nil) and the total equity was HK$2,165,545,000 (2007: HK$2,242,629,000).

As at 31 December 2008, the current assets of the Group, amounting to HK$422,246,000 (2007: HK$419,249,000), exceeded its current liabilities by HK$394,942,000 (2007: HK$394,975,000).

For the year ended 31 December 2008, the exchange rates of Renminbi to Hong Kong dollars has been appreciating, resulting an exchange gain from our bank deposit in Renminbi currency. Save as disclosed above, the Group has no exposure to fluctuation in exchange rates and related hedges and there were no contingent liabilities.

EMPLOYEES

As at 31 December 2008, the Group, excluding associated companies, employed 51 people of which 39 were employed in Hong Kong.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme and mandatory provident fund scheme. Employees in the Mainland China are provided with medical insurance, elderly insurance, loss of job insurance, injury insurance and provident fund for housing. Some of them are also provided with birth insurance.

Chairman's Statement

PROSPECTS

While the world is facing the financial crisis, the Group's survival depends on its endeavor and adaptation of the changing environment. Although the Group has escaped from the crisis, which is still changing and may become more serious, the Group will stand on this long-term toxic environment, and is trying to prevent corporate failure before capturing new opportunities for the Group's business development.

Finally, I would like to take this opportunity to express my sincere thanks to my fellow Directors for their guidance and support and to all members of the staff for their loyalty and dedication during the year.

Dai Xiaoming
Chairman

Hong Kong, 17 April 2009

Investment Properties

Harbour Crystal Centre, Tsimshatsui East, Kowloon

Harbour Industrial Centre, Ap Lei Chau, Hong Kong

Oceanic Industrial Centre, Ap Lei Chau, Hong Kong

The Red Hill, Tai Tam, Hong Kong

Xidan and Wangfujing Projects

Jing Yuan International Mansion on Lot No. 9 of the Xidan Project

Danyao Building on Lot No. B3 of the Wangfujing Project

Biographic Details of Directors and Senior Management

DIRECTORS

Mr. Dai Xiaoming, *Chairman and Chief Executive*
Aged 62. Appointed as a Director, Chairman and Chief Executive in October, 1994. Awarded a Master's Degree in Engineering from The China University of Science and Technology. He has involved for the past twenty-three years in property development and investment in the PRC and Hong Kong and has over twenty-three years' experience in property investment and corporate management. Currently, he is also a major shareholder and a managing director of Fabulous Investments Limited ("Fabulous") and Dan Form International Limited, which is the ultimate holding company of Fabulous.

Mr. Kenneth Hiu King Kon, *Deputy Chief Executive*
Aged 47. Appointed as a Director and Deputy Chief Executive in October, 1994. Mr. Kon graduated from Middlesex University in the United Kingdom with a Bachelor's Degree in Business Studies. He has been involved in the planning of many large-scale investment and development projects in the PRC and Hong Kong and has over twenty-two years' experience in investment and management in manufacturing industries and property development. He also has extensive experience in securities trading, corporate finance, mergers and acquisitions and corporate restructuring. He is the Deputy Managing Director of Dan Form Group Limited, an associate of Dan Form International Limited. He is also the General Manager of Dan Form (Hong Kong) Limited, a wholly-owned subsidiary of the Company.

Mr. Jesse Nai Chau Leung, *Independent Non-Executive Director*
Aged 58. Appointed as a Director in May, 1993. Mr. Leung holds a Master's Degree in Business Administration. He is a fellow of the Institute of Chartered Accountants in England and Wales as well as the Hong Kong Institute of Certified Public Accountants. He has extensive experience in public practice, finance and commerce. He is also a member of the Supervisory Board of The Macau Chinese Bank.

Dr. Xiang Bing, *Independent Non-Executive Director*
Aged 46. Appointed as a Director in May, 1995. Dr. Xiang graduated with a University Golden Medal from Xi'an Jiaotong University, the People's Republic of China, in 1983 and obtained his Ph.D. in Management from the University of Alberta, Canada in 1991. Dr. Xiang is currently the founding dean of Cheung Kong Graduate School of Business and a professor at Guanghua School of Management, Beijing University. Before joining the Beijing University, Dr. Xiang has visited the University of Columbia and the Chinese University of Hong Kong and has served as professor at the Hong Kong University of Science and Technology and the China Europe International Business School in Shanghai. Dr. Xiang is a well-known management expert, especially in finance, and he is very familiar with management theories and practice in the East and West. He has extensive experience in executive training and has conducted seminars for several leading executive programs. He has worked with many Chinese and multinational corporations on executive training, merger and acquisition strategies and managerial control systems. He has also been consulted by the China's government organizations responsible for formulating and implementing state enterprise reform in China.

Biographic Details of Directors and Senior Management

Mr. Edward Shen, *Independent Non-Executive Director*
Aged 58. Appointed as a Director in October, 1995. Mr. Shen graduated from Washington State University in the United States with a Bachelor's Degree in Science in Architectural Studies as well as Bachelor's Degree in Architecture. He is a member of the Royal Architectural Institute of Canada, the Ontario Association of Architects, PRC Class 1 Registered Architect Qualification, the Royal Institute of British Architects, Asia-Pacific Economic Cooperation Registered Architect and the Chartered Institute of Arbitrators. He is also a fellow of the Hong Kong Institute of Architects and the Architects Regional Council of Asia. He has been registered as an authorised person under the Buildings Ordinance and a professional architect under the Architects Ordinance since 1982 and 1990 respectively. He is also a member of Hong Kong General Chamber of Commerce. He was elected as President of the Hong Kong Institute of Architects in 2004.

SENIOR MANAGEMENT

Mr. Albert Man Yuen Fung, *Financial Controller and Company Secretary*
Aged 60. Joined the Company in September, 1988. Mr. Fung is a holder of Master's Degree in International Accounting (City University of Hong Kong). He is an associate of the Institute of Chartered Secretaries and Administrators and the Chartered Institute of Management Accountants, and a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He has over thirty-two years' experience in finance and accounting.

Mr. Ge Xiaoguo, *Assistant to Chairman & Chief Executive*
Aged 57. Joined the Company in May, 1996. He graduated from Beijing Foreign Studies University. He has been involved in the management of the computer technology development and operation for many years during which time he has worked in Germany for more than four years. He has over twenty-four years' experience in enterprises management.

Mr. Zhao Sheng Li, *Deputy General Manager*
Aged 62. Joined the Group in September, 1995. Mr. Zhao graduated from the Trade and Economics Faculty of the People's Republic University. Currently he is the Deputy General Manager of Dan Form (China) Limited, a wholly-owned subsidiary of the Company. He has around thirty-one years' experience in enterprises management.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Compliance with Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance within a sensible framework. The Company has complied with all the code provisions as set out in Appendix 14 of the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31 December, 2008, except for the following deviation:

Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company applied the principles and complied with all requirements set out in the Code on Corporate Governance Practices, contained in Appendix 14 of the Main Board Listing Rules, except with a deviation from code provision A.2.1. Due to the current situation, the Group has no separation of the role of the chairman and chief executive. The Board considers that this structure will not impair the balance and authority between the Board and the management of the Company. Mr. Dai Xiaoming has extensive industry experience, therefore the Directors believe that it is the best interest of the Group to have Mr. Dai remained to be the chairman and chief executive ("CE").

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the directors' securities transactions. Following specific enquiry made with all directors, the Company has confirmed that they have complied with the Model Code for the year ended 31 December 2008.

Written guidelines on no less exacting terms than the Model Code relating to securities transaction for employees have been distributed to all employees of the Group.

BOARD OF DIRECTORS

The Board of the Company comprises a total of five directors of which two are executive directors. The chairman and the CE is Mr. Dai Xiaoming and the deputy chief executive is Mr. Kenneth Hiu King Kon. The three independent non-executive directors ("INEDs") are Mr. Jesse Nai Chau Leung, Mr. Edward Shen and Dr. Xiang Bing. Mr. Jesse Nai Chau Leung has contributed to the Board his appropriate professional qualifications in accounting and related financial management expertise. On 16 May 2008, the Company issued an appointment letter to each of the three INEDs in which their appointments would be valid for a period of three years until 15 May 2011. However, they are subject to retirement by rotation at each general meeting pursuant to Article 102 of the Articles of Association of the Company. The Directors participates in the affairs of the Board and the Board always acts in the best interests of the Group as a whole.

Corporate Governance Report

The chairman ensures that the Board works effectively and that all key and appropriate issues are discussed in a timely manner. Members of the Board have been provided with appropriate and sufficient information at an opportune moment so that they would be updated with the latest development of the Group to discharge of their duties. Any matters proposed for inclusion in the agenda has been consulted with all directors. The chairman has delegated to the Company Secretary the responsibility for drawing up the agenda for each Board meeting. The chairman ensures that all directors have received complete and reliable information in a timely manner and are properly briefed on issues arising at the Board meetings. In addition, in order to protect the directors and officers of the Group from their risk exposure arising from the business of the Group, appropriate insurance cover on directors' and officers' liability has been in force.

The Board delegates the day-to-day management and operations of the Group's businesses to the management under the supervision of the CE. The CE together with deputy chief executive are responsible for managing the businesses of the Group, including implementation of the annual budget and strategies adopted by the Board and assuming full accountability to the Board for the operations of the Group.

As at the date of this Report for the year 2008, the Board held five meetings on 17 April 2008, 29 August 2008, 11 September 2008, 3 December 2008 and 17 April 2009.

Members of the Board	**Attendance**
Executive Directors	
Dai Xiaoming *(Chairman and CE)*	5/5
Kenneth Hiu King Kon *(Deputy Chief Executive)* [(1)]	4/5
Independent Non-Executive Directors	
Jesse Nai Chau Leung	5/5
Xiang Bing [(2)]	1/5
Edward Shen	5/5

(1) Absent on 3 December 2008.
(2) Absent on 17 April 2008, 29 August 2008, 11 September 2008 and 17 April 2009.

Apart from the directorship with the Company, there is no other relationship, including financial, business, family or other material/relevant relationship(s), among the five directors of the Board.

Each of the INEDs has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs meet the independence requirements in accordance with the terms of the guidelines.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 13 September 2005. The Remuneration Committee comprises the chairman, Mr. Edward Shen, being an INED, and the two INEDs, namely Mr. Jesse Nai Chau Leung and Dr. Xiang Bing.

The principle responsibility of the Remuneration Committee includes making recommendation to the Board on the policy and structure of the Company for all remuneration of directors and senior management and reviewing the specific remuneration packages of all executive directors and senior management by reference to corporate goals and objectives resolved by the Board. The emoluments of directors are based on the skill and contribution to the Company's affairs and are determined by reference to the duties and responsibilities of the executive and non-executive directors after considering the performance of the Group and prevailing market conditions including salaries paid by comparable companies. Terms of reference of the Remuneration Committee are available at the website of the Company.

Particulars of the emoluments to the Directors are set out in note 11 of the financial statements.

As at the date of this Report for the year 2008, two Remuneration Committee Meetings were held on 8 April 2008 and 8 April 2009. The attendance record of each member of the Remuneration Committee is set out as below.

Members of the Remuneration Committee	**Attendance**
Independent Non-Executive Directors	
Edward Shen *(Chairman)*	2/2
Xiang Bing	2/2
Jesse Nai Chau Leung	2/2

The Remuneration Committee reviewed the remuneration of all staff, including the two executive directors, of the Company and its subsidiaries in the Remuneration Committee Meetings held on 8 April 2008 and 8 April 2009.

EMPLOYEES

The long-term remuneration policy of the Group for all employees is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under defined contribution provident fund scheme and mandatory provident fund scheme.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for the Group.

Management has provided adequate explanations and information to the Board on a timely basis which enables the Board to make an informed assessment on the financial statements of the Group. In addition, with the assistance of the Finance Department and under the supervision of the Financial Controller of the Company, the directors ensures that financial statements of the Group, which is prepared on a going concern basis, are in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is on a timely basis.

AUDIT COMMITTEE

The Audit Committee was established on 15 September 1998 with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee comprises the Chairman, Mr. Jesse Nai Chau Leung, and other two INEDs, namely Mr. Edward Shen and Dr. Xiang Bing. Terms of reference of the Audit Committee, which are the same as the provisions set out in the Code on Corporate Practices, are available at the website of the Company.

As at the date of this Report for the year 2008, three Audit Committee Meetings were held on 8 April 2008, 11 September 2008 and 8 April 2009 respectively. The attendance record of each member of the Audit Committee is set out as below.

Members of the Audit Committee	**Attendance**
Independent Non-Executive Directors	
Jesse Nai Chau Leung *(Chairman)*	3/3
Xiang Bing (3)	2/3
Edward Shen	3/3

(3) Absent on 11 September 2008.

The following is a summary of the work of the Audit Committee:

(i) review and supervision of the financial reporting system of the Group;

(ii) review of the procedures and effectiveness of internal control of the Group;

(iii) review of the Group's financial information, including review of the continuing connected transactions;

(iv) review of the relationship between the Auditors and the Company;

(v) review of the financial reports for the year ended 31 December 2007 and for the six months ended 30 June 2008 and for the year ended 31 December 2008;

(vi) review of the annual report of the Group for the year ended 31 December 2008; and

(vii) consideration and approval of the 2008 audit fees.

The Audit Committee has regular meetings twice a year and additional meetings are held as the work of the committee demands.

INTERNAL CONTROL

The Financial Controller of the Group submitted an annual internal control review of the Group to the Board on 11 September 2008. The Board reviewed the effectiveness of the internal control system of the Group. The review covers all material controls, including financial operation and compliance controls and risk management functions. The Board considers that the internal control system are effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2008, the Auditor of the Company will receive approximately HK$950,000 for the audit of the Group's financial statements.

Report of the Directors

The Directors have pleasure in presenting their report and the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the principal activities of the Group are property investment and development, estate management and investment holding.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated profit and loss account on page 24.

An analysis of the performance of the Group for the year by business and geographical segments is set out in note 7 to the financial statements.

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 68.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

SHARE CAPITAL AND RESERVES

Details of the share capital of the Company are set out in note 23 to the financial statements.

Movements in the reserves of the Group and the Company during the year are set out in note 24 to the financial statements.

PRINCIPAL PROPERTIES

Details of the major properties of the Group are set out on page 67.

PROPERTIES, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment during the year are set out in note 15 to the financial statements.

Report of the Directors

DIRECTORS

The Directors during the year and at the date of this report are:

Mr. DAI Xiaoming
Mr. Kenneth Hiu King KON
Mr. Jesse Nai Chau LEUNG**
Dr. XIANG Bing**
Mr. Edward SHEN**

** *Independent Non-Executive Directors*

In accordance with Article 102 of the Articles of Association of the Company, Mr. Dai Xiaoming and Mr. Kenneth Hiu King Kon will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than normal statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 10 to 11.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding companies was a party, and in which any Director or controlling shareholder had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATES

As at 31 December 2008, the interests and short positions of each Director, Chief Executive and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which require notification pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO), or which are required to be entered into the register maintained by the Company under Section 352 of the Part XV of the SFO, or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):-

1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

	Number of ordinary shares				
Name of Director	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total Interest
DAI Xiaoming *(Note)*	23,000,000	–	388,720,881	–	411,720,881

Note: Being the ultimate beneficial owner of shares representing 95% of the issued share capital of Dan Form International Limited ("DFIL"), the ultimate holding company of Fabulous Investments Limited ("Fabulous"), Mr. Dai Xiaoming ("Mr. Dai") is deemed to be interested in the 2,660,000 and 386,060,881 ordinary shares in the Company beneficially held by DFIL and Fabulous respectively.

Save as disclosed above, none of the Chief Executive, Directors or their respective associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Chief Executive, Directors or their respective associates had short positions in respect of shares, underlying shares or debentures of the Company or any of its associated corporations.

At no time during the year was the Company, its subsidiaries, its associates its fellow subsidiaries or its holding companies a party to any arrangements to enable the Chief Executive or Directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Chief Executive, Directors or their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

1. Aggregate long position in the shares and underlying shares of the Company

As at 31 December 2008, so far as is known to the Chief Executive and Directors of the Company, the interests of the substantial shareholders, being 5% or more of the issued share capital of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	*Note*	Number of ordinary shares held	Percentage of the issued share capital of the Company
DAI Xiaoming	(1)	411,720,881	36.26
Harlesden Limited	(2)	388,720,881	34.23
DFIL	(2)	388,720,881	34.23
Value Plus Holdings Limited	(2)	386,060,881	34.00
Fathom Limited	(2)	386,060,881	34.00
Fabulous	(2)	386,060,881	34.00
Nina KUNG (deceased)	(3)	261,808,697	23.05
Greenwood International Limited	(3)	245,094,197	21.58
China National Foreign Trade Transportation (Group) Corporation	(4)	94,836,971	8.35
Focus-Asia Holdings Limited	(4)	94,836,971	8.35

Notes:

(1) Mr. Dai was beneficially interested in a total of 411,720,881 ordinary shares in the Company, including the interests held through various companies under his control (see note (2) below). These interests are the same as those disclosed under "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above.

(2) By virtue of SFO, Harlesden Limited, DFIL, Value Plus Holdings Limited and Fathom Limited, being holding companies of Fabulous, are deemed to be interested in the 386,060,881 ordinary shares in the Company beneficially held by Fabulous. Harlesden Limited, being the holding company of DFIL, is also deemed to be interested in the 2,660,000 ordinary shares in the Company beneficially held by DFIL. Mr. Dai has a controlling interest in each of the aforesaid companies.

(3) Greenwood International Limited ("Greenwood") was beneficially interested in approximately 21.58% of the issued share capital of the Company. Ms. Nina Kung, deceased, was beneficially interested in a total of 261,808,697 ordinary shares in the Company, through shareholdings in companies (including Greenwood) controlled by her, representing approximately 23.05% of the issued share capital of the Company. Ms. Nina Kung passed away on 3 April, 2007.

(4) Focus-Asia Holdings Limited ("Focus-Asia") was beneficially interested in a total of 94,836,971 ordinary shares in the Company. China National Foreign Trade Transportation (Group) Corporation, being holding company of Focus-Asia, is deemed to be interested in the 94,836,971 ordinary shares in the Company beneficially held by Focus-Asia.

2. Aggregate short position in the shares and underlying shares of the Company

As at 31 December 2008, the Company had not been notified of any short position being held by any substantial equity holders or other persons in the shares or underlying shares of the Company.

Save as disclosed above, as at 31 December 2008, the Company has not been notified of any interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

ADVANCE TO ENTITY

In accordance with Rule 13.20 of the Listing Rules, details of advance by the Group for the benefit of the following entity as at 31 December 2008, which in aggregate exceeded 8% of the total assets of the Group as at 31 December 2008 as follows:

Name of entity	**Date of advance**	**Percentage of equity held by the Group**	**Remaining amount of the advance** HK$'000
Zeta Estates Limited	1 July 1998	33.33	204,081

Note:
The advance is unsecured, interest-free and has no fixed terms of repayment.

PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

In accordance with Rule 13.16 of Listing Rules, the proforma combined balance sheet of the affiliated companies of the Group mentioned above and the interest attributable to the Group as at 31 December 2008 (the latest practicable date) are as follows:

Description	**Combined Total** HK$'000	**Interest attributable to the Group** HK$'000
Investment properties	4,840,800	1,613,697
Properties for sale	395,178	116,183
Properties, plant and equipment	3,129	920
Long-term receivables	2,197	728
Current assets	32,557	10,692
Liabilities	(1,727,103)	(559,869)
Net assets	3,546,758	1,182,351

Report of the Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The turnover attributable to the largest and the five largest customers accounted for 22% and 56% respectively of the total turnover of the Group for the year.

Purchases attributable to the largest and the five largest suppliers accounted for 44% and 57% respectively of the total purchases of the Group for the year.

None of the Directors, their associates or those shareholders who, to the knowledge of the Directors, own more than 5% of the Company's share capital, had interest in any of the five largest customers or suppliers, except that Ms. Nina Kung, deceased, held a 33.33% interest in the share capital of one of the five largest customers..

AUDIT COMMITTEE

The Audit Committee comprises of three Independent Non-Executive Directors, Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen. During the year, the Audit Committee has discussed the financial reporting matters with management, including the review of the Group's financial reporting process, the adequacy and effectiveness of the system of internal control of the Group, and the interim and annual financial statements of the Group.

The annual results of the Group for the year ended 31 December 2008 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company's corporate governance report are set out on pages 12 to 16 of this Annual Report.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

DAI XIAOMING
Chairman

Hong Kong, 17 April 2009

Report of the Independent Auditor

TO THE SHAREHOLDERS OF DAN FORM HOLDINGS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Dan Form Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 24 to 66, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated profit and loss account, 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 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 Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of 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, in accordance with section 141 of the Hong Kong Companies Ordinance 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 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 Company and of the Group as at 31 December 2008 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 April 2009

Consolidated Profit and Loss Account

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Revenue	6	**34,058**	33,035
Other income		**4,588**	3,104
Other gains, net		**7,236**	10,922
Direct operating expenses		**(9,964)**	(11,423)
Administrative expenses		**(18,535)**	(19,165)
Change in fair value of investment properties		**(17,443)**	84,963
Write-back of provision for properties for sale		**–**	195
Operating (loss)/profit	8	**(60)**	101,631
Share of (losses)/profits of associated companies		**(55,388)**	277,324
(Loss)/profit before taxation		**(55,448)**	378,955
Taxation credit/(charge)	12	**5,765**	(13,660)
(Loss)/profit for the year		**(49,683)**	365,295
		HK cents	HK cents
(Loss)/earnings per share			
Basic and diluted	14	**(4.4)**	32.2

Consolidated Balance Sheet

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**3,598**	322
Investment properties	16	**519,941**	531,860
Leasehold land	17	**4,248**	322
Associated companies	19	**1,281,975**	1,335,649
Available-for-sale financial assets	20	**23,175**	47,877
		1,832,937	1,916,030
Current assets			
Debtors, prepayments and deposits	21	**12,598**	20,466
Amounts due from associated companies	19	**204,081**	232,422
Taxation recoverable		**2**	460
Cash and bank balances	22	**205,565**	165,901
		422,246	419,249
Total assets		**2,255,183**	2,335,279
EQUITY			
Share capital	23	**567,803**	567,803
Reserves	24	**1,597,742**	1,674,826
Total equity		**2,165,545**	2,242,629
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities	25	**62,334**	68,376
Current liabilities			
Creditors and accruals	26	**17,224**	16,133
Amounts due to associated companies	19	**9,868**	7,809
Taxation payable		**212**	332
		27,304	24,274
Total liabilities		**89,638**	92,650
Total equity and liabilities		**2,255,183**	2,335,279
Net current assets		**394,942**	394,975
Total assets less current liabilities		**2,227,879**	2,311,005

Dai Xiaoming
Director

Kenneth Hiu King Kon
Director

Balance Sheet

As at 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**2,213**	219
Subsidiaries	18	**237,073**	1,904
Available-for-sale financial assets	20	**7,040**	4,270
		246,326	6,393
Current assets			
Debtors, prepayments and deposits	21	**1,511**	1,774
Amounts due from subsidiaries	18	**140,000**	392,946
Taxation recoverable		**–**	448
Cash and bank balances	22	**191,159**	162,794
		332,670	557,962
Total assets		**578,996**	564,355
EQUITY			
Share capital	23	**567,803**	567,803
Reserves	24	**9,047**	(5,438)
Total equity		**576,850**	562,365
LIABILITIES			
Current liabilities			
Creditors and accruals	26	**1,718**	1,626
Amounts due to subsidiaries	18	**359**	364
Taxation payable		**69**	–
Total liabilities		**2,146**	1,990
Total equity and liabilities		**578,996**	564,355
Net current assets		**330,524**	555,972
Total assets less current liabilities		**576,850**	562,365

Dai Xiaoming
Director

Kenneth Hiu King Kon
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital HK$'000	Reserves HK$'000	Total HK$'000
At 31 December 2006	567,803	1,307,443	1,875,246
Change in exchange rates	–	(6,836)	(6,836)
Change in fair value of available-for-sale financial assets	–	8,493	8,493
Release of reserve upon liquidation of a subsidiary	–	431	431
Profit for the year	–	365,295	365,295
At 31 December 2007	567,803	1,674,826	2,242,629
Change in exchange rates	–	401	401
Change in fair value of available-for-sale financial assets	–	(27,802)	(27,802)
Loss for the year	–	(49,683)	(49,683)
At 31 December 2008	**567,803**	**1,597,742**	**2,165,545**

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**2,733**	13,599
Hong Kong profits tax paid		**(13)**	(304)
Net cash generated from operating activities		**2,720**	13,295
Cash flows from investing activities			
Proceeds on sale of investment		**–**	22,870
Interest received from investment for sale		**–**	2,956
Proceeds on disposal of property, plant and equipment		**178**	9
Liquidation of a subsidiary	27(b)	**–**	(159)
Purchase of property, plant and equipment		**(2,300)**	(22)
Purchase of an available-for-sale financial asset		**(3,100)**	–
Interest received		**3,993**	2,646
Decrease in amounts due from associated companies		**28,686**	28,391
Dividends received from available-for-sale financial assets		**2,625**	467
Net cash generated from investing activities		**30,082**	57,158
Increase in cash and cash equivalents		**32,802**	70,453
Cash and cash equivalents at beginning of the year		**165,901**	96,394
Changes in exchange rates		**6,862**	(946)
Cash and cash equivalents at end of the year		**205,565**	165,901

Notes to the Financial Statements

1 GENERAL INFORMATION

Dan Form Holdings Company Limited (the "Company") is a limited liability company incorporated in Hong Kong and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 901-903, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activities of the Company and its subsidiaries (together the "Group") are property development and investment, estate management and investment holding.

These consolidated financial statements have been approved for issue by the Board of Directors on 17 April 2009.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair values.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 below.

Certain interpretations to existing standards are effective for the accounting periods of the Group beginning on or after 1 January 2008 and are not relevant to its operation.

The following standards, amendments and interpretations to existing standards are effective for the accounting periods of the Group beginning on or after 1 January 2009 and are relevant to its operations and have not been early adopted by the Group:

Effective for the year ending 31 December 2009

- HKAS 1 (Revised) — Presentation of financial statements
- HKFRS 8 — Operating segments
- HKICPA's improvement to certain HKFRS published in October 2008
  - HKAS 36 (Amendment) — Impairment of assets
  - HKAS 38 (Amendment) — Intangible assets
  - HKAS 39 (Amendment) — Financial instruments: Recognition and measurement
  - HKAS 40 (Amendment) — Investment property

Effective for year ending 31 December 2010

- HKAS 27 (Revised) — Consolidated and separate financial statements
- HKFRS 3 (Revised) — Business combinations
- HK(IFRIC) – Int 17 — Distributions of non-cash assets to owners
- HK(IFRIC) – Int 18 — Transfers of assets from customers

2 BASIS OF PREPARATION (Continued)

The Group has already commenced an assessment of the impact of these standards, amendments and interpretations and considers that they will not have any significant impact on its results of operations and financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements, which have been consistently applied to all the years presented, are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December and the share of post acquisition results and reserves of its associated companies attributable to the Group.

Results attributable to subsidiaries and associated companies acquired or disposed of during the financial period are included in the consolidated profit and loss account from the date of acquisition or to the date of disposal, as applicable.

The profit or loss on disposal of subsidiaries and associated companies is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

(b) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies of the entity, generally accompanying a directly or indirectly shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the share of the identifiable net assets acquired by the Group is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the financial statements to ensure consistency with the policies adopted by the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Subsidiaries (Continued)

In the balance sheet of the Company, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

(c) Minority Interests

Minority interests represent the interest of outside shareholders in the operating results and net assets of subsidiaries.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the consolidated profit and loss account. Purchases of equity interests from minority interests result in goodwill, which is the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary being acquired. If the cost of acquisition is less than the relevant share of the carrying value of net assets acquired, the difference is recognised in the consolidated profit and loss account.

(d) Associated Companies

An associated company is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management, generally accompanying a shareholding of between 20 to 50% of the voting rights.

Investments in associated companies are accounted for under the equity method of accounting and are initially recognised at cost. The investments in associated companies of the Group include goodwill identified on acquisition, net of any accumulated impairment loss. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognised in the consolidated profit and loss account, and the share of post-acquisition reserves is recognised in equity. The cumulative post-acquisition reserves are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiary and associated company attributable to the Group at the effective date of acquisition, and, in respect of an increase in holding in a subsidiary, the excess of the cost of acquisition over the carrying amount of the proportion of the minority interests acquired. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on acquisition of subsidiaries is included in intangible assets while goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and carried at cost less accumulated impairment. Impairment on goodwill is not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

If the cost of acquisition is less than the fair value of the net assets acquired or the carrying amount of the proportion of the minority interests acquired, the difference is recognised directly in the consolidated profit and loss account.

(f) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

Buildings and improvements are depreciated over their respective lease periods using the straight-line method.

Depreciation of property, plant and equipment is calculated to write off their costs to their estimated residual values using the straight-line basis over their expected useful lives as follows:

Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	5 to 10 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its estimated recoverable amount.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment Properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold land, land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Changes in fair values are recognised in the profit and loss account. The fair value of investment property reflects, among other things, rental from current leases and assumptions about rental from future leases in light of current market conditions.

Subsequent expenditure is charged to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as properties under development and carried at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as revaluation reserve of property, plant and equipment. However, if the fair value gives rise to a reversal of the previous impairment, this write-back is recognised in the profit and loss account. This revaluation reserve shall remain and be transferred to revenue reserve upon disposal of this property.

(h) Operating Leases

Leases where significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable, net of incentives received from lessors, under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

Prepayments of leasehold land represent non-refundable rental payments for the lease of land and are stated at cost less accumulated amortisation. Amortisation is calculated to write off the prepayments over the period of the lease on a straight-line basis. When there is impairment, the impairment is expensed in the profit and loss account. The amortisation of leasehold land is capitalised as part of the costs of the property when the leasehold land is under development.

(i) Impairment of Non-Financial Assets

Assets that have an indefinite useful life or have not yet been available for use are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment of Non-Financial Assets (Continued)

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(j) Properties for Sale

Properties for sale are included under current assets and carried at the lower of cost and estimated net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(k) Investments

The Group classifies its investments in the categories of financial assets at fair value through profit or loss, loans and receivable, and available-for-sale financial assets. Management determines the classification of its investments at initial recognition according to the purpose for which the investments were acquired.

(a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account, and subsequently carried at fair value.

(b) Loans and Receivable

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivable are carried at amortised cost using the effective interest method.

(c) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in the balance sheet under non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction cost and subsequently carried at fair value.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Investments (Continued)

Regular way purchases and sales of investments are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the profit and loss account in the financial period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the profit and loss account as gains or losses from available-for-sale financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the financial assets below its cost is considered as an indicator in determining whether the financial assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in the profit and loss account is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on available-for-sale financial assets (equity instruments only) are not reversed through the profit and loss account.

(l) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the debtor and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of debtors is reduced through the use of an allowance account and the amount of the provision is recognised in the profit and loss account within administrative expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit and loss account.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with banks and financial institutions.

(n) Share Capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When the Company re-purchases its ordinary shares, the consideration, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the shareholders and the shares are cancelled.

(o) Trade and Other Creditors

Trade and other Creditors are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

(p) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, before any tax effects, that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Current and Deferred Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be payable to the tax authorities.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(r) Employee Benefits

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expense in the financial period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual and long service leaves are recognised when they accrue to employees. A provision is made for the estimated liability for annual and long service leaves as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leaves are not recognised until the time of leave.

Provision for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate can be made.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Foreign Currency Translation

Transactions included in the financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognised in the profit and loss account, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses are presented in the profit and loss account within 'other gains/(losses), net'.

Translation differences on non-monetary financial assets held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in equity under exchange reserve.

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the rates ruling at the date of that balance sheet;

(b) income and expenses for each profit and loss account are translated at average exchange rates; and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity under exchange reserve. When a foreign operation is sold or partially disposed of, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rates of exchange ruling at the balance sheet date.

(t) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue Recognition

Revenue comprises the fair value of the consideration for sales of goods and rendering of services in the normal course of business activities of the Group. Revenue is recognised when the amount can be reliably measured; it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Rental income net of any incentives given to the lessees is recognised on a straight-line basis over the period of the leases. Revenue from sale of completed properties for sale is recognised when the relevant sales contracts are concluded and the risk and rewards of the property have been passed to the purchasers. Estate management income is recognised when services are provided. Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the effective interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(v) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other environments.

(w) Dividend Distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the financial statements in the financial period in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

4 FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The global financial turmoil in late 2008 has brought adverse impact on the economic conditions. The property industry is highly sensitive to the economic environment in Hong Kong and Mainland China, which will affect the volumes of property transactions, selling prices and rental rates. The Group mainly relies on rental of properties and property management to fund its operations. The Group has sufficient cash on hand and also has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments, and investing excess liquidity.

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Foreign Exchange Risk

The Group operates primarily in Hong Kong and Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"). Foreign exchange risk mainly arises from future commercial transactions, recognised assets and liabilities, which are denominated in a currency that is not the functional currency of the entities in the Group.

At 31 December 2008, if Hong Kong dollar had weakened or strengthened by 10% (2007: 10%) against RMB with all other variables held constant, loss before taxation for the year would have been lower or higher by approximately HK$13 million (2007: profit higher or lower by HK$12 million), mainly as a result of foreign exchange gains or losses arising from translation of cash and bank balances.

(b) Interest Rate Risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits.

If interest rates had been increased or decreased by 1% (2007: 1%) with all other variables held constant, the loss before taxation for the year would decrease or increase by approximately HK$613,000 (2007: increase or decrease profit of HK$1,167,000), mainly as a result of higher or lower interest income from bank deposits.

(c) Credit Risk

The Group's credit risk is primarily attributable to trade and other debtors, bank deposits and amounts due from associated companies.

The Group has policies in place to ensure that rental of properties and provision of property management services are made to customers with an appropriate credit history. The Group reviews the recoverable amount of the debtors on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

With regard to credit exposure to customers for rental of properties, the Group also receives rental payments in advance with sufficient initial rental deposits to cover potential default in future rental payments. Amounts due from associated companies are generally supported by the underlying assets and the Group monitors the credibility of associated companies continuously.

At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

The credit risk on liquid funds is limited because 99% of the funds are placed in banks with high credit rankings, ranging from AA to A by reference to Standard and Poor and Moody's credit ratings. Management does not expect any losses from non-performance of these banks.

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Liquidity Risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping credit lines available.

The Group does not have any borrowings and all creditors and accruals are due for settlement within one year.

(e) Capital Risk Management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group does not have any borrowings as at 31 December 2008 after the proceedings for liquidation of Beijing Dan Yao Property Company Limited in 2007. The Group uses equity to finance its operations.

(f) Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair values of long-term borrowings are estimated using the expected future payments discounted at market interest rates.

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, debtors, bank balances and creditors approximate their fair values.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities of the Group are discussed below.

(i) Investment Properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, the Group considers information from a variety of sources including:

– current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

– recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

– discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The valuations are reviewed semi-annually by external valuers. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(ii) Available-for-sale Financial Assets

The fair value of each asset is reviewed whenever events or changes in circumstances indicate that the carrying amount of the asset has been affected. The fair value also reflects the market conditions existing at each balance sheet date. For unlisted equity investments, the Group establishes fair value by using valuation techniques, including the use of arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, or the underlying net assets to reflect the specific circumstances.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Critical Accounting Estimates and Assumptions (Continued)

(iii) Accounts Receivable

Impairment of accounts receivable is established when there is objective evidence on the ultimate recoverability of the amount due according to the original terms. Estimates are made based on the assessments of the financial position of the debtors, probability of the debtor being bankrupt, default or delinquent. The provision takes into account the present value of the estimated future cash flows, discounted at the effective interest rate.

(iv) Taxation

The Group is subject to taxation in Hong Kong and Mainland China. Significant judgement is required in determining the provision for taxation for each entity in the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation payable and deferred taxation in the financial period in which such determination is made.

(b) Critical Judgements in Applying Accounting Policies

The Group determines whether a property qualifies as investment property or classifies as property for development or for sale. In making its judgement, the Group considers whether the property generates cash flows largely independently of the other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

The classification of properties is determined based on judgement on the intention of future usage by management. The Group considers each property separately in making its judgement, and the property is accounted for accordingly.

6 REVENUE

Revenue, which is also the Group's turnover, is shown as follows:

	2008	2007
	HK$'000	HK$'000
Rental from investment properties	**21,469**	22,613
Estate management fees	**9,964**	7,856
Sale of properties	**–**	2,100
Dividend from unlisted investments	**2,625**	466
	34,058	33,035

7 SEGMENT INFORMATION

In accordance with the internal financial reporting and operating activities of the Group, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments. Segment assets primarily consist of property, plant and equipment, investment properties, other non-current assets, properties for sale, debtors and prepayments and mainly exclude certain investments and cash and bank balances. Segment liabilities comprise mainly creditors and accruals. There are no sales or trading transactions between the business segments.

(a) Business Segments

	Property development & investment HK$'000	Estate management HK$'000	Investment holding HK$'000	Unallocated HK$'000	Total HK$'000
Year ended 31 December 2008					
Revenue	**21,469**	**9,964**	**2,625**	**–**	**34,058**
Operating (loss)/profit	**(3,397)**	**8,263**	**2,625**	**(7,551)**	**(60)**
Share of losses of associated companies	**(55,388)**	**–**	**–**	**–**	**(55,388)**
Loss before taxation					**(55,448)**
Taxation credit					**5,765**
Loss for the year					**(49,683)**
Capital expenditure, including leasehold land	**5,123**	**–**	**–**	**7,585**	**12,708**
Fair value loss of investment properties	**(17,443)**	**–**	**–**	**–**	**(17,443)**
Depreciation and amortisation	**1**	**–**	**–**	**382**	**383**
Year ended 31 December 2007					
Revenue	24,713	7,856	466	–	33,035
Operating profit	100,332	5,938	1,536	(6,175)	101,631
Share of profits of associated companies	277,324	–	–	–	277,324
Profit before taxation					378,955
Taxation charge					(13,660)
Profit for the year					365,295
Capital expenditure	–	–	–	22	22
Fair value gain of investment properties	84,963	–	–	–	84,963
Depreciation and amortisation	34	–	–	112	146
Write back of provision for properties for sale	195	–	–	–	195

7 SEGMENT INFORMATION (Continued)

(a) Business Segments (Continued)

	Property development & investment HK$'000	Estate management HK$'000	Investment holding HK$'000	Unallocated HK$'000	Total HK$'000
At 31 December 2008					
Segment assets	**729,857**	**3,962**	**20,651**	**–**	**754,470**
Associated companies	**1,281,975**	**–**	**–**	**–**	**1,281,975**
Unallocated assets	**–**	**–**	**–**	**218,738**	**218,738**
Total assets					**2,255,183**
Segment liabilities	**16,388**	**2,431**	**–**	**–**	**18,819**
Unallocated liabilities	**–**	**–**	**–**	**70,819**	**70,819**
Total liabilities					**89,638**
At 31 December 2007					
Segment assets	768,931	3,477	57,074	–	829,482
Associated companies	1,335,649	–	–	–	1,335,649
Unallocated assets	–	–	–	170,148	170,148
Total assets					2,335,279
Segment liabilities	14,598	2,351	–	–	16,949
Unallocated liabilities	–	–	–	75,701	75,701
Total liabilities					92,650

(b) Geographical Segments

	For the year ended 31 December			As at 31 December
	Revenue HK$'000	Segment results HK$'000	Capital Expenditure HK$'000	Total Assets HK$'000
2008				
Hong Kong	**33,770**	**(1,184)**	**1,194**	**2,110,507**
Mainland China	**288**	**1,124**	**11,514**	**144,676**
	34,058	**(60)**	**12,708**	**2,255,183**
2007				
Hong Kong	31,275	98,719	22	2,198,187
Mainland China	1,760	2,912	–	137,092
	33,035	101,631	22	2,335,279

8 OPERATING (LOSS)/PROFIT

	2008 HK$'000	2007 HK$'000
Operating (loss)/profit is arrived at after crediting:		
Net exchange gains	**7,058**	10,013
Interest income	**3,993**	2,960
Gain on disposal of property, plant and equipment	**178**	9
Write back of provision for trade and other debtors	**74**	13
and after charging:		
Staff costs, including Directors' remuneration (note 9)	**13,326**	12,865
Depreciation and amortisation	**383**	146
Direct operating expenses of investment properties that generate rental income	**5,498**	4,788
Direct operating expenses of investment properties that did not generate rental income	**1,958**	1,799
Operating lease rental for land and buildings	**2,514**	2,599
Auditor's remuneration		
Audit services	**950**	950
Non-audit services	**73**	123

9 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

	2008 HK$'000	2007 HK$'000
Wages and salaries	**12,560**	12,399
Social security costs	**459**	182
Retirement benefit costs – Defined contribution plans (note 10)	**307**	284
	13,326	12,865

10 RETIREMENT BENEFIT COSTS

The Group operates a defined contribution provident fund scheme (the "Scheme"), which is available to certain employees who joined the Group before 1 December 2000, and a mandatory provident fund scheme (the "Fund"), which is available to all employees in Hong Kong effective 1 December 2000. The assets of the Scheme and the Fund are held separately from those of the Group in independently administered funds. Contributions to the Scheme and the Fund by the Group and the employees are calculated as a percentage of the monthly salaries of the employees. Contributions to the Scheme are reduced by contributions forfeited by those employees who leave the Scheme prior to vesting fully in the contributions. During the year, no forfeited contributions in respect of the Scheme (2007: HK$ Nil) were utilised and there was no forfeited contribution available to reduce future contributions (2007: Nil).

10 RETIREMENT BENEFIT COSTS (Continued)

The Group also participates in the employee pension schemes of the respective municipal government in Mainland China where the Group operates. The Group is required to make monthly defined contributions at rates calculated as a percentage of the monthly payroll. The respective municipal government will assume the retirement benefit obligations of all existing and future retired employees of the Group.

The cost charged to the consolidated profit and loss account represents contributions payable by the Group to the above schemes.

11 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' Emoluments

Name	Fees HK$'000	Salaries and allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit costs HK$'000	Total HK$'000
2008					
DAI Xiaoming	**10**	**2,919**	**199**	**12**	**3,140**
Kenneth Hiu King KON	**10**	**2,091**	**174**	**12**	**2,287**
Jesse Nai Chau LEUNG	**230**	**–**	**–**	**–**	**230**
XIANG Bing	**230**	**–**	**–**	**–**	**230**
Edward SHEN	**230**	**–**	**–**	**–**	**230**
	710	**5,010**	**373**	**24**	**6,117**
2007					
DAI Xiaoming	10	2,852	485	12	3,359
Kenneth Hiu King KON	10	2,030	423	12	2,475
Jesse Nai Chau LEUNG	233	–	–	–	233
XIANG Bing	233	–	–	–	233
Edward SHEN	233	–	–	–	233
	719	4,882	908	24	6,533

None of the Directors of the Company has waived the right to receive their emoluments during the year (2007: Nil). The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

11 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2007: two) Directors whose emoluments are reflected in note (a) above. The emoluments for the remaining three (2007: three) individuals are as follows:

	2008 **HK$'000**	2007 HK$'000
Salaries and allowances	**1,844**	1,890
Discretionary bonuses	**131**	394
Retirement benefit costs – Defined contribution plans	**92**	92
	2,067	2,376

The emoluments of these individuals fell within the following bands:

Emolument bands	**Number of individuals**	
	2008	2007
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1
	3	3

12 TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. For the year of assessment 2008/09 with effect from 1 April 2008, the Hong Kong profits tax rate was changed from 17.5% to 16.5% and the deferred tax balances have been remeasured.

The amount of income tax (credited)/charged to the consolidated profit and loss account represents:

	2008 **HK$'000**	2007 HK$'000
Current income tax		
Hong Kong profits tax	**351**	332
Deferred income tax (note 25)	**(6,116)**	13,328
	(5,765)	13,660

12 TAXATION (Continued)

The taxation on the (loss)/profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong where the Group operates, as follows:

	2008 HK$'000	2007 HK$'000
(Loss)/profit before taxation	**(55,448)**	378,955
Adjusted for:		
Share of losses/(profits) of associated companies	**55,388**	(277,324)
	(60)	101,631
Tax charge at the rate of 16.5% (2007: 17.5%)	**(10)**	17,786
Effect of change in tax rate	**(3,809)**	–
Effect of different taxation rates	**–**	(10)
Income not subject to taxation	**(2,452)**	(4,095)
Expenses not deductible for taxation purposes	**260**	114
Utilisation of previously unrecognised tax losses	**(112)**	(76)
Tax loss not recognised	**37**	85
Temporary differences not recognised	**321**	(144)
Taxation (credit)/charge	**(5,765)**	13,660

13 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$14,815,000 (2007: HK$17,692,000).

14 (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share for the year is based on the following:

	2008 HK$'000	2007 HK$'000
(Loss)/profit attributable to shareholders	**(49,683)**	365,295
Weighted average number of shares for calculating basic and diluted (loss)/earnings per share ('000)	**1,135,606**	1,135,606
Basic and diluted (loss)/earnings per share (HK cents)	**(4.4)**	32.2

The diluted (loss)/earnings per share equals to the basic (loss)/earnings per share since there are no dilutive potential shares in issue during both years.

15 PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Total
	HK$000	HK$'000	HK$'000	HK$'000	HK$'000
Cost					
At 31 December 2006	54	1,993	6,636	1,125	9,808
Change in exchange rates	–	19	158	9	186
Additions	–	22	–	–	22
Liquidation of a subsidiary	–	(325)	(3,986)	(237)	(4,548)
Disposals	–	(61)	–	–	(61)
At 31 December 2007	54	1,648	2,808	897	5,407
Additions	1,312	98	12	2,190	3,612
Disposals	–	(265)	(665)	(897)	(1,827)
At 31 December 2008	**1,366**	**1,481**	**2,155**	**2,190**	**7,192**
Accumulated depreciation					
At 31 December 2006	54	1,539	6,634	1,080	9,307
Change in exchange rates	–	14	158	7	179
Charge for the year	–	119	1	23	143
Liquidation of a subsidiary	–	(284)	(3,986)	(213)	(4,483)
Disposals	–	(61)	–	–	(61)
At 31 December 2007	54	1,327	2,807	897	5,085
Charge for the year	20	127	3	186	336
Disposals	–	(265)	(665)	(897)	(1,827)
At 31 December 2008	**74**	**1,189**	**2,145**	**186**	**3,594**
Net book value					
At 31 December 2008	**1,292**	**292**	**10**	**2,004**	**3,598**
At 31 December 2007	–	321	1	–	322

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost				
At 31 December 2006	759	2,045	897	3,701
Change in exchange rates	6	–	–	6
Additions	22	–	–	22
Disposals	(61)	–	–	(61)
At 31 December 2007	726	2,045	897	3,668
Additions	70	12	2,190	2,272
Disposals	(160)	–	(897)	(1,057)
At 31 December 2008	**636**	**2,057**	**2,190**	**4,883**
Accumulated depreciation				
At 31 December 2006	490	2,045	897	3,432
Change in exchange rates	2	–	–	2
Charge for the year	76	–	–	76
Disposals	(61)	–	–	(61)
At 31 December 2007	507	2,045	897	3,449
Charge for the year	90	2	186	278
Disposals	(160)	–	(897)	(1,057)
At 31 December 2008	**437**	**2,047**	**186**	**2,670**
Net book value				
At 31 December 2008	**199**	**10**	**2,004**	**2,213**
At 31 December 2007	219	–	–	219

16 INVESTMENT PROPERTIES

	Group	
	2008	2007
	HK$'000	HK$'000
At beginning of the year	**531,860**	446,897
Addition	**5,123**	–
Change in fair value	**(17,443)**	84,963
Change in exchange rates	**401**	–
At end of the year	**519,941**	531,860
Comprising:		
Hong Kong		
Leases of over 50 years	**481,400**	495,000
Leases of between 10 to 50 years	**29,200**	33,000
Mainland China		
Leases of over 50 years	**6,955**	1,505
Leases of between 10 to 50 years	**2,386**	2,355
	519,941	531,860

The investment properties were revalued by DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, based on current prices in an active market for all properties.

Investment properties with net book value of HK$510,400,000 (2007: HK$527,800,000) have been pledged as securities for the banking facilities of the Group.

17 LEASEHOLD LAND

	Group	
	2008	2007
	HK$'000	HK$'000
At beginning of the year	**322**	325
Addition	**3,973**	–
Amortisation	**(47)**	(3)
At end of the year	**4,248**	322
Comprising:		
Hong Kong		
Leases of over 50 years	**319**	322
Mainland China		
Leases of over 50 years	**3,929**	–
	4,248	322

18 SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	HK$'000
Unlisted shares, at cost	**1,904**	1,904
Less: provision	**(713)**	–
	1,191	1,904
Amounts due from subsidiaries (Note (a))	**1,281,387**	–
Less: provision	**(1,045,505)**	–
	235,882	–
Total investment	**237,073**	1,904
Amounts due from subsidiaries (Note (b))	**140,000**	1,438,945
Less: provision	**–**	(1,045,999)
	140,000	392,946
Amounts due to subsidiaries (Note (c))	**359**	364

Note:

(a) Amounts due from subsidiaries represent equity funding by the Company to the respective subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries.

(b) As at 31 December 2008, amounts due from subsidiaries are unsecured, carry interest at 2% above prime rate and have no fixed terms of repayment.

As at 31 December 2007, amounts due from subsidiaries are unsecured, interest free, except for HK$140,000,000 which carries interest at 0.5% below prime rate, and have no fixed terms of repayment.

The amounts receivable are denominated in Hong Kong dollar and their carrying amount approximate their fair values.

(c) Amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The amounts payable are denominated in Hong Kong dollar and their carrying amount approximate their fair values.

Particulars of the principal subsidiaries as at 31 December 2008 are set out in note 30(a).

Movements on the provision for amounts due from subsidiaries are as follows:

	2008	2007
	HK$'000	HK$'000
At beginning of the year	**1,045,999**	1,113,052
Provision	**219**	66
Written back	**(713)**	(3,007)
Written off as uncollectible	**–**	(64,112)
At end of the year	**1,045,505**	1,045,999

19 ASSOCIATED COMPANIES

	Group	
	2008	2007
	HK$'000	HK$'000
Share of net assets	**1,281,975**	1,335,649
Amounts due from associated companies	**310,637**	337,264
Less: provision	**(106,556)**	(104,842)
	204,081	232,422
Amounts due to associated companies	**9,868**	7,809

Particulars of the principal associated companies as at 31 December 2008 are set out in note 30(b).

The amounts due from/to associated companies are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due from/to associated companies approximate their fair values.

Movements on the provision for the amounts due from associated companies are as follows:

	2008	2007
	HK$'000	HK$'000
At beginning of the year	**104,842**	79,420
Provision	**1,714**	25,422
At end of the year	**106,556**	104,842

The carrying amounts of the amounts due from associated companies are denominated in the following currencies:

	Group	
	2008	2007
	HK$'000	HK$'000
HK dollars	**204,081**	230,721
US dollars	**–**	1,701
	204,081	232,422

The carrying amounts of the amounts due to associated companies are denominated in Hong Kong dollars.

19 ASSOCIATED COMPANIES (Continued)

The share of the assets, liabilities and results of the associated companies, all of which are unlisted, attributable to the Group are set out below:

	Total assets HK$'000	Total liabilities HK$'000	Revenue HK$'000	(Loss)/ profit after taxation HK$'000
2008				
Zeta Estates Limited	**1,623,884**	**(441,533)**	**45,730**	**(56,470)**
Beijing Jing Yuan Property Development Company Limited	**118,336**	**(118,336)**	**493**	**(1,701)**
Others	**128,012**	**(28,388)**	**5,003**	**2,783**
	1,870,232	**(588,257)**	**51,226**	**(55,388)**
2007				
Zeta Estates Limited	1,483,252	(244,891)	33,613	284,879
Beijing Jing Yuan Property Development Company Limited	115,140	(115,140)	9,021	(17,825)
Others	102,596	(5,308)	4,326	10,270
	1,700,988	(365,339)	46,960	277,324

20 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Unlisted equity securities	**16,135**	43,607	**–**	–
Club debentures	**7,040**	4,270	**7,040**	4,270
	23,175	47,877	**7,040**	4,270

21 DEBTORS, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade debtors	**4,269**	3,596	**–**	–
Provision	**(377)**	(451)	**–**	–
Trade debtors, net	**3,892**	3,145	**–**	–
Other debtors, net	**5,875**	4,706	**177**	370
Prepayments and deposits	**2,831**	12,615	**1,334**	1,404
	12,598	20,466	**1,511**	1,774

The carrying amounts of the debtors, prepayments and deposits are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK dollars	**12,519**	9,731	**1,433**	1,517
Renminbi	**79**	10,735	**78**	257
	12,598	20,466	**1,511**	1,774

21 DEBTORS, PREPAYMENTS AND DEPOSITS (Continued)

Trade debtors represent rental and estate management receivable and are payable on presentation of invoices. As at 31 December 2008, trade debtors of HK$3,892,000 (2007: HK$3,145,000) were past due but not impaired. These debtors relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade debtors of the Group based on the dates of invoices is as follows:

	2008	2007
	HK$'000	HK$'000
Within 30 days	**1,741**	1,504
31 to 60 days	**569**	385
61 to 90 days	**273**	298
Over 90 days	**1,309**	958
	3,892	3,145

Trade debtors of HK$377,000 (2007: HK$451,000) were individually determined to be impaired and full provision has been made. There is no concentration of credit risk with respect to trade debtors, as the Group has a large number of customers.

Other debtors represent reimbursable expenses paid on behalf of customers and an amount receivable from an investee company, which is held by the Group under available-for-sale financial assets, of HK$4,200,000 (2007: HK$2,652,000). The amount receivable from an investee company is unsecured, carries interest at prime rate (2007: prime rate) and has no fixed term of repayment.

As at 31 December 2007, other debtors of HK$1,105,000 were individually determined to be impaired and full provision had been made. The amount was written off as uncollectible in 2008.

Movements on the provision for trade and other debtors are as follows:

	2008	2007
	HK$'000	HK$'000
At beginning of the year	**1,556**	2,327
Written back	**(74)**	(13)
Written off as uncollectible	**(1,105)**	(758)
At end of the year	**377**	1,556

The creation and release of provision for impairment have been included in administrative expenses in the consolidated profit and loss account.

The Group does not hold any collateral as security, except that the Group holds rental deposits from tenants for leasing of properties.

The other classes within trade and other debtors do not contain impaired assets. The maximum exposure to credit risk represents the fair value of each class of receivable.

22 CASH AND BANK BALANCES

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**144,219**	49,202	**129,813**	46,095
Short term bank deposits	**61,346**	116,699	**61,346**	116,699
	205,565	165,901	**191,159**	162,794

The carrying amounts of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK dollars	**76,740**	45,123	**62,334**	42,016
Renminbi	**128,825**	120,773	**128,825**	120,773
US dollars	**–**	5	**–**	5
	205,565	165,901	**191,159**	162,794

23 SHARE CAPITAL

	2008 HK$'000	2007 HK$'000
Authorised:		
1,600,000,000 shares of HK$0.50 each	**800,000**	800,000
Issued and fully paid:		
1,135,606,132 shares of HK$0.50 each	**567,803**	567,803

24 RESERVES

Group

	Share premium HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 31 December 2006	694,070	26,792	(387)	586,968	1,307,443
Change in exchange rates	–	–	(6,836)	–	(6,836)
Change in fair value of available-for-sale financial assets	–	8,493	–	–	8,493
Release of reserve upon liquidation of a subsidiary	–	–	431	–	431
Profit for the year	–	–	–	365,295	365,295
At 31 December 2007	694,070	35,285	(6,792)	952,263	1,674,826
Change in exchange rates	–	–	401	–	401
Change in fair value of available-for-sale financial assets	–	(27,802)	–	–	(27,802)
Loss for the year	–	–	–	(49,683)	(49,683)
At 31 December 2008	**694,070**	**7,483**	**(6,391)**	**902,580**	**1,597,742**
Retained by:					
Company and subsidiaries	694,070	7,483	401	46,286	748,240
Associated companies	–	–	(6,792)	856,294	849,502
	694,070	7,483	(6,391)	902,580	1,597,742

24 RESERVES (Continued)

Company

	Share premium HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 December 2006	694,070	1,685	(720,065)	(24,310)
Change in fair value of available-for-sale financial assets	–	1,180	–	1,180
Profit for the year	–	–	17,692	17,692
At 31 December 2007	694,070	2,865	(702,373)	(5,438)
Change in fair value of available-for-sale financial assets	–	(330)	–	(330)
Profit for the year	–	–	14,815	14,815
At 31 December 2008	**694,070**	**2,535**	**(687,558)**	**9,047**

The Company does not have any distributable reserve calculated under section 79B of the Hong Kong Companies Ordinance (2007: Nil).

25 DEFERRED TAXATION LIABILITIES

	Group	
	2008 HK$'000	2007 HK$'000
At beginning of the year	**68,376**	54,900
Change in exchange rates	**74**	148
(Credited)/charged to the profit and loss account (note 12)	**(6,116)**	13,328
At end of the year	**62,334**	68,376

Deferred taxation liabilities are calculated in full on temporary differences under the liability method using tax rates substantively enacted by the balance sheet date. Deferred taxation assets and liabilities are offset when there is a legal right to set off and when the deferred tax relates to the same taxation jurisdiction. All deferred taxation liabilities are expected to be settled after twelve months.

25 DEFERRED TAXATION LIABILITIES (Continued)

The movements in deferred taxation liabilities of the Group during the year are as follows:

	Fair value change of investment properties		Others		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At beginning of the year	**67,061**	53,746	**1,315**	1,154	**68,376**	54,900
Change in exchange rates	**–**	–	**74**	148	**74**	148
(Credited)/charged to the profit and loss account	**(6,047)**	13,315	**(69)**	13	**(6,116)**	13,328
At end of the year	**61,014**	67,061	**1,320**	1,315	**62,334**	68,376

Deferred taxation assets of the Group in respect of tax losses of HK$16,332,000 (2007: HK$16,787,000) have not been recognised in the financial statements. Unused tax losses have no expiry date.

26 CREDITORS AND ACCRUALS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors	**17**	129	**–**	–
Other creditors	**14,499**	14,263	**82**	113
Accrued operating expenses	**2,708**	1,741	**1,636**	1,513
	17,224	16,133	**1,718**	1,626

The ageing analysis of the trade creditors of the Group is as follows:

	2008	2007
	HK$'000	HK$'000
Within 30 days	**17**	129

26 CREDITORS AND ACCRUALS (Continued)

The carrying amounts of the creditors and accruals are denominated in the following currencies:

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK dollars	**16,369**	16,017	**1,614**	1,550
Renminbi	**855**	116	**104**	76
	17,224	16,133	**1,718**	1,626

The carrying amounts of creditors and accruals approximate their fair values.

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of Operating (Loss)/Profit to Net Cash Generated from Operations

	2008	2007
	HK$'000	HK$'000
Operating (loss)/profit	**(60)**	101,631
Depreciation and amortisation	**383**	146
Net exchange gains	**(6,862)**	–
Gain on disposal of property, plant and equipment	**(178)**	(9)
Gain on liquidation of a subsidiary	**–**	(674)
Write back of provision for properties for sale	**–**	(195)
Change in fair value of investment properties	**17,443**	(84,963)
Dividend income	**(2,625)**	(466)
Interest income	**(3,993)**	(2,960)
Operating profit before working capital changes	**4,108**	12,510
Decrease in properties for sale	**–**	1,800
(Increase)/decrease in debtors, prepayments and deposits (note)	**(2,466)**	2,235
Increase/(decrease) in creditors and accruals	**1,091**	(2,946)
Net cash generated from operations	**2,733**	13,599

Note: During 2008, the purchase of certain properties in 2006 were completed, of which the prepayment of HK$10,408,000 was transferred to property, plant and equipment of HK$1,312,000, investment property of HK$5,123,000 and leasehold land of HK$3,973,000.

27 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Liquidation of A Subsidiary

	2007 HK$'000
Net assets disposed	
Property, plant and equipment	65
Properties for sale	230,956
Debtors, deposits and prepayments	6,586
Cash and bank balances	159
Creditors and accruals	(184,335)
Short term bank loans	(54,536)
	(1,105)
Exchange reserve released on liquidation	431
Gain on liquidation of a subsidiary	(674)
Net cash outflow	(159)

In February 2003, a purchaser of the properties developed by Beijing Dan Yao Property Company, Limited ("Dan Yao"), a 85% subsidiary of the Group, lodged claims against Dan Yao for the refund of purchase consideration and penalties for reasons, among others, that Dan Yao was not able to obtain the property title certificate within the time stated in the relevant sale and purchase agreement. The first court judgement ruled in favour of the purchaser and as a result, the Group has made a full provision for the claims while Dan Yao appealed against this ruling. In order to enable the interest of all creditors of Dan Yao, including the Group, be dealt with fairly and properly, the Second Intermediate People's Court of Beijing Municipality (the "Court") accepted for consideration of the application of the Company to liquidate Dan Yao, which was then operating under the supervision of the Court while the Group maintained control of its day to day operations. On 14 June 2007, the Court granted an order for the liquidation of Dan Yao and the Group therefore is no longer able to exercise control on Dan Yao. Accordingly, the Group ceased to consolidate the financial statements of Dan Yao.

(c) Analysis of Changes in Financing

	Bank loans 2007 HK$'000
At beginning of the year	52,376
Changes in exchange rates	2,160
Liquidation of a subsidiary	(54,536)
At end of the year	–

28 COMMITMENTS

(a) Operating Lease Commitments

The future aggregate minimum lease rental payments under non-cancellable operating leases in respect of land and buildings are payable in the following periods:

	Group and Company	
	2008	2007
	HK$'000	HK$'000
Within one year	**2,254**	2,515
One to five years	**2,066**	4,320
	4,320	6,835

(b) Operating Lease Rental Receivable

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment and other properties are receivable in the following periods:

	Group	
	2008	2007
	HK$'000	HK$'000
Within one year	**15,051**	15,549
One to five years	**23,133**	31,760
Over five years	**–**	514
	38,184	47,823

(c) Capital Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group	
	2008	2007
	HK$'000	HK$'000
Property, plant and equipment	**1,091**	752

29 RELATED PARTY TRANSACTIONS

The Group received estate management fees income from its associated companies of HK$5,824,000 (2007: HK$4,209,000), which were determined at a certain percentage of the rental income of such companies.

30 PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES

(a) Subsidiaries

Name	Place of incorporation/ operation	Issued share capital	Percentage of attributable equity Company	Group	Principal activities
AsiaSec Finance Limited	Hong Kong	HK$10,000	–	100	Financing
AsiaSec Property Management Limited	Hong Kong	HK$300,000	–	100	Property management
Citigrand Investment Limited	Hong Kong	HK$2	–	100	Property investment
Dan Form (China) Limited	Hong Kong	HK$2	100	100	Investment holding
Dan Form (Hong Kong) Limited	Hong Kong	HK$1,000,000	100	100	Investment holding
Dawna Range Company Limited	Hong Kong	HK$20	–	100	Investment holding
Diamond Property Management Company Limited	Hong Kong	HK$10,000	–	100	Property management
Harcape Limited	Hong Kong	HK$10,000	–	100	Property investment
Keen Safe Investment Limited	Hong Kong	HK$1,010,000	–	100	Investment holding
Landfine Investment Limited	Hong Kong	HK$2	–	100	Property investment
Man Lee Offshore Limited	British Virgin Islands/ Mainland China	US$1	–	100	Property investment
Oriental Dragon Investment Limited	British Virgin Islands/ Mainland China	US$1	–	100	Property investment
Turbo Dragon Limited	Hong Kong	HK$2	–	100	Investment holding
Winshine Properties Limited	British Virgin Islands/ Mainland China	US$1	–	100	Property investment

30 PRINCIPAL SUBSIDIARIES AND ASSOCIATED COMPANIES (Continued)

(b) Associated Companies

Name	Place of incorporation/ operation	Issued share capital	Percentage of attributable equity Company	Group	Principal activities
Beijing Jing Yuan Property Development Company, Limited [1]	Mainland China	US$61,220,000 [2]	–	29.4	Property development
Ho Pok Investment Company Limited	Hong Kong	HK$10,000	–	50	Investment holding
Kin Tong Land Investment Co. Limited	Hong Kong	HK$10,000,000	–	50	Property investment
Zeta Estates Limited	Hong Kong	HK$990,000	–	33.33	Property investment

(1) Sino-foreign joint venture companies
(2) Paid-up registered capital

Particulars of Major Properties

31 December 2008

Location	Lot No.	Use	Total gross floor area (sq. ft.)	Car parking spaces	Percentage owned
(1) Investment properties					
Hong Kong					
Harbour Crystal Centre (portion) 100 Granville Road, Tsimshatsui East, Kowloon	K.I.L.10600	Commercial	138,663	–	80
			8,881	–	40
				30	100
Harbour Industrial Centre (portion) Ap Lei Chau, Aberdeen, Hong Kong	A.I.L.116	Industrial/ Godown	266,315	59	33.33
Oceanic Industrial Centre (portion) Ap Lei Chau, Aberdeen, Hong Kong	A.I.L.116	Industrial/ Godown	741,703	74	33.33
Queen's Centre (portion) 58-64 Queen's Road East Wanchai, Hong Kong	I.L.2243R.P.	Commercial/ Offices	27,457	–	50
Red Hill, Phase 1 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	11,001	–	33.33
Red Hill, Phase 2 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	100,819	–	33.33
Red Hill, Phase 3 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	181,698	–	33.33
Red Hill, Phase 4 (portion) Tai Tam, Hong Kong	R.B.L.1050	Residential	220,195	271	33.33
Wah Shun Industrial Centre (portion) 4 Cho Yuen Street Yau Tong, Kowloon	Y.T.I.L.29	Industrial	134,236	10	50
(2) Properties for sale					
People's Republic of China					
Jing Yuan International Mansion South-west corner of the intersection of Da Mu Cang Hu Tong and the proposed Da Mu Cang Nan Lane	9	Residential	319,303	–	29.4

Summary of Financial Information

	2008	2007	2006	2005	2004
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**34,058**	33,035	28,984	32,564	36,990
Operating (loss)/profit after finance cost	**(60)**	101,631	59,955	81,863	(6,796)
Share of (losses)/profits of associated companies	**(55,388)**	277,324	(1,044)	114,578	(167,087)
(Loss)/profit before taxation	**(55,448)**	378,955	58,911	196,441	(173,883)
Taxation credit/(charge)	**5,765**	(13,660)	(6,018)	(18,568)	(282)
(Loss)/profit for the year	**(49,683)**	365,295	52,893	177,873	(174,165)
Attributable to:					
Equity holders	**(49,683)**	365,295	52,893	177,873	(174,081)
Minority interests	**–**	–	–	–	(84)
	(49,683)	365,295	52,893	177,873	(174,165)
	HK cents	HK cents	HK cents	HK cents	HK cents
(Loss)/earnings per share	**(4.4)**	32.2	4.7	15.7	(15.3)
Total assets	**2,255,183**	2,335,279	2,217,546	2,184,286	1,839,483
Total liabilities	**(89,638)**	(92,650)	(342,300)	(360,849)	(344,096)
Net assets	**2,165,545**	2,242,629	1,875,246	1,823,437	1,495,387