Hopefluent Group Holdings Limited

合富輝煌集團控股有限公司

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

Annual Report 2009

Contents

Corporate Information

BOARD OF DIRECTORS

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

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

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. LO Hang Fong, solicitor, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. FU Wai Chung
Mr. LO Yat Fung

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PLACE OF BUSINESS IN HONG KONG

Room 3611, 36th Floor
Shun Tak Centre West Tower
200 Connaught Road Central
Hong Kong

AUDITOR

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

LEGAL ADVISERS

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

PRINCIPAL BANKERS

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

733

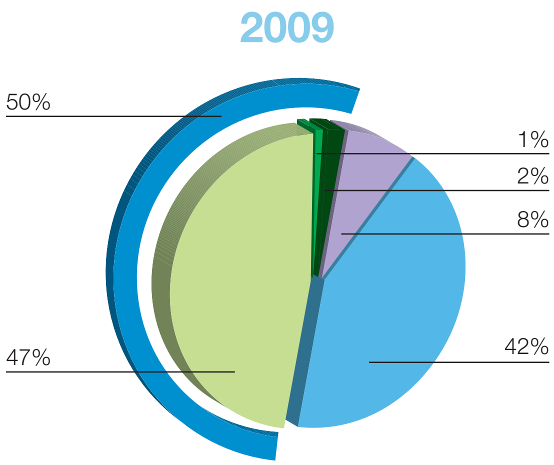
HOME PAGE

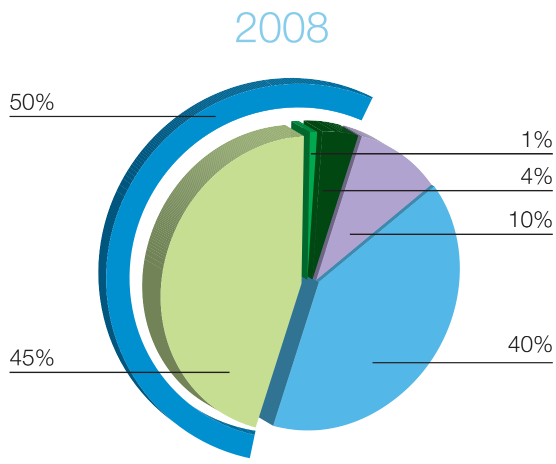
www.hopefluent.com

Financial Highlights

Turnover by Business

For the year ended 31st December

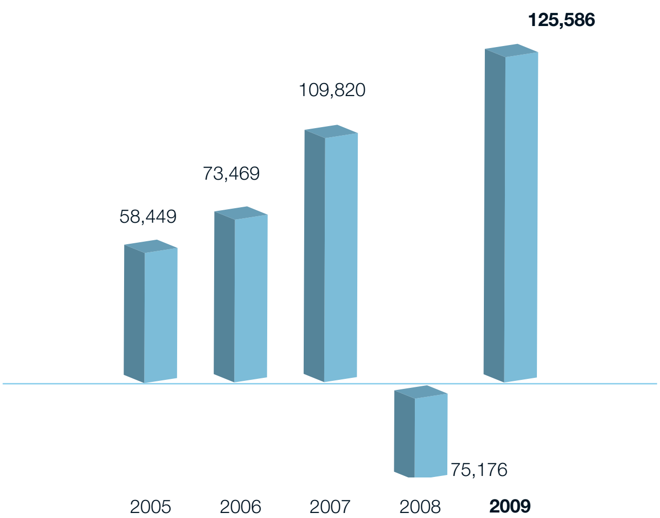




- Commission income for primary property transactions
- Marketing and planning consultancy services fee income
- Conveyancing services fee income
- Commission income for secondary property transactions
- Property management and others

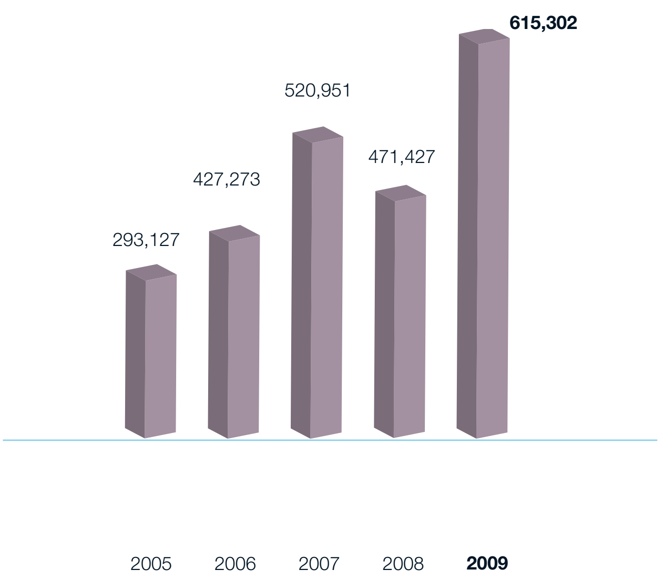
Profit Attributable to Shareholders

(HK$'000)



Shareholders' Funds

(HK$'000)



The Group has more than 20 offices including Guangzhou, Dongguan, Foshan, Tianjin, Shanghai, Anhui, Hubei, Hunan, Shandong and Guizhou.

Riding on its quality property real estate agency service, effective sales strategies and outstanding corporate brand, the Group continued to work closely with major property developers and secured exclusive agency rights for more projects. Between 2005 and now, the Group has been the sole agent for renowned mainland property developers including Vanke, Star River (星河灣), Gemdale, KWG Property, China Everbright, Poly, Evergrande Real Estate and Citic Group. The Group is also the agent for projects of the renowned Hong Kong developers like Sun Hung Kai Properties and China Overseas.

Chairman's Statement

Fu Wai Chung
Chairman

To overcome the global financial turmoil which erupted in 2008, the Chinese government introduced an economic stimulus package in 2009 which not only helped to revive the economy but also helped to boost consumer confidence. In the second half of 2009, the property market in China rebounded strongly with a surge in both selling prices and sales volumes. Riding on its well-established brand together with the adjustment in its strategy made years ago, Hopefluent was able to seize the market opportunity for development and achieved fruitful and encouraging business results with the Group's turnover for 2009 rising by 46% to HK$995.4 million. Profit attributable to shareholders amounted to HK$125.6 million.

During the year under review, the Group maintained its leadership in the primary property real estate agency service business. It was the contract agent of numerous projects within the market, including most notably Favourview Palace which generated the largest transaction value, The Lake Dragon of Sun Hung Kai Properties and the Peninsula from Star River (星河灣). In addition to the outstanding performance of the Group's business within Guangdong Province, the Group has also actively expanded its business scope to second and third tier cities elsewhere such as Wuhan, Changsha, Hefei and Guiyang and achieved overall excellent results. Currently the Group operates in more than 20 cities in China. Guangzhou and Shanghai remained as the core markets of the Group's secondary property real estate agency service business. After the substantial adjustment in the number of its branches in late 2008, the Group has redeployed resources and consolidated its foundation in this service business segment. These measures bore fruit during the year enhancing the profitability of the branches dedicated to this service and brought satisfactory profit growth to this business. Other property related businesses, principally project consultancy services, mortgage referral and property management, continued to generate stable income for the Group. The Group also hired new sales professionals during the year to improve its market competitiveness. The number of staff during the year increased to more than 8,000.

In 2010, the demand for residential units will remain strong, developers are expected to launch projects starting from the second quarter of the year. Transactions will become vibrant in the market, and the domestic demand in PRC would grow strong under a steady pace. The Group has strived to enlarge its market share steadily by securing more exclusive agency rights for projects to better meet the various needs of the markets and consumers. The Group will also closely monitor market developments and trends. While aiming to expand its business coverage, we will also work to enhance our overall strength to provide better service packages for our customers.

Last but not least, on behalf of the Board, I would like to thank all of our shareholders, business partners and customers for their support, as well as their confidence in and recognition of the Group's future development strategy. I would also like to express my gratitude for our staff. Their dedicated efforts were the key for the Group to successfully overcome the difficulties that we encountered and to strengthen our business. To meet the upcoming challenges, the Board intends to continue to work closely with all of our staff with the shared objective to generate promising long-term returns for our shareholders.

By Order of the Board

Fu Wai Chung
Chairman

Hong Kong, 13th April, 2010

Comprehensive Networks in PRC

Headquarters

Primary Real Estate Services

Secondary Real Estate Services

DIRECTORS

Executive Directors

Mr. Fu Wai Chung (Chairman), aged 60, the co-founder and chairman of the Group, is responsible for the strategic planning and overall management of the Group. Mr. Fu is a graduate of 華南工學院 (Wahnan Industrial College, the PRC) and holds a certificate in mechanical engineering. Mr. Fu has over fourteen years of experience in real estate agency business management and administration in the PRC. Mr. Fu is a member of the committee of the Chinese People's Political Consultative Conference of Guangzhou City.

Ms. Ng Wan, aged 54, the co-founder of the Group, is responsible for the Group's sales and marketing and overall management. Ms. Ng is a graduate of 廣州業餘大學 (Guangzhou Part-time University, the PRC) and holds a certificate in arts. Ms. Ng has over fourteen years of experience in the real estate agency business. She is the wife of Mr. Fu.

Ms. Fu Man, aged 49, the co-founder of the Group, is responsible for the Group's sales and marketing and overall management. Ms. Fu attended 廣州大學科技幹部學院 (Technology College, Guangzhou University, the PRC) and holds a certificate in industrial foreign trade. Ms. Fu has over fourteen years of experience in the real estate agency business. She is the sister of Mr. Fu.

Mr. Lo Yat Fung, aged 45, is a certified public accountant in Hong Kong and has over twenty years of experience in accounting and financial management. Mr. Lo has obtained a professional diploma in accountancy from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. In addition, Mr. Lo is a fellow member of the Taxation Institute of Hong Kong and an associate member of the Institute of Chartered Secretaries and Administrators.

Independent Non-Executive Directors

Mr. Lam King Pui, aged 44, is the chief financial officer of a jewellery retailer in Hong Kong. He holds a Bachelor of Arts degree in accountancy from the Hong Kong Polytechnic University and has over twenty years of experience in accounting. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants, a Certified Public Accountant, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

Mr. Ng Keung, aged 59, is the managing director of a private information technology company since 2000. Prior to the current appointment, Mr. Ng was the vice chairman and the general manager of a private investment company in Hong Kong. Mr. Ng graduated from 廣州市廣播電視大學 (Guangzhou City Radio and Television University, the PRC) with a diploma in industrial enterprises management.

Mrs. Wong Law Kwai Wah, Karen, aged 61, holds a bachelor of arts degree from the University of Hong Kong and has over thirty-six years working experience in the real estate field. Mrs. Wong is a fellow member of the Chartered Institute of Housing Asian Pacific Branch and a fellow of the Hong Kong Institute of Housing. She is a licensed real estate agent and is currently the Vice-President of the Society of Hong Kong Real Estate Agents Ltd. She is appointed as a member of the Disciplinary Committee of the Estate Agents Authority.

AUDIT COMMITTEE

The Company established an audit committee on 24th June, 2004. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The committee has reviewed the audited financial statements for the year ended 31st December, 2009.

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

COMPANY SECRETARY

Mr. Lo Hang Fong, aged 46, is a solicitor practising in Hong Kong and the company secretary of the Company. He holds a bachelor's degree in laws from the University of Bristol in England and a diploma in Chinese laws from the China Law Society. He has acquired over seventeen years of experience in corporate advisory on mergers and acquisitions, initial public offerings and loan syndication.

SENIOR MANAGEMENT

Ms. Li Jie Nu, aged 56, is the manager of the administration department and is responsible for the administration and human resources of the Group. Ms. Li holds a diploma in business administration from the Guangzhou Finance and Trading Management College, the PRC (廣州市財貿管理幹部學院). She has seventeen years of experience in management and business administration.

Mr. Liang Guo Hong, aged 44, is the financial controller and is responsible for the financial management of the Group. He holds a diploma in business administration from the Guangzhou Finance and Trading Management College, the PRC (廣州市財貿管理幹部學院) and a bachelor's degree in construction engineering from the Military Engineering College, the PRC (中國工程兵工程學院).

Mr. Xie Yu Han, aged 45, is the deputy general manager and is responsible for market research and analysis and project planning consultancy service business. He holds a diploma in corporate management from the Jinan University, the PRC (中國暨南大學).

Ms. Wu Shan Hong, aged 41, is the deputy general manager and is responsible for the management of the overall business of the Group. She holds a bachelor's degree in arts from the Shenzhen University, the PRC (深圳大學) and a master's degree in business administration from the University of Western Sydney, Australia.

Mr. Li Wei, aged 38, is the deputy general manager and is responsible for the formulation of development strategies and overall business management for the secondary property market. He holds a bachelor's degree in material science and engineering from the Guangdong Industrial University, the PRC (廣東工業大學).

Mr. Xu Jing Hong, aged 38, is the deputy general manager and is responsible for market development and strategy planning for primary property projects in the Pearl River Delta region. He holds a diploma in business administration from the South China University of Education, the PRC (華南師範大學).

Mr. Zheng Song Jie, aged 32, is the business manager and is responsible for sales and promotion strategies for primary property projects. He holds a bachelor's degree in business administration from the Guangdong Commercial College, the PRC (廣東商學院).

Ms. Hu Yun, aged 37, is the manager of the architectural design department, and is responsible for the research on the architectural aspects of the property projects. She holds a bachelor's degree in architecture from the South China Polytechnic University, the PRC (中國華南理工大學).

Mr. Zheng Wen Wei, aged 39, is the business manager and is responsible for the market development and strategy planning for the primary property market of the central and western part of China. He holds a bachelor's degree in economy from the Commercial Institute of Heilongjiang, the PRC (中國黑龍江商學院).

Mr. Ou Yang Da Hui, aged 42, is the general manager of Tianjin Hopefluent Real Properties Sales and Marketing Limited, and is responsible for market development and strategy planning for primary property projects in the western China. He holds a bachelor's degree in engineering from the Shenzhen University, the PRC (深圳大學).

Mr. Liu Lian, aged 38, is the general manager of the Anhui Hopefluent Real Properties Consultancy Limited, and is responsible for the market development and the strategy planning for the primary property projects in the eastern China. He holds a professional diploma in financial management from the Shanghai Railway Institute, the PRC (中國上海鐵道學院) and a professional diploma in corporate management from the International Business Faculty of the Nanjing University, the PRC (中國南京大學國際商學院).

Ms. Zhu Jie, aged 47, is the general manager of Shanghai Hopefluent Real Properties Consultancy Limited and is responsible for the market development and the strategy planning for the primary property projects in the Yangtze Delta. She holds a master's degree in business administration from the Renmin University of China (中國人民大學).

Ms. Hu Yue, aged 41, is the general manager of Bola Realty Financing (Guangzhou) Limited and is responsible for the management of the primary and secondary property mortgage and loans business. She holds a master's degree in economic law from the Renmin University of China (中國人民大學).

Mr. Long Bin, aged 42, is the chief marketing research analyst, and is responsible for the analysis of market information. He holds a bachelor's degree in philosophy from the Jilin University of China (中國吉林大學) and a doctor's degree from the Renmin University of China (中國人民大學).

BUSINESS REVIEW

The property real estate sector in the PRC underwent a serious adjustment in the year 2008 as a result of the financial crisis. The turmoil from the crisis led to the Government's initiating an economic stimulus package which included measures to stimulate domestic demand across many industries. The property real estate sector had fully recovered by the second half of 2009, and the transaction volume has significantly risen. Hopefluent prudently implemented and maintained a steady business strategy and adapted well to the fast-changing and competitive environment, whereby we successfully grasped the available opportunities and created a fruitful result for the year.

For the year ended 31st December, 2009, the Group recorded a turnover of HK$995.4 million, up by 46% against HK$683.9 million in 2008. Profit attributable to shareholders was HK$125.6 million (2008: loss attributable to shareholders of HK$75.2 million). Basic earnings per share were HK42.4 cents (2008: basic loss per share of HK30.0 cents).

During the year under review, the Group's primary and secondary property real estate agency service businesses brought in a turnover of HK$494.0 million and HK$417.7 million respectively, accounting for 50% and 42% of the Group's total turnover. The remaining 8% or HK$83.7 million was derived from property management business. By geographical segment, Guangzhou contributed about 61% of the total turnover and about 39% came from areas other than Guangzhou.

PRIMARY PROPERTY REAL ESTATE AGENCY AND CONSULTANCY SERVICES 合富辉煌房地产 Hopefluent Real Properties

During the year under review, the Group handled approximately 51,000 primary property transactions involving a total gross floor area of about 51.0 million square feet at a total transaction value of about HK$50.2 billion, an approximately 66% increase as compared to HK$30.2 billion last year. In 2009, the Group was the exclusive agent for 332 projects and 308 of them contributed turnover to the Group amounting to approximately HK$494.0 million, representing a 44% increase when compared to 2008. By geographical location, Guangzhou accounted for about 55% of the total turnover from primary property real estate agency service business and about 45% came from outside Guangzhou.

The Group's proactive and steady expansion strategy has strengthened the development potential of second and third tier cities, including Wuhan, Changsha, Hefei, Guiyang and Tianjin. Through the Group's established brand and complemented by its highly professional service, we were able to carve out top market share in some regions backed up by a number of noteworthy achievements. Meanwhile, the Group is actively targetting the Shenzhen and Zhongshan markets to enhance its leading position in Guangdong Province and the Pearl River Delta. For the year ended 31st December, 2009, the Group has more than 20 offices serving more than 30 markets including Guangzhou, Dongguan, Foshan, Tianjin, Shanghai, Anhui, Hubei, Hunan, Shandong and Guizhou.

During the year under review, the Group continued to work closely with major property developers and was appointed as the sole agent of more projects, including those with the largest value transacted in Guangzhou this year, including the Favourview Palace, The Lake Dragon of Sun Hung Kai Properties and the Peninsula from Star River (星河灣). Furthermore, during the year under review, the Group was also the sole agent of many projects led by Vanke, Poly and Evergrande which not only notched excellent sales, but also verified customer and developer recognition of the Group's professional service and sales capabilities.

Another strength of the Group is our comprehensive initial project consultancy services to property developers spanning the entire planning process from professional advice on location and market positioning to marketing strategies and sales. During the year under review, the Group provided initial project planning services to more than 80 development projects.

SECONDARY PROPERTY REAL ESTATE AGENCY SERVICE 合富置业 房王 iHouseKing.com

The Group handled more than 40,500 secondary property transactions in 2009, an increase of 16% when compared to the approximately 35,000 transactions of 2008. Turnover from this segment increased by 52% to HK$417.7 million in 2009, among which Guangzhou contributed about 76% of the total turnover from this segment while about 24% came from outside Guangzhou.

SECONDARY PROPERTY REAL ESTATE AGENCY SERVICE 合富置业 iHouseKing.com (Continued)

As at the end of 2009, the Group had about 285 branches in operation. The Group currently on goes strong emphasis on Guangzhou and Shanghai and expanding into the cities in Guangdong Province such as Dongguan and Foshan. With the secondary market gradually maturing, and the limited supply of primary properties in central district, it is predicted that transaction volume of the secondary property real estate market would continue to grow. The Group's has pushed forward the "Hopefluent Secondary Property Index" which provided an information exchange platform for both the selling and buying parties with a higher referential value and also enhanced Hopefluent's leading position in the Guangzhou market.

The Group has built up a reputable brand as a real estate property agent through our good service and professionalism, which in turn has attracted many experienced sales professionals to join our sales team. This not only strengthens our management ranks, but also enables our sales team to be superior to our competitors'. The Group currently has about 8,000 employees in primary and secondary property real estate agency service businesses among which more than 3,000 personnel are engaged in the secondary property real estate agency business.

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

PROPERTY MANAGEMENT SERVICE 港聯物業 asiaasset

The Group provided property management services during the year under review to about 80 residential and commercial projects and shopping arcades in Guangzhou, Shanghai, Tianjin and Wuhan involving more than 100,000 units of total gross floor area covering 96 million square feet. The business grew steadily which would support the future expansion strategy of the Group.

PROSPECTS

The property market in the PRC remains buoyant in early 2010, leading to the wait-and-see atmosphere within the market. However the recent measures introduced by the Central Government has resulted in a more healthy and stable market. With developers speeding up their selling paces, together with strong market demand, the market would become vibrant again from the beginning of the second quarter this year. The transaction volume is expected to rise again this year and the end-user would be the principal driver of the market.

For its primary property real estate agency service business, the Group will build on its good reputation, abundant industry experience and expertise and its close partnership with major developers to secure more exclusive agency contracts to ensure stable income in the year ahead. To date, the Group has confirmed partnerships with leading developers including China Overseas, Vanke, Star River, Evergrande, Poly, Gemdale, Citic, KWG Property, and Sun Hung Kai Properties. At the same time, the Group will continue to expand its developments in Shenzhen, Zhongshan, and cities within Guangdong Province, and enhance its sales networks in second or third tier cities to expand the coverage and market share.

Within the secondary property real estate agency service business, the Group will expand the number of branches steadily while closely observing market conditions. Guangzhou and Shanghai would continue to be the main focus of our efforts, mainly due to their maturity in this market segment and with the secondary property transaction volume growing annually. Hence it is believed that the secondary property market will become more prosperous. Due to the above reasons, the Group will evaluate market conditions with a view to expanding by 50 to 100 secondary branches to seize the secondary property market opportunity unceasingly. Moreover, the Group will enlist more experienced sales professionals to bolster the Group's competitiveness.

PROSPECTS (Continued)

Looking ahead, the Group remains confident of the long-term development prospects of the PRC property market. With its firm business foundation, the Group would continuously strive to provide our clients with professional and superior property real estate agency and consulting services through a prudent and pragmatic business approach. At the same time, we plan to actively expand the Group's real estate-related value-added services business. We strongly believe with our brand, professionalism in service and strategic deployment of business coverage, the Group will definitely be able to seize any upcoming opportunities in the market and bring satisfactory returns to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st December, 2009, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK$338.1 million (31st December, 2008: HK$155.9 million) and 2.92 (31st December, 2008: 3.01) respectively. Total borrowings amounted to approximately HK$60.1 million of which unsecured and secured bank borrowings are approximately HK$21.3 million and approximately HK$38.8 million respectively (31st December, 2008: unsecured and secured bank borrowings are HK$50.0 million and approximately HK$18.0 million respectively). The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 6.96% (31st December, 2008: 10.07%). The Group's borrowings are primarily denominated in Hong Kong dollars and Renminbi. The Group had no material contingent liabilities as at 31st December, 2009.

PLEDGE OF ASSETS

As at 31st December, 2009, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of approximately HK$90.9 million to banks to secure bank borrowings of the Group.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions were denominated in either Hong Kong dollars or Renminbi. As such, the Group had no significant exposure to foreign exchange fluctuations.

EMPLOYEES

As at 31st December, 2009, the Group had approximately 8,200 full time employees. Around 7 staff were based in Hong Kong and the rest were employed in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

CAPITAL STRUCTURE

As at 31st December, 2009, the total number of shares (the "Shares") of HK$0.01 each in the capital of the Company in issue was 296,000,000.

CORPORATE GOVERNANCE PRACTICES

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

DIRECTORS

Directors' Securities Transactions

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules. Having made specific enquiry of all directors, they all have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

Board of Directors

The Board comprises:

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

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

During the financial year ended 31st December, 2009, six Board meetings were held and the attendance of each director is set out as follows:

Name of director	Number of Board meetings attended in the financial year ended 31st December, 2009	Attendance rate
Mr. FU Wai Chung	6	100%
Ms. NG Wan	5	83.33%
Ms. FU Man	6	100%
Mr. LO Yat Fung	6	100%
Mr. LAM King Pui	6	100%
Mr. NG Keung	6	100%
Mrs. WONG LAW Kwai Wah, Karen	6	100%

DIRECTORS (Continued)

Board of Directors (Continued)

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

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

while daily operation and administration are delegated to the management.

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The Board is of the view that though there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meetings between the directors and the management are held from time to time to discuss issues relating to operation of the Company. The Board also believes that the current structure is conducive to strong and consistent leadership, enabling the Company to make and implement decisions promptly and efficiently.

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

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

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

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

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

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

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

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

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

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

A meeting was held in the year 2009 and during the meeting the remuneration policies, structures and procedures in remunerating the directors and senior management of Group were under review and no change has been proposed to the remuneration policies for the Group. No director or any his associates was involved in deciding his own remuneration.

Name of members of Remuneration Committee	Number of meetings attended in the financial year ended 31st December, 2009	Attendance rate
Mr. LAM King Pui	1	100%
Mr. NG Keung	1	100%
Mrs. WONG LAW Kwai Wah, Karen	1	100%

Information relating to the remuneration of each Director for 2009 is set out in note 11 to the consolidated financial statement.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

The responsibility of the external auditors is to form an independent opinion, based on audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of the Company, as a body, and for no other purpose. A statement by the auditors about their reporting responsibility is set out on page 24 of this Annual Report.

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of materials assets and identification of business risks. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31st December, 2009 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets and the Board is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and sufficient. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

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

AUDIT COMMITTEE

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

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

The Audit Committee held four meetings in 2009, which were attended by all audit committee members.

Name of members of Audit Committee	Number of meetings attended in the financial year ended 31st December, 2009	Attendance rate
Mr. LAM King Pui	4	100%
Mr. NG Keung	4	100%
Mrs. WONG LAW Kwai Wah, Karen	4	100%

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

AUDITORS' REMUNERATION

During the financial year ended 31st December, 2009, the remuneration paid to the Company's auditors, Deloitte Touche Tohmatsu, is set out as follows:

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

SHAREHOLDERS

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

The directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 31 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2009 are set out in the consolidated statement of comprehensive income on page 25.

The final dividend of HK9 cents (2008: Nil) per share has been proposed by the Directors and subject to approval by the shareholders in general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7th June, 2010 (Monday) to 9th June, 2010 (Wednesday), both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and attending and voting at the 2010 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 4th June, 2010 (Friday).

INVESTMENT PROPERTIES

The Group's investment properties at 31st December, 2009 were revalued by an independent firm of professional property valuers on an open market value basis. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent capital expenditure of approximately HK$20,662,000 on additions of property, plant and equipment, mostly for the expansion of property agency services throughout the People's Republic of China.

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

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31st December, 2009 were HK$319,339,000 (2008: HK$320,732,000).

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

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

The Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31st December, 2009.

DIRECTORS

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

Executive directors

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

Independent non-executive directors

Mr. Lam King Pui
Mr. Ng Keung
Mrs. Wong Law Kwai Wah, Karen

In accordance with the provisions of the Company's Articles of Association, Messrs. Ng Wan, Wong Law Kwai Wah, Karen and Ng Keung retire by rotation and, being eligible, offer themselves for re-election.

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

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTERESTS IN SHARES

At 31st December, 2009, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions:

(i) Ordinary share of HK$0.01 each and underlying shares under equity derivatives of the Company:

	Number of shares			
Name of Director	**Ordinary shares interests held by controlled corporation**	**Underlying shares (under equity derivatives of the Company)** (note 2)	**Aggregate interest**	**Approximate percentage of the issued share capital**
Mr. Fu Wai Chung ("Mr Fu")	105,852,000 (note 1)	280,000	106,132,000	35.86%
Ms. Ng Wan	–	280,000	280,000	0.09%
Ms. Fu Man	–	2,800,000	2,800,000	0.95%
Mr. Lo Yat Fung	–	2,800,000	2,800,000	0.95%
Mr. Lam King Pui	–	180,000	180,000	0.06%
Mr. Ng Keung	–	180,000	180,000	0.06%
Mrs. Wong Law Kwai Wah, Karen	–	180,000	180,000	0.06%

Notes :

(1) These 105,852,000 shares are registered in the name of Fu's Family Limited which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and the remaining 15% by Ms. Fu Man.

(2) Details of share options held by the directors are shown in the section of "Share Options".

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

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

Other than as disclosed above, none of the directors nor their associates had any interest or short position in any shares or underlying shares of the Company or any of its associated corporations as at 31st December, 2009.

SHARE OPTIONS

On 24th June, 2004, the Company adopted a share option scheme (the "Scheme"). Details of the options granted by the Company pursuant to the Scheme and the options outstanding as at 31st December, 2009 were as follows :

	Number of share options								
	As at 1st January, 2009	Granted during the year	Lapsed/ Cancelled during the year	Exercise during the year	As at 31st December, 2009	Date of grant	Exercise period	Exercise price per share HK$	Closing price of share immediate before date of grant HK$
Directors									
Mr. Fu Wai Chung	–	280,000	–	–	280,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Ms. Ng Wan	–	280,000	–	–	280,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Ms. Fu Man	–	2,800,000	–	–	2,800,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Mr. Lo Yat Fung	–	2,800,000	–	–	2,800,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Mr. Lam King Pui	–	180,000	–	–	180,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Mr. Ng Keung	–	180,000	–	–	180,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Mrs. Wong Law Kwai Wah, Karen	–	180,000	–	–	180,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Others									
Employees	–	11,300,000	–	–	11,300,000	16th December, 2009	16th December, 2009 to 15th December, 2012	2.60	2.45
Total		18,000,000			18,000,000				

No share options were exercised during the year.

Particulars of the Company's Scheme are set out in note 28 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Fu's Family Limited	Beneficial owner	105,852,000	35.76%
Value Partners Limited ("Value Partners")	Investment manager (note 1)	39,171,000	13.23%
Hang Seng Bank Trustee International Limited	Trustee (note 1)	39,171,000	13.23%
Cheah Capital Management Limited	Held by controlled corporation (note 1)	39,171,000	13.23%
Cheah Company Limited	Held by controlled corporation (note 1)	39,171,000	13.23%
Value Partners Group Limited	Held by controlled corporation (note 1)	39,171,000	13.23%
To Hau Yin	Interest of spouse (note 1)	39,171,000	13.23%
Cheah Cheng Hye ("Mr. Cheah")	Founder of the trust (note 1)	39,171,000	13.23%
Martin Currie (Holdings) Limited	Held by controlled corporation	36,566,000	12.35%
UBS AG	Having a security interest in shares	14,934,000	5.05%

Note:

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

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31st December, 2009.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMOLUMENT POLICY

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

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient float throughout the year ended 31st December, 2009. Based on information that is publicly available to the Company and within the knowledge of the directors, the percentage of the ordinary shares in public hands exceed 25% as at 13th April, 2010.

AUDITOR

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

In year 2008, Zhong Yi (Hong Kong) C.P.A. Company Limited, who acted as one of the two joint auditors of the Company in the past, resigned and Messrs. Deloitte Touche Tohmatsu was appointed as the sole auditor of the Company and continued to be appointed as the sole auditor during the year. A resolution will be submitted to the annual general meeting to appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board

Fu Wai Chung
Chairman

Hong Kong, 13th April, 2010

Deloitte.
德勤

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

We have audited the consolidated financial statements of Hopefluent Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 63, which comprise the consolidated statement of financial position as at 31st December, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13th April, 2010

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Turnover	6	**995,450**	683,927
Other income		**11,452**	7,121
Selling expenses		**(155,274)**	(130,986)
Administrative expenses		**(672,471)**	(592,867)
Other expenses or losses		**(6,936)**	(1,806)
Loss on disposal and write-off of property, plant and equipment		**(639)**	(24,115)
Finance costs	8	**(3,184)**	(2,669)
Profit (loss) before tax		**168,398**	(61,395)
Income tax expense	9	**(40,028)**	(17,753)
Profit (loss) for the year	10	**128,370**	(79,148)
Other comprehensive income (expense) for the year:			
Exchange difference arising on translation		**2,172**	17,902
Total comprehensive income (expense) or the year		**130,542**	(61,246)
Profit (loss) for the year attributable to:			
Owners of the Company		**125,586**	(75,176)
Minority interests		**2,784**	(3,972)
		128,370	(79,148)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**127,591**	(58,646)
Minority interests		**2,951**	(2,600)
		130,542	(61,246)
Earnings (loss) per share	14		
– Basic		**HK42.4 cents**	HK(30.0) cents
– Diluted		**HK42.4 cents**	–

Consolidated Statement of Financial Position

At 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Investment properties	15	**24,996**	14,385
Property, plant and equipment	16	**219,098**	254,230
Goodwill	17	**15,544**	15,528
		259,638	284,143
CURRENT ASSETS			
Accounts receivables	18	**201,296**	196,442
Other receivables and prepayment		**54,934**	38,487
Held for trading investments	19	**9,753**	–
Bank balances and cash	20	**338,073**	155,931
		604,056	390,860
CURRENT LIABILITIES			
Payables and accruals	21	**96,565**	57,661
Tax liabilities		**50,436**	35,418
Bank borrowings – due within one year	22	**60,120**	36,728
		207,121	129,807
NET CURRENT ASSETS		**396,935**	261,053
		656,573	545,196
CAPITAL AND RESERVES			
Share capital	23	**2,960**	2,960
Share premium and reserves		**612,342**	468,467
Equity attributable to owners of the Company		**615,302**	471,427
Minority interests		**21,320**	22,229
		636,622	493,656
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year	22	**–**	31,250
Deferred tax liabilities	24	**19,951**	20,290
		19,951	51,540
		656,573	545,196

The consolidated financial statements on pages 25 to 63 were approved and authorised for issue by the board of directors on 13th April, 2010 and are signed on its behalf by:

Fu Wai Chung
DIRECTOR

Lo Yat Fung
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2009

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (note i)	Statutory surplus reserve HK$'000 (note ii)	Translation reserve HK$'000	Share options reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1st January, 2008	2,468	223,948	5,760	36,487	25,040	–	227,248	520,951	26,550	547,501
Exchange differences arising on translation	–	–	–	–	16,530	–	–	16,530	1,372	17,902
Loss for the year	–	–	–	–	–	–	(75,176)	(75,176)	(3,972)	(79,148)
Total comprehensive income (expense) for the year	–	–	–	–	16,530	–	(75,176)	(58,646)	(2,600)	(61,246)
Issue of shares by private placement under general mandate (note 23)	492	31,488	–	–	–	–	–	31,980	–	31,980
Transaction costs attributable to issue of shares	–	(646)	–	–	–	–	–	(646)	–	(646)
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	–	(1,873)	(1,873)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	152	152
Transfer	–	–	–	3,926	–	–	(3,926)	–	–	–
Dividends recognised as distribution	–	–	–	–	–	–	(22,212)	(22,212)	–	(22,212)
At 31st December, 2008	2,960	254,790	5,760	40,413	41,570	–	125,934	471,427	22,229	493,656
Exchange differences arising on translation	–	–	–	–	2,005	–	–	2,005	167	2,172
Profit for the year	–	–	–	–	–	–	125,586	125,586	2,784	128,370
Total comprehensive income for the year	–	–	–	–	2,005	–	125,586	127,591	2,951	130,542
Recognition of share-based payment	–	–	–	–	–	16,284	–	16,284	–	16,284
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	–	(7,252)	(7,252)
Realised on partial disposal of interests in subsidiaries	–	–	–	–	–	–	–	–	3,392	3,392
Transfer	–	–	–	6,028	–	–	(6,028)	–	–	–
At 31st December, 2009	**2,960**	**254,790**	**5,760**	**46,441**	**43,575**	**16,284**	**245,492**	**615,302**	**21,320**	**636,622**

Notes:

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

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

Consolidated Statement of Cash Flows

For the year ended 31st December, 2009

	NOTE	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
Profit (loss) before tax		**168,398**	(61,395)
Adjustments for:			
Depreciation of property, plant and equipment		**43,811**	40,957
Share-based payment expense		**16,284**	–
Impairment on accounts receivables		**3,645**	1,262
Loss on partial disposal of subsidiaries		**2,857**	–
Discount on acquisition of subsidiaries		**–**	(13)
Discount on acquisition of additional interest in subsidiaries		**(3,457)**	(1,381)
Finance costs		**3,184**	2,669
Loss on disposal and write-off of property, plant and equipment		**639**	24,115
Loss on fair value changes of held for trading investments		**434**	–
Interest income		**(644)**	(1,229)
Operating cash flows before movements in working capital		**235,151**	4,985
(Increase) decrease in accounts and other receivables		**(24,946)**	34,159
Increase in held for trading investments		**(10,187)**	–
Increase (decrease) in payables and accruals		**38,905**	(57,959)
Cash generated from (used in) operations		**238,923**	(18,815)
PRC income tax paid		**(25,666)**	(17,872)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**213,257**	(36,687)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(20,662)**	(96,823)
Acquisition of additional interest in subsidiaries		**(3,795)**	(492)
Acquisition of a subsidiary, net of cash and cash equivalents acquired	25	**–**	(514)
Partial disposal of subsidiaries		**535**	–
Interest received		**644**	1,229
Proceeds on disposal of property, plant and equipment		**2,246**	4,698
NET CASH USED IN INVESTING ACTIVITIES		**(21,032)**	(91,902)
FINANCING ACTIVITIES			
New bank borrowings raised		**38,793**	69,565
Dividends paid		**–**	(22,212)
Repayment of bank borrowings		**(46,829)**	(10,232)
Interest paid		**(3,184)**	(2,669)
Proceeds on issue of shares		**–**	31,980
Expenses on issue of shares		**–**	(646)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(11,220)**	65,786
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**181,005**	(62,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**155,931**	210,385
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**1,137**	8,349
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		**338,073**	155,931

1. GENERAL

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

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

The Company is an investment holding company. Particulars of the principal activities of its subsidiaries are set out in note 31.

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

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

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs Issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. It has not resulted in a redesignation of the Group's reportable segments (see note 7).

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

In addition, the Group has early adopted the amendments to HKFRS 8 Operating Segments issued by the HKICPA in 2009 as part of the Improvements to HKFRSs. HKFRS 8 has been amended that an entity shall report a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)
The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value.

New and revised HKFRSs affecting the reported results and/or financial position
HKAS 23 (Revised 2007) Borrowing Costs
HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1st January, 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1st January, 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior and current accounting periods.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)[1A]	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1st July, 2009.
1A Except for amendment to HKFRS 8, which has been early adopted during the year.
2 Effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.
3 Effective for annual periods beginning on or after 1st January, 2010.
4 Effective for annual periods beginning on or after 1st February, 2010.
5 Effective for annual periods beginning on or after 1st July, 2010.
6 Effective for annual periods beginning on or after 1st January, 2011.
7 Effective for annual periods beginning on or after 1st January, 2013.

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

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

Business combinations

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Acquisition of additional interests in subsidiaries

On acquisition of an additional interest in a subsidiary, the difference between the consideration paid for the acquisition and the carrying amounts of the underlying assets and liabilities attributable to the additional interest in the subsidiary acquired is recognised as goodwill or discount on acquisition. Goodwill is recognised as an asset. Discount on acquisition is recognised directly in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, and is presented separately in the consolidated statement of financial position.

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

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

Revenue recognition

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

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

Marketing, development and planning consultancy and property management services income is recognised when the services are rendered.

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

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

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

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

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

Investment properties

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

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

Leasehold land and building

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale for which the commencement date for capitalisation is on or after 1st January, 2009, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

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

Taxation

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

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

Financial assets

The Group's financial assets are comprising of loans and receivables and financial assets at fair value through profit or loss ("FVTPL").

Effective interest method

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

Interest income is recognised on an effective interest basis, for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

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

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of loans and receivables (Continued)

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Equity instruments

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

Derecognition

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

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

Impairment

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

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

4. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 22, net of cash and cash equivalents disclosed in note 20, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

5. FINANCIAL INSTRUMENTS

5a. Categories of financial instruments

	2009	2008
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**539,369**	352,373
Held for trading investments	**9,753**	–
Financial liabilities		
Amortised cost	**156,685**	125,639

5b. Financial risk management objectives and policies

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

Market risk

Currency risk

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

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

	Liabilities		**Assets**	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
HK$	**(21,496)**	(52,775)	**14,868**	31,360

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% (2008: 5%) increase and decrease in HK$ against RMB. 5% (2008: 5%) is the sensitivity rate and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2008: 5%) change in foreign currency rates. A negative number below indicates a decrease in profit for the year (2008: increase in loss for the year) where HK$ strengthen 5% (2008: 5%) against RMB. For a 5% (2008: 5%) weakening of HK$ against RMB, there would be an equal and opposite impact on the profit for the year.

	HK$ Impact	
	2009	2008
	HK$'000	HK$'000
Decrease in profit/increase in loss for the year	**(332)**	(1,071)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings which carry fixed interest rate (see note 22 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowing and bank deposits because these balances carry interest at prevailing rates and they are of short maturity.

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

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

Sensitivity analysis

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

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2009 would increase/decrease by HK$792,000 (2008: loss for the year would decrease/increase by HK$265,000).

5. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by closely monitoring the investment. The Group's equity price risk is mainly concentrated on the equity instruments operating in electronic industry sector listed in the Shenzhen Stock Exchange.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the equity instrument had been 5% higher/lower and all other variables were held constant for year ended 31st December, 2009, the Group's post-tax profit for the year would increase/decrease by HK$366,000 as a result of the changes in fair value of held for trading investments.

Credit risk

As at 31st December, 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2008: 100%) of the total accounts receivables as at 31st December, 2009. The Group also has concentration of credit risk as 20% (2008: 10%) and 7% (2008: 3%) of the total accounts receivables was due from the Group's five largest customers and largest customer respectively.

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

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

Liquidity risk

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

In addition to the Group financed by its own capital and earnings, the Group relies on bank borrowings as an additional source of liquidity. As at 31st December, 2009, the Group has bank borrowings and available unutilised bank facilities of approximately HK$60,120,000 (2008: HK$67,978,000) and HK$28,750,000 (2008: HK$ Nil) respectively. Details of which are set out in note 22.

5. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

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

Liquidity risk tables

	Weighted average interest rate %	**On demand or less than 1 month HK$'000**	**1-3 months HK$'000**	**3 months to 1 year HK$'000**	**1-5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount at 31/12/2009 HK$'000**
2009							
Non-derivative financial liabilities							
Payables and accruals	**–**	**96,565**	**–**	**–**	**–**	**96,565**	**96,565**
Bank loans – fixed rate	**5.50**	**–**	**15,020**	**25,741**	**–**	**40,761**	**38,870**
Bank loans – variable rate	**3.07**	**–**	**6,442**	**15,461**	**–**	**21,903**	**21,250**
		96,565	**21,462**	**41,202**	**–**	**159,229**	**156,685**

	Weighted average interest rate %	On demand or less than 1 month HK$'000	1-3 months HK$' 000	3 months to 1 year HK$'000	1-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31/12/2008 HK$'000
2008							
Non-derivative financial liabilities							
Payables and accruals	–	57,661	–	–	–	57,661	57,661
Bank loans – fixed rate	5.91	8,357	–	10,649	–	19,006	17,978
Bank loans – variable rate	3.33	–	6,666	13,176	32,030	51,872	50,000
		66,018	6,666	23,825	32,030	128,539	125,639

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

5. FINANCIAL INSTRUMENTS (Continued)

5c. Fair value

The fair value of held for trading investments is based on quoted market bid prices. Fair values of the Group's investments held for trading are classified as level 1 measurements which all derived from quoted prices (unadjusted) in active market for identical assets and liabilities.

The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

6. TURNOVER

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

	2009 HK$'000	2008 HK$'000
Agency commission	**965,750**	652,322
Service income	**88,887**	71,377
Less: Business tax and other taxes	**(59,187)**	(39,772)
	995,450	683,927

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1st January, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker and the Group's executive directors for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group is organised into three business divisions including primary property real estate agency services, secondary property real estate agency services and property management services which form the Group's three operating segments.

7. SEGMENT INFORMATION (Continued)

An analysis of the Group's segment information for the year by operating segments is as follows:

For the year ended 31st December, 2009

	Primary property real estate agency HK$'000	Secondary property real estate agency HK$'000	Property management HK$'000	Total HK$'000
Segment revenue	**494,021**	**417,719**	**83,710**	**995,450**
Segment profit/(loss)	**122,007**	**62,082**	**(2,636)**	**181,453**
Other income				**11,452**
Central administrative costs				**(21,323)**
Finance costs				**(3,184)**
Profit before tax				**168,398**
Income tax expense				**(40,028)**
Profit for the year				**128,370**

For the year ended 31st December, 2008

	Primary property real estate agency HK$'000	Secondary property real estate agency HK$'000	Property management HK$'000	Total HK$'000
Segment revenue	341,926	274,223	67,778	683,927
Segment profit/(loss)	40,998	(100,643)	(2,771)	(62,416)
Other income				7,121
Central administrative costs				(3,431)
Finance costs				(2,669)
Loss before tax				(61,395)
Income tax expense				(17,753)
Loss for the year				(79,148)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Total segment revenue represents the Group's consolidated turnover as set out in the consolidated statement of comprehensive income. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administrative costs including directors' salaries, other income and finance costs. This is the measure reported to the Group's executive directors for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

As the Group's segments assets and liabilities are not regularly reviewed by the Group's executive directors, the measure of total assets and liabilities for each operating segment is therefore not presented.

Other segment information

2009

	Primary Property Real estate agency HK$'000	**Secondary Property Real Estate Agency HK$'000**	**Property management HK$'000**	**Consolidated HK$'000**
Amount included in measure of segment profit or loss:				
Depreciation of property, plant and equipment	**6,199**	**35,479**	**2,133**	**43,811**
Impairment on accounts receivables	**–**	**3,645**	**–**	**3,645**
Loss on disposal of property, plant and equipment	**–**	**639**	**–**	**639**

2008

	Primary Property Real estate agency HK$'000	Secondary Property Real Estate Agency HK$'000	Property management HK$'000	Consolidated HK$'000
Amount included in measure of segment profit or loss:				
Depreciation of property, plant and equipment	5,998	33,937	1,022	40,957
Impairment on accounts receivables	–	1,262	–	1,262
Loss on disposal of property, plant and equipment	–	24,115	–	24,115

Geographical information

The Group's operations are mainly located in the People's Republic of China (the "PRC"). Majority of the Group's Primary Property Real Estate Agency, Secondary Property Real Estate Agency and Property Management businesses are located in the PRC.

Information about major customers

There was no revenue from any customer that contributes over 10% of total revenue of the Group for both years.

8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
The expense comprises:		
The PRC Enterprises Income Tax ("EIT")	**40,483**	14,581
Deferred tax (note 24)	**(455)**	3,172
	40,028	17,753

EIT is provided on the estimated assessable profits of the Group's subsidiaries in the PRC in accordance with the laws and regulations in the PRC at 25% (2008: 25%).

Certain of the Group's subsidiaries in the PRC are required to pay the PRC income tax on a deemed profit basis at a predetermined tax rate of 2.5% to 5.0% on turnover during the current year (2008: 2.5% to 5.0%). The predetermined tax rate is agreed and determined between such enterprises and the PRC tax bureau of local government and is subject to annual review and renewal.

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

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

	2009 HK$'000	2008 HK$'000
Profit (loss) before tax	**168,398**	(61,395)
Tax at the applicable rate of 25% (2008: 25%)	**42,100**	(15,349)
Tax effect of expenses not deductible for tax purpose	**8,280**	6,413
Tax effect of income not taxable for tax purpose	**(866)**	(592)
Effect of tax charged at predetermined tax rate on turnover entitled by certain subsidiaries operating in the PRC	**(7,221)**	(162)
Tax effect of tax loss not recognised	**2,950**	27,647
Utilisation of tax loss previously not recognised	**(5,215)**	(204)
Income tax expense	**40,028**	17,753

Details of deferred taxation are set out in note 24.

10. PROFIT (LOSS) FOR THE YEAR

	2009 HK$'000	2008 HK$'000
Profit (loss) for the year has been arrived at after charging:		
Directors' remuneration, including share-based payment expenses and retirement benefits scheme contributions (note 11)	12,471	6,108
Other staff costs	395,997	355,900
Share-based payment expenses – employees	10,221	–
Other retirement benefits scheme contributions	22,756	22,412
Total staff costs	441,445	384,420
Auditor's remuneration	1,480	1,480
Depreciation of property, plant and equipment	43,811	40,957
Impairment on accounts receivables	3,645	1,262
Loss on fair value changes of investments held for trading	434	–
Loss on partial disposal of subsidiaries	2,857	–
Exchange loss	–	544
and after crediting:		
Bank interest income	644	1,229
Net rental income in respect of premises, net of outgoings of HK$Nil (2008: HK$ Nil)	1,288	724
Discount on acquisition (include in other income)	3,457	1,394

11. DIRECTORS' EMOLUMENTS

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

For the year ended 31st December, 2009

	Mr. Fu Wai Chung HK$'000	Ms. Ng Wan HK$'000	Ms. Fu Man HK$'000	Mr. Lo Yat Fung HK$'000	Mr. Ng Keung HK$'000	Mr. Lam King Pui HK$'000	Mrs. Wong Law Kwai Wah, Karen HK$'000	Total HK$'000
Fees	–	–	–	–	60	120	180	360
Salaries and other benefits	1,800	1,400	1,400	1,400	–	–	–	6,000
Share-based payment expenses	253	253	2,534	2,534	163	163	163	6,063
Retirement benefits scheme contributions	12	12	12	12	–	–	–	48
Total emoluments	2,065	1,665	3,946	3,946	223	283	343	12,471

11. DIRECTORS' EMOLUMENTS (Continued)

For the year ended 31st December, 2008

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

The Group also provided rent-free accommodation to Mr. Fu Wai Chung, the executive director for the year ended 31st December, 2009. The annual rateable value of the properties involved, which are owned by the Group, amounted to HK$720,000 (2008: HK$720,000).

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

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2008: four) were directors of the Company, whose emoluments are included in the above. The emoluments of the remaining individual were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**587**	535
Share-based payment expense	**1,810**	–
Retirement benefits scheme contributions	**4**	32
	2,401	567

13. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Dividends recognised as distribution during the year:		
2007 final dividend of HK9 cents per share	**–**	22,212

The final dividend of HK9 cents (2008: Nil) per share in total HK$26,640,000 has been proposed by the directors and is subject to approval by the shareholders in general meeting.

14. EARNINGS (LOSS) PER SHARE

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

	2009	2008
	HK$'000	HK$'000
Profit (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	**125,586**	(75,176)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**296,000,000**	250,709,041

No diluted earnings per share for the year ended 31st December, 2008 had been presented because the Company has no dilutive potential shares for the year ended 31st December, 2008.

Diluted earnings per share for the year ended 31st December, 2009 does not assume the exercise of the Company's share options because the exercise price of the Company's options was higher than the average market price of shares for the year ended 31st December, 2009.

15. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1st January, 2008	6,964
Exchange adjustments	466
Transfers from property, plant and equipment	6,955
At 31st December, 2008	14,385
Exchange adjustments	81
Transfers from property, plant and equipment	10,530
At 31st December, 2009	**24,996**

The fair value of the Group's investment properties at 31st December, 2009 and 2008 have been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited, independent qualified valuers not connected to the Group. BMI Appraisals Limited is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. No valuation surplus/deficit arises from the valuation as at 31st December, 2009 and 2008.

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

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

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1st January, 2008	85,795	132,661	78,126	25,055	321,637
Exchange adjustments	5,793	8,535	5,436	1,591	21,355
Additions	10,362	70,212	11,841	4,408	96,823
Acquire on acquisition of a subsidiary	–	–	208	–	208
Disposals/write-off	(2,254)	(26,225)	(6,503)	(4,276)	(39,258)
Transfers to investment properties	(7,062)	–	–	–	(7,062)
At 31st December, 2008	92,634	185,183	89,108	26,778	393,703
Exchange adjustments	523	1,042	502	143	2,210
Additions	2,661	2,977	7,397	7,627	20,662
Disposals	–	–	(3,414)	(791)	(4,205)
Transfers to investment properties	(10,772)	–	–	–	(10,772)
At 31st December, 2009	**85,046**	**189,202**	**93,593**	**33,757**	**401,598**
DEPRECIATION					
At 1st January, 2008	7,934	49,507	33,051	10,632	101,124
Exchange adjustments	861	3,433	2,944	706	7,944
Provided for the year	4,730	26,239	5,182	4,806	40,957
Disposals/write-off	(204)	(4,358)	(3,370)	(2,513)	(10,445)
Transfers to investment properties	(107)	–	–	–	(107)
At 31st December, 2008	13,214	74,821	37,807	13,631	139,473
Exchange adjustments	75	420	213	70	778
Provided for the year	2,527	25,042	10,990	5,252	43,811
Disposals	–	–	(944)	(376)	(1,320)
Transfers to investment properties	(242)	–	–	–	(242)
At 31st December, 2009	**15,574**	**100,283**	**48,066**	**18,577**	**182,500**
CARRYING VALUES					
At 31st December, 2009	**69,472**	**88,919**	**45,527**	**15,180**	**219,098**
At 31st December, 2008	79,420	110,362	51,301	13,147	254,230

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

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

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

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

17. GOODWILL

	HK$'000
COST	
At 1st January, 2008	15,355
Exchange adjustments	173
At 31st December, 2008	15,528
Exchange adjustments	16
At 31st December, 2009	**15,544**

For the purposes of impairment testing, goodwill with indefinite useful lives as detailed above has been allocated to the subsidiaries as individual cash generating units (CGUs) from which goodwill arose. The carrying amount of goodwill as at 31st December, 2009 allocated to these units are as follows:

	2009 **HK$'000**	2008 HK$'000
Provision of estate management services in the PRC, included in property management segment ("Unit A")	**2,759**	2,743
Provision of real estate agency services in the PRC, included in primary real estate agency segment ("Unit B")	**12,785**	12,785
	15,544	15,528

During the year ended 31st December, 2009, management of the Group determines that there are no impairment of any of its CGUs containing goodwill.

The recoverable amount of the CGUs has been determined based on a value in use calculations. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 16.58% and 20.99% (2008: 19.65% and 22.37%) for Unit A and Unit B, respectively. The set of cash flows beyond the five-year period are extrapolated using a steady 8% growth rate, as determined by management. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and profit margin, such estimation is based on unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the CGUs to exceed the aggregate recoverable amount.

18. ACCOUNTS RECEIVABLES

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

The aged analysis of accounts receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period is as follows:

	2009 HK$'000	2008 HK$'000
Accounts receivables		
0 – 30 days	**93,105**	82,741
31 – 60 days	**45,045**	42,809
61 – 90 days	**28,440**	33,278
91 – 120 days	**22,972**	22,834
Over 120 days	**11,734**	14,780
	201,296	196,442

Included in the Group's accounts receivable balance are debtors with aggregate carrying amount of HK$11,734,000 (2008: HK$14,780,000) which are past due as at the reporting date for which the Group has not provided for impairment loss because management is of the opinion that the fundamental credit quality of these customers has not deteriorated.

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

Aging of accounts receivables which are past due but not impaired

	2009 HK$'000	2008 HK$'000
121-150 days	**7,482**	7,851
151-180 days	**4,252**	6,929
	11,734	14,780

Movement in the allowance for doubtful debts

	2009 HK$'000	2008 HK$'000
Balance at beginning of the year	**2,636**	1,374
Impairment losses recognised on receivables	**3,645**	1,262
	6,281	2,636

19. HELD FOR TRADING INVESTMENTS

Held for trading investments include:

	2009 HK$'000
Listed securities:	
– Equity securities listed in Hong Kong	**1,053**
– Equity securities listed in Shenzhen	**8,700**
	9,753

20. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and short-term bank deposits that are interest-bearing ranging from 0.36% to 1.35% (2008: 0.26% to 2%) and have original maturity of three months or less.

21. PAYABLES AND ACCRUALS

The payables and accruals mainly comprise of the deposits received, receipts in advance, accrued salary and other sundry creditors.

22. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
Secured	**38,870**	17,978
Unsecured	**21,250**	50,000
	60,120	67,978

The bank borrowings are repayable as follows:

	2009 HK$'000	2008 HK$'000
Within one year	**60,120**	36,728
More than one year but not exceeding two years	**–**	25,000
More than two years but not more than three years	**–**	6,250
	60,120	67,978
Less: Amounts due within one year shown under current liabilities	**(60,120)**	(36,728)
Amounts due after one year	**–**	31,250

22. BANK BORROWINGS (Continued)

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

	2009	2008
Effective interest rate:		
Fixed-rate borrowings	**4.43% to 6.85%**	5.31% to 7.29%
Variable-rate borrowings	**3.07%**	3.33%

As at 31st December, 2009 and 2008, the Group has variable-rate borrowings of HK$21,250,000 (2008: HK$50,000,000) which carry interest at HIBOR + 1.5% (2008: HIBOR +1.5%). Interest is repriced annually.

The Group's borrowings that are denominated in foreign currency of Hong Kong Dollars as at 31st December, 2009 amounted to HK$21,250,000 (2008: HK$50,000,000).

23. SHARE CAPITAL

	Number of shares	**Nominal amounts** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st January, 2008, 31st December, 2008 and 31st December, 2009	8,000,000,000	80,000
Issued and fully paid:		
At 1st January, 2008	246,800,000	2,468
Issue of shares by private placement under general mandate	49,200,000	492
At 31st December, 2008, 1st January, 2009 and 31st December, 2009	296,000,000	2,960

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

24. DEFERRED TAX LIABILITIES

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

	Revenue recognised for accounting purpose but not for tax purpose HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1st January, 2008	6,181	9,621	15,802
(Credit) charge for the year (note 9)	(114)	3,286	3,172
Exchange differences	414	902	1,316
At 31st December, 2008	6,481	13,809	20,290
Charge (credit) for the year (note 9)	1,547	(2,002)	(455)
Exchange differences	38	78	116
At 31st December, 2009	**8,066**	**11,885**	**19,951**

At 31st December, 2009, the Group's PRC subsidiaries had unused tax losses of approximately HK$105,482,000 (2008: HK$121,702,000) available for offset against future profits. An analysis of the expiry dates of the tax losses is as follows:

	2009 HK$'000	2008 HK$'000
2009	**–**	825
2010	**–**	1,195
2011	**–**	5,827
2012	**–**	3,349
2013	**103,091**	112,755
2014	**4,642**	–
	107,733	123,951

In addition, the Group (other than its subsidiaries in the PRC) had unused tax losses of approximately HK$15,745,000 (2008: HK$8,644,000) available for offset against future profits. Such unrecognised tax losses may be carried forward indefinitely.

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

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$11,392,000 (2008: HK$3,463,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. ACQUISITION OF A SUBSIDIARY

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

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

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

The subsidiary contributed profit of HK$195,000 to the Group's loss for the year ended 31st December, 2008 between the date of acquisition and 31st December, 2008.

If the acquisition had been completed on 1st January, 2008, the effect on group revenue and loss for the year ended 31st December, 2008 would have been insignificant. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2008, nor is it intended to be a projection of future results.

26. PLEDGE OF ASSETS

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

	2009 **HK$'000**	2008 HK$'000
Investment properties	**24,996**	9,753
Leasehold land and buildings	**65,879**	9,311
	90,875	19,064

27. OPERATING LEASES

The Group as lessee

The Group made minimum lease payments under operating leases in respect of office premises and shops of approximately HK$51,525,000 (2008: HK$71,968,000).

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**43,597**	50,741
In the second to fifth year inclusive	**72,996**	66,120
Over five years	**2,286**	–
	118,879	116,861

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

The Group as lessor

Property rental income earned during the year was approximately HK$1,288,000 (2008: HK$724,000). All of the investment properties held have committed tenants for the next one to four years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2009 **HK$'000**	2008 HK$'000
Within one year	**1,041**	533
In the second to fifth years inclusive	**2,398**	1,865
	3,439	2,398

28. SHARE OPTIONS SCHEME

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

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

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

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

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

28. SHARE OPTIONS SCHEME (Continued)

The following table disclose movements in the Company's share option during the year, all the options have vesting date of 16th December, 2009, exercisable period from 16th December, 2009 to 15th December, 2012 and exercise price of HK$2.60 per share:

Directors	Granted during the year and outstanding at 31st December, 2009
Mr. FU Wai Chung	280,000
Ms. NG Wan	280,000
Ms. FU Man	2,800,000
Mr. LO Yat Fung	2,800,000
Mr. LAM King Pui	180,000
Mr. NG Keung	180,000
Mrs. WONG LAW Kwai Wah, Karen	180,000
	6,700,000
Employees in aggregate	11,300,000
Total and exercisable at the end of the year	18,000,000
Weighted average exercise price	HK$2.60

The estimated fair value of the options granted to directors and employees on that date is HK$0.905.

These fair values were calculated using the Binominal model. The inputs into the model were as follows:

	2009
Closing share price as at the date of grant	HK$2.45
Exercise price	HK$2.60
Expected volatility	84.48%
Expected life of options	3 years
Risk-free rate	0.86%
Expected dividend yield	2.00%

28. SHARE OPTIONS SCHEME (Continued)

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

The Group has recognised the total expense of HK$16,284,000 for the year ended 31st December, 2009 in relation to share options granted by the Company.

No share options had been exercised during the year.

No options were outstanding at 31st December, 2008 under the Scheme.

29. RETIREMENT BENEFITS SCHEMES

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

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

30. RELATED PARTY DISCLOSURES

Compensation of key management personnel

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

	2009 HK$'000	2008 HK$'000
Short term benefits	6,922	6,594
Post-employment benefits	78	80
Share-based payment expenses	7,874	–
	14,874	6,674

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

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)		Principal activities	Place of operation
				2009	2008		
				%	%		
Guangdong Hope Real Properties Limited (note 2)	13th February, 1996 The PRC	Registered	RMB2,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Guangzhou New Profits Properties Agency Limited (note 3)	12th May, 1998 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Hopefluent (BVI) Limited (note 3)	8th August, 2002 British Virgin Islands ("BVI")	N/A	US$100	**100**	100	Investment holding	Hong Kong
Sino Estate Holdings Limited (note 3)	6th November, 2003 BVI	N/A	US$100	**100**	100	Investment holding	Hong Kong
Guangzhou Hope Profits Property Agency Limited (note 3)	16th March, 1998 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Hopefluent (China) Real Properties Consultancy Limited (note 3)	31st July, 2001 The PRC	Registered	HK$50,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Tianjin Hopefluent Real Properties Sales and Marketing Limited (note 3)	14th March, 2002 The PRC	Registered	RMB1,000,000	**100**	80	Provision of real estate agency services in the PRC	The PRC
Hopefluent Properties Limited (note 3)	7th September, 2001 Hong Kong	Ordinary	HK$100	**100**	100	Provision of real estate agency services in the PRC	Hong Kong
Hopefluent Promotion Limited (note 3)	5th October, 2001 Hong Kong	Ordinary	HK$100	**100**	100	Provision of advertising and marketing services in the PRC	Hong Kong
Hopefluent (Hong Kong) Limited (note 3)	11th May, 2001 Hong Kong	Ordinary	HK$100,000	**100**	100	Investment holding	Hong Kong
Foshan Hopefluent Real Properties Consultancy Limited (note 3)	1st September, 2003 The PRC	Registered	RMB1,000,000	**100**	87	Provision of real estate agency services in the PRC	The PRC

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

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1) 2009 %	2008 %	Principal activities	Place of operation
Dongguan Hopefluent Real Properties Consultancy Limited (note 3)	4th November, 2003 The PRC	Registered	RMB1,000,000	**100**	86	Provision of real estate agency services in the PRC	The PRC
Hubei Hopefluent Real Properties Consultancy Limited (note 3)	1st April, 2004 The PRC	Registered	RMB1,000,000	**100**	95	Provision of real estate agency services in the PRC	The PRC
Shanghai Hope Realty Consultancy Limited (note 2)	29th October, 2004 The PRC	Registered	RMB1,000,000	**100**	82	Provision of real estate agency services in the PRC	The PRC
Shanghai Hopefluent Real Properties Consultancy Limited (note 2)	19th October, 2004 The PRC	Registered	RMB1,000,000	**100**	85	Provision of real estate agency services in the PRC	The PRC
Asia Asset Property (China) Limited (formerly known as Asia Asset Property Group Limited)	27th February, 1998 Hong Kong	Ordinary	HK$5,323,000	**80**	80	Investment holding	Hong Kong
Asia Asset Property Services (Shanghai) Co., Ltd (note 2)	10th August, 1998 The PRC	Registered	US$630,000	**80**	80	Provision of property management services in the PRC	The PRC
Asia Asset Property Services (Guangzhou) Co., Ltd (note 2)	5th August, 1999 The PRC	Registered	RMB5,000,000	**80**	80	Provision of property management services in the PRC	The PRC
Asia Asset Property Services (Wuhan) Co., Ltd (note 2)	26th June, 1995 The PRC	Registered	HK$5,000,000	**80**	80	Provision of property management services in the PRC	The PRC
Beijing Hopefluent Real Properties Consultancy Limited (note 3)	19th May, 1995 The PRC	Registered	RMB2,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Bola Realty Financing (Guangzhou) Limited (note 3)	7th August, 2002 The PRC	Registered	RMB30,000,000	**97**	97	Provision of mortgage referral services in the PRC	The PRC
Guangdong Hopefluent Real Properties Consultancy Limited (note 3)	11th August, 2005 The PRC	Registered	RMB5,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC

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

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1) 2009 %	2008 %	Principal activities	Place of operation
Henan Hopefluent Real Properties Consultancy Limited (note 3)	16th November, 2004 The PRC	Registered	RMB1,000,000	**100**	80	Provision of real estate agency services in the PRC	The PRC
Jinan Hopefluent Real Properties Consultancy Limited (note 3)	8th April, 2005 The PRC	Registered	RMB2,010,000	**100**	93.93	Provision of real estate agency services in the PRC	The PRC
Anhui Hopefluent Real Properties Consultancy Limited (note 3)	9th September, 2005 The PRC	Registered	RMB1,000,000	**100**	80	Provision of real estate agency services in the PRC	The PRC
Jun Hua Auction (Guangzhou) Limited (note 3)	20th August, 2004 The PRC	Registered	RMB5,000,000	**80**	80	Provision of property auction services in the PRC	The PRC
Guangzhou Bright Profits Properties Agency Limited (note 3)	9th December, 2005 The PRC	Registered	RMB2,000,000	**72.5**	100	Provision of real estate agency services in the PRC	The PRC
Qingyuan Hopefluent Real Properties Consultancy Limited (note 3)	27th April, 2007 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC
Guangdong Wanjia Information Company Limited (note 3)	19th April, 2005 The PRC	Registered	RMB5,000,000	**100**	80	Investment holding	The PRC
Guizhou Hopefluent Real Properties Consultancy Limited (note 3)	17th September, 2008 The PRC	Registered	RMB1,000,000	**100**	100	Provision of real estate agency services in the PRC	The PRC

Notes:

1. The Company directly holds the equity interest in Hopefluent (BVI) Limited. All other interests shown above are indirectly held by the Company.
2. The companies are sino-foreign equity joint ventures.
3. The companies are limited liability companies.

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

The above table lists the subsidiaries of the Group as at 31st December, 2009 which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

32. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

	2009 HK$'000	2008 HK$'000
ASSETS		
Investments in subsidiaries	**67,386**	67,385
Other receivables and prepayment	**190**	202
Amounts due from subsidiaries	**35,149**	225,580
Held for trading investments	**766**	–
Bank balances and cash	**218,830**	30,707
	322,321	323,874
LIABILITIES		
Other payables	**22**	182
	322,299	323,692
SHARE CAPITAL AND RESERVES		
Share capital (note 23)	**2,960**	2,960
Reserves	**319,339**	320,732
	322,299	323,692

33. COMMITMENT

On 5th November, 2009, Hope Land Realty Investment Limited ("Hope Land"), a wholly owned subsidiary of the Company, entered into an agreement with Apex Honour Investments Limited ("AHIL") pursuant to which Hope Land agreed to acquire the entire share capital of Firstnet Group Limited, a wholly owned subsidiary of AHIL, at a consideration of HK$ 88,200,000, which will be satisfied by the Company's 42,000,000 new share, at the issue price of HK$2.10. This transaction was conditional and subject to the Board of Directors' approval. Details of this transaction are included in a published announcement of the Company dated 5th November, 2009.

Up to the report date, the above transaction had not been completed as the conditions stated in the agreement had not been fully satisfied.

Financial Summary

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

	For the year ended 31st December,				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
RESULTS					
Turnover	310,195	452,160	773,654	683,927	**995,450**
Profit (loss) before tax	88,303	106,547	159,016	(61,395)	**168,398**
Income tax expense	(19,398)	(27,415)	(41,117)	(17,753)	**(40,028)**
Profit (loss) for the year	68,905	79,132	117,899	(79,148)	**128,370**
Attributable to:					
Owners of the Company	58,449	73,469	109,820	(75,176)	**125,586**
Minority interests	10,456	5,663	8,079	(3,972)	**2,784**
	68,905	79,132	117,899	(79,148)	**128,370**

	At 31st December,				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	419,460	592,461	722,949	675,003	**863,694**
Total liabilities	94,671	129,094	175,448	181,347	**227,072**
Total equity	324,789	463,367	547,501	493,656	**636,622**
Attributable to:					
Owners of the Company	293,127	427,273	520,951	471,427	**615,302**
Minority interests	31,662	36,094	26,550	22,229	**21,320**
	324,789	463,367	547,501	493,656	**636,622**