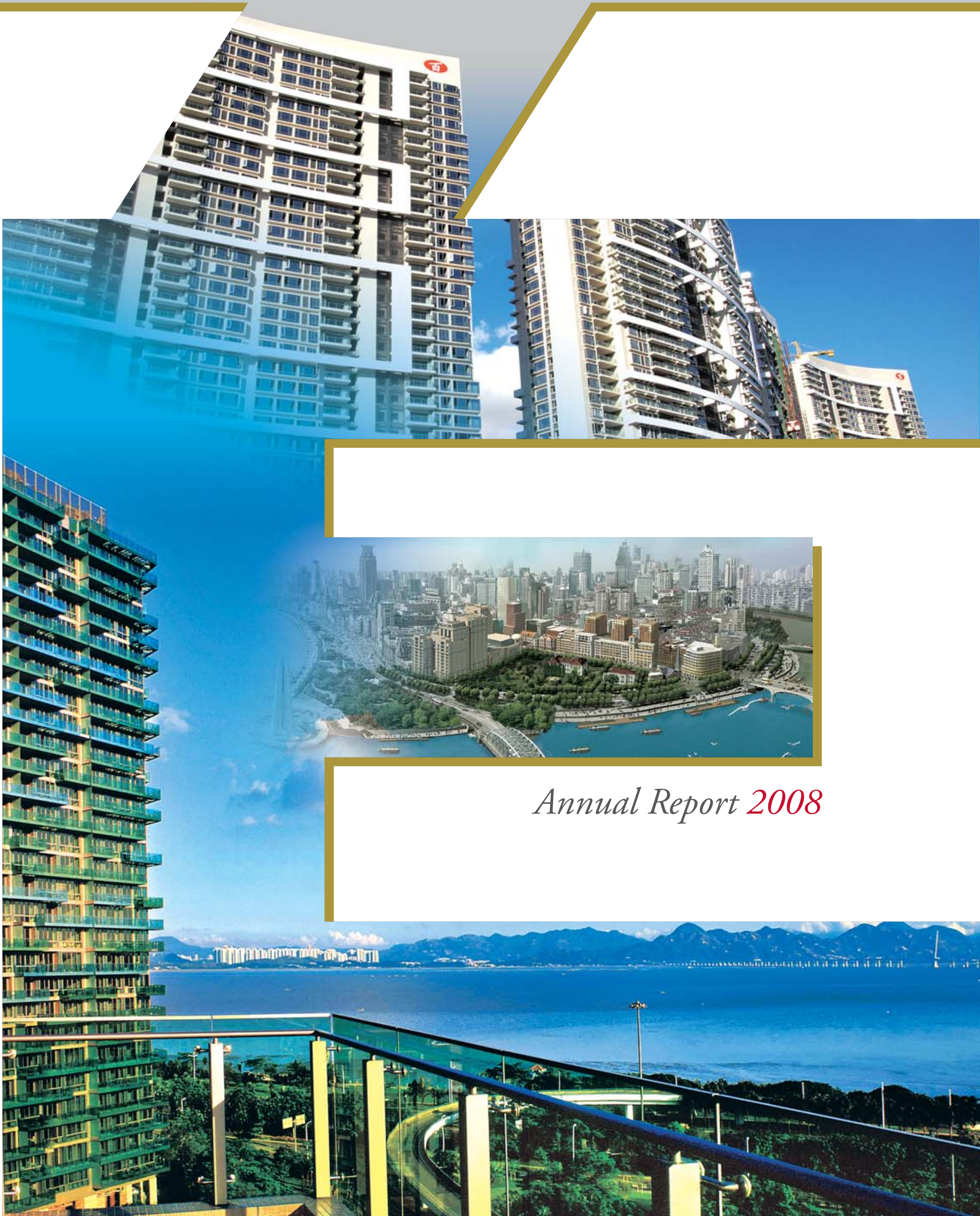
百仕達控股有限公司

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)



Annual Report 2008

Corporate Information

BOARD OF DIRECTORS	
Executive Directors	Ou Yaping *(Chairman)* Tang Yui Man Francis *(Chief Executive Officer)* Chen Wei Li Ningjun
Non-Executive Director	Law Sze Lai
Independent Non-executive Directors	Tian Jin Xiang Bing Xin Luo Lin
AUTHORISED REPRESENTATIVES	Ou Yaping Tang Yui Man Francis
QUALIFIED ACCOUNTANT	Tiong Check Hiong, Jacqueline
COMPANY SECRETARY	Lo Tai On
AUDIT COMMITTEE	Tian Jin Xiang Bing Xin Luo Lin *(Chairman)*
REMUNERATION COMMITTEE	Ou Yaping Xiang Bing Xin Luo Lin *(Chairman)*
AUDITOR	Deloitte Touche Tohmatsu *Certified Public Accountants* 35th Floor, One Pacific Place 88 Queensway Hong Kong
REGISTERED OFFICE	Clarendon House 2 Church Street, Hamilton HM 11 Bermuda
HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS	28th Floor, Vicwood Plaza 199 Des Voeux Road Central, Hong Kong
Telephone	(852) 2851 8811
Facsimile	(852) 2851 0970
Stock Code	1168
Website	http://www.sinolinkhk.com
PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre, 11 Bermudiana Road Pembroke, HM 08 Bermuda
HONG KONG BRANCH SHARE REGISTRAR	Computershare Hong Kong Investor Services Limited 46th Floor, Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong
HONG KONG BRANCH SHARE TRANSFER OFFICE	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong
LEGAL ADVISORS	
As to Hong Kong Law	Jackson, Woo & Associates Norton Rose Tsang, Chan & Wong Woo, Kwan, Lee & Lo
As to Bermuda Law	Conyers Dill & Pearman
PRINCIPAL BANKERS	Bank of China (Hong Kong) Limited Bank of China Shenzhen Branch China Merchants Bank, Shenzhen Branch Industrial and Commercial Bank of China, Shenzhen Branch China Construction Bank Corporation, Shenzhen Branch Hang Seng Bank Limited

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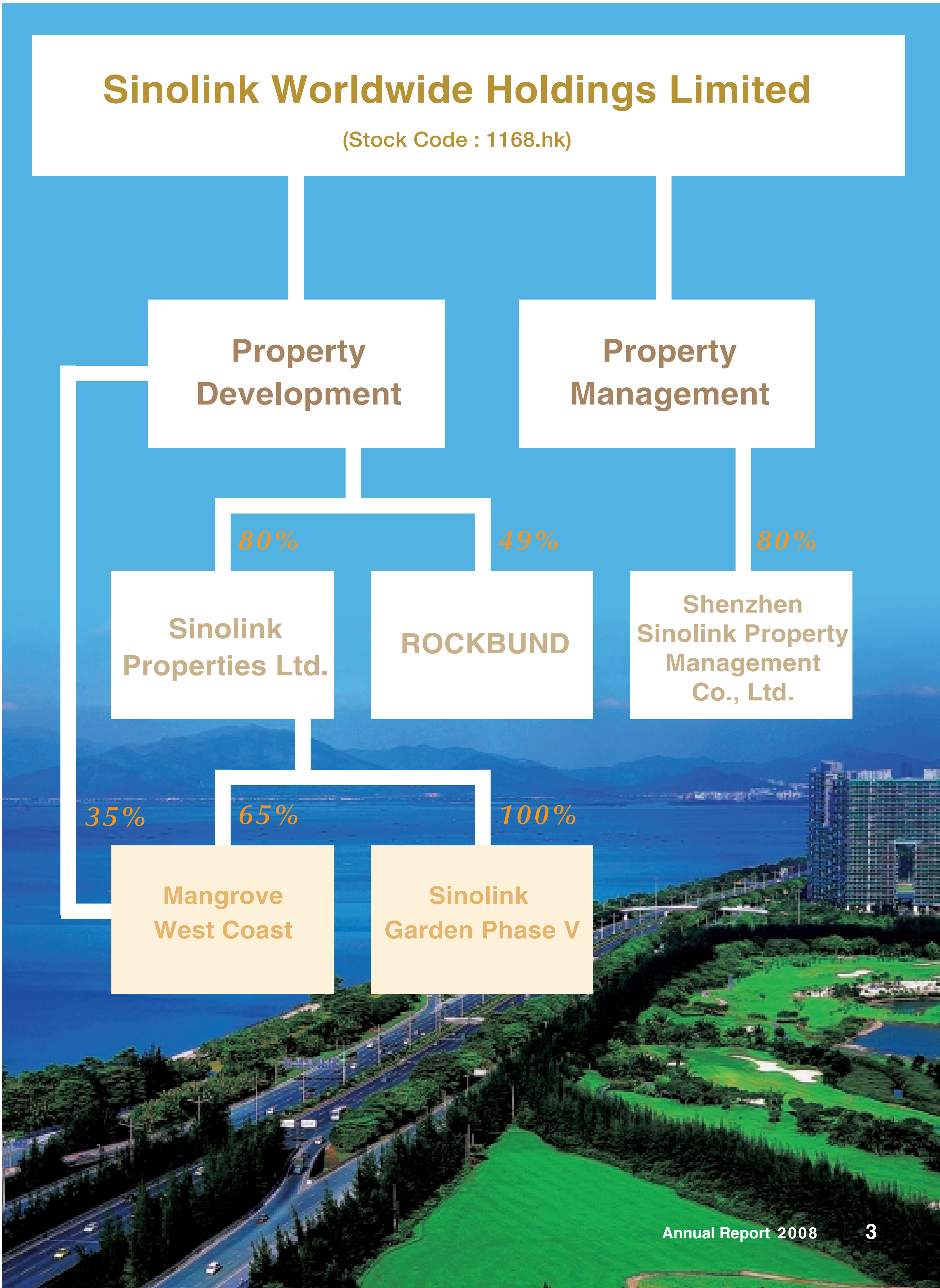

Sinolink Worldwide Holdings Limited
(Stock Code : 1168.hk)
Property Development
Property Management
80%
49%
80%
Sinolink Properties Ltd.
ROCKBUND
Shenzhen Sinolink Property Management Co., Ltd.
35%
65%
100%
Mangrove West Coast
Sinolink Garden Phase V

Ou Yaping
Chairman

On behalf of the board of directors (the "Board") of Sinolink Worldwide Holdings Limited ("Sinolink" or the "Company"), I am pleased to present the results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008.

BUSINESS REVIEW

For the year ended 31 December 2008, the Group's core businesses remained property development, investment and management. Turnover was HK$1,688.8 million and profit attributable to equity holders of the Group was HK$342.9 million. Basic earnings per share (the "Share") amounted to HK10.43 cents. The Board has recommended a final dividend of HK2.00 cents per Share in respect of the year ended 31 December 2008.

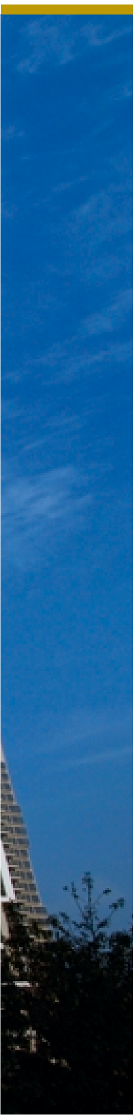
Mangrove West Coast

In response to the global financial crisis, the Chinese government made prudent and flexible changes in macroeconomic policies during 2008. As a result, steady development of the Mainland economy was by enlarge maintained. Such prudence and flexibility was amply demonstrated in the governing manner of the real estate sector. In the first half of 2008, under the government's guiding measures, China's real estate market moved gradually from the overheating state in 2007 towards a rational regression. The various benchmarks dropped from their highs, and the bubble of overzealous demand was inhibited. Then came the third quarter of 2008 when the property market sharply turned, falling rapidly and flagging signs of further decline. The central government promptly switched its guiding policy to "maintaining growth", which together with the concerted efforts of market players, halted the downtrend in the fourth quarter. The overall property market returned to a rational regression and steady development.

Sinolink Garden Phase V • The Seasons

Investment in Shenzhen's real estate sector dropped by 4.96% year-on-year to RMB44.049 billion in 2008. Of the amount, RMB31.498 billion were invested in residential buildings, representing a decline of 5.05% year-on-year. A total of 32,763,000 square metres of merchandise properties were built in Shenzhen in 2008, up 3.65% from 2007. Consent for presale was given to 7,785,400 square metres of newly built merchandise properties, up 20.48% from 2007, and representing a decline of 3.56% from 2006. Of this amount, residential buildings accounted for 6,664,700 square metres, up 13.11% year-on-year. (Source: E-House China)

Shanghai's new supply of residential merchandise properties amounted to 12,596,000 square metres in 2008, a slight decrease of 6.1% compared to 2007's 13,409,000 square metres. Transaction volume of residential merchandise properties in Shanghai plunged to 8,915,000 square metres, down by 57.4% compared to 2007's 20,906,000 square metres. (Source: E-House China)



In light of the drastic downturn in the real estate market and buyers' high caution, sales of *The Mangrove West Coast* in Shenzhen recorded a significant decline from 2007. However, we are pleased to see that a considerable amount of customers have maintained their strong buying interests. As such, in spite of the difficult market conditions, the Group managed to record decent sales of *The Mangrove West Coast* at favourable selling prices.

The Seasons, another development project of the Group in Shenzhen, was launched into the market during the year, with satisfactory results recorded. In the six months of the launch, between June 2008 and the year end, more than 300 units were sold at an average price of RMB24,280 square metre. This generated sales of RMB1,076.5 million for the Group and made *The Seasons* a top seller in Luohu District, Shenzhen for months in terms of selling price and volume. As of to date, 40% of the saleable space of The Seasons has been sold. Taking into account the depressed market conditions in China and Shenzhen, the Board is satisfied with the sales.

Through our customer analysis, we find that a considerable number of buyers of *The Seasons* are either existing owners of Sinolink properties or their friends. This is very gratifying as it proves that the Sinolink brand has gained high recognition among the existing owners, who have high opinions of our after sales service and property management.

The Vi City, the retail podium of Sinolink Garden Phase Five in Shenzhen, was completed during the year. The property has commenced marketing with potential tenants, targeting on full operation in the second half of 2009. In addition, Sinolink Building, the final development of Sinolink Garden Phase Five, is under construction and is expected to be completed in 2011.

Podium Garden of the Seasons

Located on the Bund in Shanghai, *ROCKBUND* is a joint development with the Rockefeller Group International Inc. of the United States. The project has received approval in principle from the Shanghai Municipal Government and has made positive progress during the year. With the 2010 World Expo coming closer, the relevant authorities of the Shanghai Municipal Government have accelerated their support towards the project, providing help and facilitation for the project on its development, operation, and approval. The management of the Shanghai joint venture has made a commitment to the Shanghai Municipal Government that most of the old buildings under the project will complete refurbishment and launched into the market before the Shanghai World Expo takes place in 2010, so as to add flare to the World Expo. Moreover, the marketing of the project is being carried out in full steam. We are confident that when the World Expo opens, a large number of the world's top brands will have set up operations in the *ROCKBUND* and opened for business.

INVESTMENT IN NEW PROJECT

During the year, the Group has acquired through auction a new parcel of land in Shanghai for a consideration of RMB328 million. Located at Kaifong 240, Xinjingzhen, Changning District, Shanghai, the 13,599.6 square metre site is designated for residential development. As of to date, the Group has fully paid the land consideration, and the project is at the stage of research, design, and seeking approval for development. Construction is expected to commence in early 2010 and to be completed in 2011.

PROSPECTS

The Chinese government has made initial success in its economic stimulus. Nonetheless, given the ongoing global financial turmoil and the slowdown in China's economic growth, we expect the Mainland's real estate market to remain in consolidation in 2009. Looking ahead, the Group is still cautiously optimistic about China's real estate market. We believe "crises always bring opportunities", and the current downturn will create favourable opportunities for the Group's development.

We will continue to focus on high-end developments in first tier cities. Apart from enhancing our current projects' development, operation, management and marketing works, we will also keep abreast with the governing policies and development trends in the real estate market. Through various ways such as government sale or project transfer, we will strive to secure new investment projects that can benefit our continuous development. All in all, we will make our best effort to generate solid and long-term satisfactory returns for our shareholders.

APPRECIATION

The Group's results were attributed to the concerted efforts of the management and all staff. On behalf of the shareholders and my fellow board members, I would like to express my gratitude to all of them.

Ou Yaping
Chairman

Hong Kong, 8 April 2009

Tang Yui Man Francis
Chief Executive Officer

A charity bazzar held by the Sinolink staff for money-raising to victims of Sichuan Earthquake on 12 May

The year 2008 saw China's property market moving into a consolidation with property prices showing a rational regression.

BUSINESS REVIEW

During the second half of 2008, the global financial crisis led by the US sub-prime mortgage crisis, adversely affected the world economy which experienced an unprecedented adjustment and turbulence, although China still achieved a high GDP growth of 9% down from 13% in 2007.

Staff from Sichuan Province sang to mourn during the Sinolink Charity Night

Oil Painting Exhibition at Mangrove West Coast

On the mainland property market front, we witnessed both decrease in transactions and prices, which were accelerated further as consumer confidence weakened by market sentiment. Under such tough operating conditions, the Group still worked diligently and adhered to its prudent operating strategy of developing high quality properties and therefore, managed to uphold its high gross margin and continued to build on its sound financial positions.

For the year ended 31 December 2008, the Group achieved turnover of HK$1,688.8 million, representing a decrease of 42.2% as compared to the same period last year. Gross profit decreased to HK$1,084.9 million for the year ended 31 December 2008, a decrease of 44.0 % as compared to the same period last year. Profit for the year attributable to equity holders of the Company decreased to HK$342.9 million, representing a decrease of 70.6 % as compared to the same period last year. Basic earnings per share were HK10.43 cents, representing a decrease of 71.0% as compared to the same period last year.

PROPERTY SALES

For the year ended 31 December 2008, the Group recorded a turnover of HK$1,572.0 million from property sales, representing a decrease of 44.3% as compared to the same period last year. The Group sold a total of approximately 52,511 square metres in gross floor area ("GFA") during the year as compared to 71,836 square metres for the same period last year, a decrease of 26.9%. Property sales for the year were derived from both the sale of *The Mangrove West Coast* and *The Seasons*.

Gross profit decreased by 45.1% to HK$1,035.8 million for the year as compared to HK$1,887.8 million for the same period last year as a result of decrease in the GFA sold. The average selling price of *The Mangrove West Coast* was increased from RMB40,321 per square metre in 2007 to RMB48,491 per square metre in 2008, representing an increase of approximately 20.3% or RMB8,170 per square metre and sold 8,175 square metres of GFA for the year ended 31 December 2008, as compared to 71,645 square metres for the same period last year. The average selling price of *The Seasons*, a newly completed project during 2008, was RMB24,280 per square metre and sold 44,337 square metres of GFA for the year ended 31 December 2008.

PROPERTY RENTAL

For the year ended 31 December 2008, total rental income was HK$21.3 million, representing an increase of 24.6% as compared to the same period last year, which was attributable to the increased in occupancy rate of the Group's properties.

Segment results amounted to loss of HK$48.6 million which included a decrease in fair value of investment properties, amounted to HK$67.2 million (the net income after tax was HK$50.4 million). The investment properties consist of mainly retail space in Sinolink Garden with a total gross floor area of 23,337 square metres and approximately 3,280 parking spaces.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2008, the Group has the following properties under development:

(1) Sinolink Garden Phase Five, located in Luowu district in Shenzhen, is a development project with a total site area of 40,786 square metres and a total gross floor area of 226,231 square metres. The Group is currently developing this project into a four residential block with 940 units, and a commercial complex. The whole project is expected to be completed by 2011.

    The residential portion of Sinolink Garden Phase Five, *The Seasons*, with GFA of 133,668 square metres was completed in November 2008.

The Vi City, the retail podium of Sinolink Garden Phase Five, with GFA of 40,000 square metres has completed construction work and is now starting the marketing campaign with potential tenants with good progress.

The office and hotel portion of Sinolink Garden Phase Five, is now under construction and expected to be completed by 2011.

(2) Shanghai Bund de Rockefeller Group or *ROCKBUND*, located on the Bund in Shanghai, is a joint development project with the Rockefeller Group International Inc. The project has a total site area of 18,000 square metres and total GFA of 94,080 square metres. The Group intends to redevelop this historical site into an upscale mixed-use neighborhood, with residential, commercial, retail, offices and hotel facilities. This development project is currently under renovation and construction and most of the old buildings will be launched into the market to coincide with the Shanghai World Expo in 2010.

LAND ACQUISITION

On 28 August 2008, a new parcel of land in Shanghai was successfully acquired by the Group through auction for the consideration of RMB328 million (approximately HK$374.3 million). The land is located at 上海長寧區新涇鎮 (Xinjingzhen, Changning District, Shanghai) and the site is presently vacant. It is one of the most accessible areas in the municipality of Shanghai and one of the luxurious residential districts in Shanghai. The planned site area of the land is about 13,599.6 square metres. The land is designated for residential use with the land use rights of 70 years.

The Land is situated in a nice and low density neigbourhood with luxurious residential properties developed in the area, which is conveniently located in approximately 10 minutes from the airport by car and approximately 30 minutes from the city by car. It is the present intention of the Group to develop the Land into a luxurious residential development.

The Directors are of the view that the acquisition compliments with the Group's strategy in property development. Further, the Directors are of the view that the price of the Land is reasonable as compared with other premium sites in Shanghai and other major cities in the PRC. The Directors believe that the development project of the Land will be in the interests of the Company and its shareholders as a whole.

OTHER BUSINESSES

Other businesses within the Group include property, facilities and project management provided by the Group's property management division. For the year ended 31 December 2008, the Group recorded revenue from other businesses of HK$95.6 million, representing an increase of 14.2% as compared to the same period last year.

PROSPECTS

Following the outbreak of the financial crisis, in the second half of 2008, China adjusted its macro-economic policies by adopting more active fiscal policies and moderately loose monetary policies, aiming to boost liquidity in the financial markets and maintain steady economic growth, especially to increase domestic demand. The People's Bank of China has also eliminated quotas limiting lending by banks and also lower lending interest rates several times since September 2008. The key one-year lending rate has fallen to 5.31% from 7.47% since September 2008, which should be beneficial for the recovery and development of the property market in China.

We believe that the negative impact of the global financial crisis on the world economy including China will be even more evident in 2009. This unprecedented uncertainty and risks arising from the external environment will pose enormous challenges to the company's operations for 2009. The Group has built up a prudent and healthy financial position and is well prepared for these challenges. The Group's existing projects comprise quality sites in prime locations with good accessibility where demand and prices remain robust. The Group will continue to enhance its existing portfolio and optimise its rental mix to ensure a steady stream of quality recurrent earnings. The Group will take advantage of opportunities to acquire prime sites with good development potential at attractive valuation and benefit from the long term development of the property market in China.

With long term demand for residential properties and the government's effective land and housing policies amidst solid and sustainable economic development, prospects for property prices in the next two or three years are still promising. Evidence of fundamental demand for residential properties are emerging in the first two months of 2009 as the number of transactions increase in line with reduction in prices and mortgage rates. We expect to see a gradual stabilization in prices and sustainable demand recovery in the near term.

FINANCIAL REVIEW

The Group's financial position remains strong with a low debt leverage and strong interest cover. The Group's total borrowings decreased from HK$630.3 million as at 31 December 2007 to HK$387.6 million as at 31 December 2008. New banking facilities and loans amounting to HK$150.0 million and RMB100.0 million were secured while loans amounted to HK$50.0 million and RMB436.4 million were repaid. Gearing ratio as at 31 December 2008, calculated on the basis of bank borrowings over shareholders' equity was 8.8% as compared to 15.5% of last year. The Group is in a net cash position and bank borrowings are mainly arranged at floating interest rates.

Total assets pledged in securing these loans have a net book value of HK$400.4 million as at 31 December 2008. The borrowings of the Group are denominated in RMB and Hong Kong dollars. As the entire operation of the Group is carried out in the PRC, substantial receipts and payments in relation to operation are denominated in RMB. No financial instruments were used for hedging purpose; however, the Board is evaluating and closely monitoring the potential impact of RMB appreciation and interest rates movement on the Group.

The Group's cash and cash equivalents amounted to HK$2,027.4 million (including pledged deposits) as at 31 December 2008 and are mostly denominated in RMB, Hong Kong dollars and US dollars.

CAPITAL COMMITMENTS

As at 31 December 2008, the Group has capital commitments in respect of properties under development amounted to HK$361.7 million and committed funding to an investment fund amounted to HK$77.5 million.

CONTINGENT LIABILITIES

Guarantees given to banks as security for the mortgage loans arranged for the purchasers of the Group's properties amounted to HK$533.1 million.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend for the year ended 31 December 2008 of HK$0.020 per share (2007: HK$0.035) of HK$0.10 each in the capital of the Company amounting to not less than HK$65,720,000 to shareholders whose names appear on the register of members of the Company on Tuesday, 2 June 2009. Upon approval by the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Tuesday, 2 June 2009, the final dividend will be paid on or before Friday, 12 June 2009.

The register of members of the Company will be closed from Wednesday, 27 May 2009 to Tuesday, 2 June 2009, both days inclusive, during which period no share transfer will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 26 May 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2008, the Group employed approximately 1,002 full time employees for its principal activities. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the approved share option scheme adopted by the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2008.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The annual results of the Group for the year ended 31 December 2008 had been audited by the Company's auditors, Deloitte Touche Tohmatsu, and had been reviewed by the Audit Committee.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

Tang Yui Man Francis
Chief Executive Officer

Hong Kong, 8 April 2009

ROCKBUND, Shanghai

Tang Yui Man Francis, Chen Wei, Xin Luo Lin, Li Ningjun, Ou Yaping, Law Sze Lai, Xiang Bing, Tian Jin

EXECUTIVE DIRECTORS

Mr. Ou Yaping, aged 47, was appointed as the chairman and an executive director of the Company in December 1997. Mr. Ou is a member of remuneration committee of the Company, the founder and the indirect substantial shareholder of the Group. He is also the chairman and the executive director of Enerchina Holdings Limited ("Enerchina") and executive director of Towngas China Company Limited ("Towngas China"), both companies are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC and is also the vice chairman of the board and a part-time professor of that institute. Mr. Ou was previously employed by a number of trading companies and investment companies in the PRC and Hong Kong. Mr. Ou has over 23 years of experience in investing, trading and corporate management. He is responsible for the overall business development, management and strategic development of the Group. He is also a director of Asia Pacific Promotion Limited ("Asia Pacific"), a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Substantial Shareholder". Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Pursuant to the service agreement and supplemental agreement entered into between Mr. Ou and the Company on 31 March 2008 and 2 January 2009 respectively, Mr. Ou was appointed for a specific term of three years from 1 April 2008 and is subject to retirement and re-election provisions of Bye-laws. Mr. Ou is entitled to an annual remuneration of HK$5,360,008 (inclusive of salary and housing allowance) and year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Tang Yui Man Francis, aged 46, was appointed as an executive director of the Company in September 2001 and the chief executive officer in 2002. He is also an executive director of Enerchina and an alternate director to Mr. Ou Yaping of Towngas China, both companies are listed on the Stock Exchange. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang is responsible for corporate planning, strategic development and financial planning and management of the Group. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Pursuant to the service agreement and supplemental agreement entered into between Mr. Tang and the Company on 19 March 2007 and 2 January 2009 respectively, Mr. Tang was appointed for a specific term of three years from 19 March 2007 and is subject to retirement and re-election provisions of Bye-laws. Mr. Tang is entitled to an annual remuneration of HK$1,768,000 and year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Chen Wei, aged 47, was appointed as an executive director of the Company in December 1997. He is also an executive director and the chief executive officer of Enerchina and an executive director of Towngas China, both companies are listed on the Stock Exchange Mr. Chen holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Chen was previously employed by a number of large organisations and has over 23 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

Pursuant to a service agreement entered into between Mr. Chen and the Company on 31 March 2008, Mr. Chen was appointed for a specific term of three years from 1 April 2008 and is subject to retirement and re-election provisions of Bye-laws. Mr. Chen is entitled to an annual remuneration of HK$800,100 and year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Li Ningjun, aged, 44, has been appointed as executive director of the Company in September 2007. He is also a director of Sinolink Properties Limited and the chief executive officer of Shanghai Bund de Rockefeller Group Master Development Co. Ltd. Mr. Li holds a Master Degree of Civil Engineering and Construction in Changsha Railway University (now known as Central South University) and a Master Degree of Business Administration from China Europe International Business School. He joined the Group in 1995 as a director of sales and marketing, a director of planning and development, and deputy general manger of Sinolink Properties Limited. Mr. Li has over 17 years of experience in the field of property design and development, construction management, cost management, sales and marketing, business and strategic planning. Save as disclosed above,Mr. Li did not hold any directorship in other listed public companies in the past three years.

Pursuant to a service agreement and supplemental agreement entered into between Mr. Li and the Company on 13 September 2007 and 2 January 2009 respectively, Mr. Li was appointed for a specific term of three years from 13 September 2007 and is subject to retirement and re-election provisions of Bye-laws. Mr. Li is entitled to an annual remuneration of RMB740,000 and a year-end discretionary bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. As at the Latest Practicable Date, he does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Law Sze Lai, aged 66, was appointed as an executive director of the Company in December 1997 and redesignated as a non-executive director in September 2007. He is also the chairman of supervisory committee of Sinolink Properties Limited. Mr. Law was employed by a number of real estate companies in the PRC. He is a qualified economist in the PRC and has over 21 years of experience in property development. Mr. Law joined the Group in 1992. Save as disclosed above, Mr. Law did not hold any directorship in other listed public companies in the past three years.

Mr. Law is appointed for a term of one year and is subject to retirement and re-election provisions in the articles of association of the Company. Mr. Law is entitled to an annual remuneration of HK$1,400,000 and discretionary year-end bonus which are determined by the Board based on the review and recommendation from the remuneration committee of the Company with reference to his duties and responsibilities within the Company, the Company's performance and the prevailing market situation. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tian Jin, aged 51, was appointed as an independent non-executive director of the Company in May 2005. He is also a member of audit committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the COO of Asia Operations, Morningstar Inc., CEO of Morningstar Asia Ltd, and Chairman of Morningstar China. Before joining Morningstar Inc., he was the Lecturer of Hunan University, Visiting Professor of Auburn University, Director of Academic Technology Development of DePaul University, Director of Institutional Planning and Research of DePaul University. Save as disclosed above, Mr. Tian has not held any directorship in other listed public companies in the past three years.

Mr. Tian is appointed for a term of one year and is subject to retirement and re-election provisions in the articles of association of the Company. He is entitled to an annual remuneration for an amount of HK$250,000 payable in two equal installments. His remuneration is determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorized by the shareholders of the Company at the annual general meeting. Mr. Tian is not entitled to any bonus payments. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Dr. Xiang Bing, aged 45, was appointed as an independent non-executive director of the Company in December 2008. He is also the member of audit committee and remuneration committee of the Company. Dr. XIANG obtained a Doctoral degree in accounting from the University of Alberta in Canada. He has over 10 years of teaching experience in the academic field. Dr. XIANG is currently the founding dean and professor of the Cheung Kong Graduate School of Business (長江商學院). He is the independent non-executive director and members of audit committee and remuneration committee of China Dongxiang (Group) Co., Ltd, Dan Form Holdings Company Limited, Sinolink Worldwide Holdings Limited and HC International, Inc.; the independent non-executive director and chairman of remuneration committee of Little Sheep Group Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Dr. XIANG is also the independent non-executive director and members of audit committee, remuneration committee and nomination committee of LDK Solar Co. Ltd. and an independent non-executive director and a member of audit committee of E-House (China) Holdings Limited, both are listed on New York Stock Exchange and the independent non-executive director and members of audit committee and remuneration committee of Perfect World Co., Ltd., a company listed on Nasdaq. He was a director of Jutal Offshore Oil Services Limited, a company listed on the Stock Exchange, the director of Shenzhen Terca Technology Co., Ltd. (深圳市特爾佳科技股份有限公司), TCL Corporation (TCL 集團股份有限公司), Shaanxi Qinchuan Machine Development Co., Ltd. (陝西秦川機械發展股份有限公司) and Guangdong Midea Electric Appliances Co. Ltd. (廣東美的電器股份有限公司), all are listed on Shenzhen Stock Exchange, a director of Wuhan Jianmin Pharmaceutical Groups Co., Ltd. (武漢健民藥業集團股份有限公司), a company listed on the Shanghai Stock Exchange. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

Dr. Xiang is appointed for a term of one year and is subject to retirement and re-election provisions in the articles of association of the Company. He is entitled to an annual remuneration for an amount of HK$250,000 payable in two equal installments. His remuneration is determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorized by the shareholders of the Company at the annual general meeting. Dr. Xiang is not entitled to any bonus payments. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Xin Luo Lin, aged 60, was appointed as an independent non-executive director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee of the Company. Mr. Xin postgraduated from the Peking University in the PRC and is the Justice of Peace in New South Wales of Australia. Mr. Xin is also an independent non-executive director of Enerchina, a listed public company on the Stock Exchange, a director of Mori Denki Mfg. Co., Ltd., a listed public company on the Tokyo Stock Exchange and a director and Vice Chairman of Oriental Technologies Investment Limited, a listed public company on the Australian Stock Exchange. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

Mr. Xin is appointed for a term of one year and is subject to retirement and re-election provisions in the articles of association of the Company. He is entitled to an annual remuneration for an amount of HK$250,000 payable in two equal installments. His remuneration is determined by the Board and the remuneration committee of the Company with reference to his duties and responsibilities with the Company, the Company's performance and the prevailing market situation and to be authorized by the shareholders of the Company at the annual general meeting. Mr. Xin is not entitled to any bonus payments. He does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

CHIEF FINANCIAL OFFICER

Mr. Li Fujun, aged 46. He holds a Bachelor of Engineering degree from Tsinghua University and a Master of Economics degree from the University of International Business and Economics. Mr. Li is a CFA Charter holder. He has over 17 years of experience in project evaluation and strategic planning, investment analysis and engineering work, as well as project management and investment. Mr. Li joined the Sinolink Group in May 1994. He was appointed as Chief Financial Officer of Sinolink Worldwide Holdings Limited in Oct 2007.

QUALIFIED ACCOUNTANT

The Financial Controller of the Company is **Ms. Tiong Check Hiong, Jacqueline**, Certified Public Accountant.

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associates are set out in notes 43 and 20 respectively to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 52 of the annual report.

An interim dividend of HK$0.03 (2007: HK$0.03) per Share amounting to HK$98,579,937.72 was paid to the shareholders during the year.

A final dividend of HK$0.02 per Share (2007: HK$0.035 per Share), has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company ("AGM").

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on pages 55 to 56.

The Company's reserves available for distribution to shareholders at 31 December 2008, amounted to HK$688,528,000 (2007: HK$758,864,000).

FINANCIAL SUMMARY

A summary of the results of the Group for each of the five years ended 31 December 2008 is set out on page 121.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements during the year in the investment properties of the Group are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 31 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Ou Yaping *(Chairman)*
Tang Yui Man Francis *(Chief Executive Officer)*
Chen Wei
Li Ningjun

Non-executive Director:

Law Sze Lai

Independent non-executive Directors:

Tian Jin	
Xiang Bing	*(appointed on 16 December 2008)*
Xin Luo Lin	
Davin A. Mackenzie	*(resigned on 16 December 2008)*

In accordance with Bye-law 86(2) of the bye-laws of the Company ("Bye-laws"), Dr. Xiang Bing retires at the forthcoming AGM and, being eligible, would offers himself for re-election.

In accordance with Bye-laws 87(1) and (2) of the Bye-laws, Mr. Ou Yaping, Mr. Tang Yui Man Francis and Mr. Xin Luo Lin shall retire by rotation at the forthcoming AGM and, being eligible, would offer themselves for re-election.

The Company has received annual confirmation from each of the Independent Non-executive Directors as regards their independence to the Company pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers that each of the Independent Non-executive Directors is independent to the Company.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND SHARES OPTIONS

At 31 December 2008, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Share"), underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) Section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares and underlying Shares

		Interest in Shares						
Name of Directors	Capacity	Personal interest	Corporate interest	Family interest	Total interest in Shares	Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company at 31.12.2008
Chen Wei	Beneficial owner	13,500,000	—	—	13,500,000	11,250,000	24,750,000	0.75%
Law Sze Lai	Beneficial owner	9,345,500	—	—	9,345,500	9,675,000	19,020,500	0.58%
Li Ningjun	Beneficial Owner	4,000,000	—	—	4,000,000	8,375,000	12,375,000	0.38%
Ou Yaping	Joint interest and interest of controlled corporation	—	1,560,845,250 (Note)	7,285,410	1,568,130,660	—	1,568,130,660	47.72%
Tang Yui Man Francis	Beneficial owner	21,375,000	—	—	21,375,000	22,500,000	43,875,000	1.34%
Tian Jin	Beneficial owner	—	—	—	—	5,175,000	5,175,000	0.16%
Xin Luo Lin	Beneficial owner	—	—	—	—	5,175,000	5,175,000	0.16%

Note: These 1,560,845,250 Shares are held by Asia Pacific Promotion Limited ("Asia Pacific"), a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

Details of the Directors' interests in share options granted by the Company are set out under the heading "Directors' rights to acquire Shares or debentures of the Company and associated corporation" below.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATION

(b) Interest in options to subscribe for Shares

Pursuant to the Company's share option scheme, the Company has granted to certain Directors of the Company options to subscribe for the Shares, details of which as at 31 December 2008 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK$	Number of Shares subject to outstanding options at 1.1.2008	Granted during the year	Exercised during the year	Number of Shares subject to outstanding options at 31.12.2008	Approximate Percentage of issued share capital of the Company at 31.12.2008
Chen Wei	12.02.2007	01.01.2009-23.05.2012	1.778	3,375,000	—	—	3,375,000	0.10%
	12.02.2007	01.07.2009-23.05.2012	1.778	3,375,000	—	—	3,375,000	0.10%
	12.02.2007	01.01.2010-23.05.2012	1.778	2,250,000	—	—	2,250,000	0.07%
	12.02.2007	01.07.2010-23.05.2012	1.778	2,250,000	—	—	2,250,000	0.07%
Law Sze Lai	13.01.2005	30.06.2006-24.05.2012	1.001	2,700,000	—	—	2,700,000	0.08%
	13.01.2005	31.12.2006-24.05.2012	1.001	3,600,000	—	—	3,600,000	0.11%
	12.02.2007	01.01.2009-23.05.2012	1.778	1,012,500	—	—	1,012,500	0.03%
	12.02.2007	01.07.2009-23.05.2012	1.778	1,012,500	—	—	1,012,500	0.03%
	12.02.2007	01.01.2010-23.05.2012	1.778	675,000	—	—	675,000	0.02%
	12.02.2007	01.07.2010-23.05.2012	1.778	675,000	—	—	675,000	0.02%

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of Shares subject to outstanding options at 1.1.2008	Granted during the year	Exercised during the year	Number of Shares subject to outstanding options at 31.12.2008	Approximate Percentage of issued share capital of the Company at 31.12.2008
Li Ningjun	13.01.2005	31.12.2006-24.05.2012	1.001	500,000	—	—	500,000	0.02%
	06.02.2007	01.01.2009-23.05.2012	1.778	2,362,500	—	—	2,362,500	0.07%
	06.02.2007	01.07.2009-23.05.2012	1.778	2,362,500	—	—	2,362,500	0.07%
	06.02.2007	01.01.2010-23.05.2012	1.778	1,575,000	—	—	1,575,000	0.05%
	06.02.2007	01.07.2010-23.05.2012	1.778	1,575,000	—	—	1,575,000	0.05%
Tang Yui Man Francis	12.02.2007	01.01.2009-23.05.2012	1.778	6,750,000	—	—	6,750,000	0.21%
	12.02.2007	01.07.2009-23.05.2012	1.778	6,750,000	—	—	6,750,000	0.21%
	12.02.2007	01.01.2010-23.05.2012	1.778	4,500,000	—	—	4,500,000	0.14%
	12.02.2007	01.07.2010-23.05.2012	1.778	4,500,000	—	—	4,500,000	0.14%

Name of Directors	Date of grant	Exercise period	Exercise price *HK$*	Number of Shares subject to outstanding options at 1.1.2008	Granted during the year	Exercised during the year	Number of Shares subject to outstanding options at 31.12.2008	Approximate Percentage of issued share capital of the Company at 31.12.2008
Tian Jin	22.01.2006	31.12.2006-24.05.2012	2.107	675,000	—	—	675,000	0.02%
	22.01.2006	30.06.2007-24.05.2012	2.107	675,000	—	—	675,000	0.02%
	22.01.2006	31.12.2007-24.05.2012	2.107	900,000	—	—	900,000	0.03%
	12.02.2007	01.01.2009-23.05.2012	1.778	877,500	—	—	877,500	0.03%
	12.02.2007	01.07.2009-23.05.2012	1.778	877,500	—	—	877,500	0.03%
	12.02.2007	01.01.2010-23.05.2012	1.778	585,000	—	—	585,000	0.02%
	12.02.2007	01.07.2010-23.05.2012	1.778	585,000	—	—	585,000	0.02%
Xin Luo Lin	13.01.2005	31.12.2005-24.05.2012	1.001	675,000	—	—	675,000	0.02%
	13.01.2005	30.06.2006-24.05.2012	1.001	675,000	—	—	675,000	0.02%
	13.01.2005	31.12.2006-24.05.2012	1.001	900,000	—	—	900,000	0.03%
	12.02.2007	01.01.2009-23.05.2012	1.778	877,500	—	—	877,500	0.03%
	12.02.2007	01.07.2009-23.05.2012	1.778	877,500	—	—	877,500	0.03%
	12.02.2007	01.01.2010-23.05.2012	1.778	585,000	—	—	585,000	0.02%
	12.02.2007	01.07.2010-23.05.2012	1.778	585,000	—	—	585,000	0.02%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. These options represent personal interest held by the Directors as beneficial owners.

3. During the year, no options were granted or exercised by the Directors and no options held by the Directors were lapsed or cancelled.

Other than the share option as disclosed under the heading of "Share Option Scheme of the Company" below, at no time during the period was the Company, its holdings company, or any or its subsidiaries or fellow 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, and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SHARE OPTION SCHEME OF THE COMPANY

Pursuant to a share option scheme approved by shareholders of the Company at an extraordinary general meeting held on 24 May 2002 (the "Existing Scheme"), share options may be granted to Directors and employees of the Company or its subsidiaries for recognition of their contributions to the Group. The exercise price of the share options will be determined at the higher of the average of closing prices on the Stock Exchange on the five trading days immediately preceding on the date of grant, the closing price of the Shares on the Stock Exchange on the date of grant or the nominal value of the Shares. The share options granted must be taken up within 28 days of the date of grant.

At 31 December 2008, a total of 146,218,100 Shares (representing approximately 4.45% of the existing issued share capital of the Company as at the date of this annual report) may be issued upon exercise of all options which had been granted and yet to be exercised under the Existing Scheme and a total of 328,599,792 Shares (representing approximately 10% of the existing issued share capital of the Company as at the date of this annual report) may be issued upon exercise of all options which may be granted under the Existing Scheme.

The share options are exercisable at any time for a period to be determined by the Directors, which shall not be more than 10 years from the date of grant.

The total number of Shares in respect of which options may be granted under the Existing Scheme are not permitted to exceed 10% of the Shares in issue at the date of approval of the Existing Scheme ("Scheme Mandate Limit"), without prior approval from the Company's shareholders. The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares in respect of which options may be granted under the Existing Scheme and any other share option schemes of the Company must not exceeded 10% of the shares in issue as at the date of the approval to renew the Scheme Mandate Limit. The number of shares in respect of which options may be granted to any individual in any 12-month period is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the Company's shareholders. In addition, the number of shares in respect of which options may be granted to any participant (who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates (within the meaning as ascribed under the Listing Rules)) in any 12-month period is not permitted to exceed 0.1% of the total number of shares in issue and HK$5,000,000 in an aggregate value, based on the closing price of the shares at the date of each grant, without prior approval from the Company's shareholders.

Consideration of HK$1 is payable by participants on the grant of an option.

The Existing Scheme has a life of 10 years from 24 May 2002.

Additional information in relation to the Company's share option schemes are set out is note 37 to the consolidated financial statements.

Details of specific categories of share options are as follows:

Option types	Date of grant	Exercise period	Exercise price *HK$*
2005 Options	13.01.2005	31.12.2005 - 24.05.2012	1.001
	13.01.2005	30.06.2006 - 24.05.2012	1.001
	13.01.2005	31.12.2006 - 24.05.2012	1.001
2006 Options	22.01.2006	31.12.2006 - 24.05.2012	2.107
	22.01.2006	30.06.2007 - 24.05.2012	2.107
	22.01.2006	31.12.2007 - 24.05.2012	2.107
2007A Options	06.02.2007	01.01.2009 - 23.05.2012	1.778
	06.02.2007	01.07.2009 - 23.05.2012	1.778
	06.02.2007	01.01.2010 - 23.05.2012	1.778
	06.02.2007	01.07.2010 - 23.05.2012	1.778
2007B Options	12.02.2007	01.01.2009 - 23.05.2012	1.778
	12.02.2007	01.07.2009 - 23.05.2012	1.778
	12.02.2007	01.01.2010 - 23.05.2012	1.778
	12.02.2007	01.07.2010 - 23.05.2012	1.778

The following table discloses movements in the Company's share options during the year:

	Option types	Outstanding at 1.1.2008	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.12.2008
Category 1: Directors						
Chen Wei	2007B Options	11,250,000	—	—	—	11,250,000
Law Sze Lai	2005 Options	6,300,000	—	—	—	6,300,000
	2007B Options	3,375,000	—	—	—	3,375,000
Li Ningjun	2005 Options	500,000	—	—	—	500,000
	2007A Options	7,875,000	—	—	—	7,875,000
Tang Yui Man Francis	2007B Options	22,500,000	—	—	—	22,500,000
Tian Jin	2006 Options	2,250,000	—	—	—	2,250,000
	2007B Options	2,925,000	—	—	—	2,925,000
Xin Luo Lin	2005 Options	2,250,000	—	—	—	2,250,000
	2007B Options	2,925,000	—	—	—	2,925,000
Total for directors		62,150,000	—	—	—	62,150,000
Category 2: Resigned Director						
Davin A. Mackenzie	2005 Options	568,100	—	—	—	568,100
	2007B Options	2,925,000	—	—	—	2,925,000
Total for resigned director		3,493,100	—	—	—	3,493,100
Category 3: Employees						
	2005 Options	7,562,500	—	(450,000)	—	7,112,500
	2007A Options	78,412,500	—	—	(4,950,000)	73,462,500
Total for employees		85,975,000	—	(450,000)	(4,950,000)	80,575,000
Total for all categories		151,618,100	—	(450,000)	(4,950,000)	146,218,100

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

2. The weighted average closing share price immediately before the date of exercise of share options was HK$1.30.

3. During the year, no options were granted or cancelled under the Existing Scheme.

4. During the year, 450,000 options were exercised and 4,950,000 options were lapsed under the Existing Scheme.

DIRECTORS' SERVICE CONTRACT

There is no unexpired directors' service contract which is not terminable by the Company within one year of any Director proposed for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed, no contracts of significance to which the Company or any related company (holding companies, subsidiaries, or fellow subsidiaries) was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

At 31 December 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of Directors, the following shareholder(s) had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions and short positions in Shares and underlying Shares

Name of shareholder	Capacity	Interest in Shares	Approximate percentage of the Company's issued share capital at 31.12.2008
Asia Pacific	Beneficial owner	1,560,845,250 (Long) (Note)	47.50%

Note: The 1,560,845,250 Shares are held by Asia Pacific, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Chairman of the Company.

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

CONNECTED TRANSACTIONS

During the year, the following connected transactions / continuing connected transactions of the Company were entered into by the Group:

(a) Connected transactions

The related party transactions (with the exception of the remuneration paid to key management personnel and note 36(a) to the consolidated financial statements) set out in note 36 to the consolidated financial statements constitute connected transactions under Rule 14A of the Listing Rules and are exempt from reporting, announcement and independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

During the year, there were no transactions which need to be disclosed as connected transaction pursuant to Chapter14A of the Rules Governing the Listing of Securities of the Stock Exchange.

(b) Continuing connected transactions

On 19 May 2008, Enerchina Holdings Limited ("Enerchina") and the Company entered into a Master Agreement for the purpose of regulating the Individual Lease Agreements for leasing of the properties by Enerchina and its subsidiaries from Sinolink Worldwide Holdings Limited and its subsidiaries, for a fixed term of three years from 1 April 2008 to 31 March 2011 (the "Master Agreement"). The annual cap amount for each of the financial years ended/ending 31 December 2008, 2009, 2010 and 2011 are HK$3,750,000, HK$5,000,000, HK$5,000,000 and HK$1,250,000 respectively. The total amount of the transactions as at 31 December 2008 was HK$3,101,000.

Enerchina and the Company are owned as to approximately 35.50% and 47.50% respectively by Asia Pacific Promotion Limited ("Asia Pacific"). Therefore, Asia Pacific is a substantial shareholder of Enerchina and the Company and thus a connected person of both Enerchina and the Company under the Listing Rules. As Asia Pacific owns more than 30% in both Enerchina and Sinolink, Enerchina and Sinolink are the associates of Asia Pacific under the Listing Rules.

Accordingly, the Master Agreement between Enerchina and the Company constitutes continuing connected transaction (the "Continuing Connected Transactions") for both Enerchina and the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios for the Master Agreement calculated on an annual basis with aggregation of the consideration under a License Agreement dated 2 January 2008 entered into between Sinolink and a wholly owned subsidiary of the Company are more than 0.1% and less than 2.5% for both Enerchina and the Company, in accordance with Rule 14A.34 of the Listing Rules, the Master Agreement is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and is exempted from the independent shareholders' approval requirements. The Company had accordingly published an announcement in respect of the Continuing Connected Transactions dated 19 May 2008.

Pursuant to Rule 14A.38 of the Listing Rules, the board of directors engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor has reported the factual findings on these procedures to the board of directors. The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions pursuant to Rule 14A.37 of the Listing Rules and the report of the auditor and have confirmed that the transactions have been entered into by the Company in the ordinary and usual course of its business; on terms no less favorable than terms available from/to independent third parties; and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2008, the aggregate amount of financial assistance to associated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

An proforma consolidated balance sheet of the associated companies as at 31 December 2008 is presented as follows:

	HK$'000
Non-current assets	1,085,642
Current assets	616,764
Current liabilities	(53,972)
Non-current liabilities	(2,313,370)
Net liabilities	(664,936)

The Group's attributable interest in the associated companies as at 31 December 2008 comprised net liabilities of HK$295,377,000. According to the investment agreement dated 30 November 2005, the Group is committed to finance all the funding of the associated companies and share its net liabilities.

DONATIONS

During the year the Group made charitable and other donations amounting to HK$8,419,000.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Director's as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued share as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's largest supplier accounted for approximately 30% of the Group's total purchases and the Group's largest five suppliers accounted for approximately 38% of the Group's total purchases.

During the year, the Group's largest customer accounted for approximately 1% of the Group's total sales and the Group's largest five customers accounted for 4% of the Group's total sales.

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws of Bermuda.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the year ended 31 December 2008.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up on the basis of their merit, qualifications and competence.

The emoluments of the Directors are determined having regard to the Company's operating results, individual performance and comparable market statistics. No Director, or any of his associates, and executive is involved in dealing his own remuneration.

The Company has adopted share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 37 to the consolidated financial statements and under the heading "Share Option Scheme of the Company".

AUDITOR

The consolidated financial statements of the Company for the year ended 31 December 2008 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Ou Yaping
Chairman

Hong Kong, 8 April 2009

CODE ON CORPORATE GOVERNANCE PRACTICES

Having established a good, credible and dynamic foundation for corporate governance practices in the Company since 2005, the Company continues to ensure the transparency and protection of shareholders' interest, as well as the stakeholders' interests.

The Company has adopted all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Listing Rules as its own code on corporate governance practices since 2005.

The Company understood the importance on sound corporate governance practices and recognized the changing regulatory environment. Therefore, the theme of the corporate governance practices in the Company has gone through an evolving process, from implementing the existing Code, evaluating the effectiveness of the Code, and responding to the rapid changes and continuous development in our corporate governance practices, if necessary.

STATEMENT OF COMPLIANCE

The Company has complied with the code provisions as set out in the Code during the year ended 31 December 2008.

BOARD OF DIRECTORS

Composition

As the date of this report, the board of directors of the Company (the "Board") comprises 8 members (each member of the Board, a "Director"). Mr. Ou Yaping, an executive Director, acts as Chairman of the Board, whereas Mr. Tang Yui Man Francis, an executive Director acts as Chief Executive Officer of the Company. Other executive Directors are Mr. Chen Wei and Mr. Li Ningjun. A non-executive Director is Mr. Law Sze Lai. The Company has three independent non-executive Directors, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin. All independent non-executive Directors possess appropriate professional accounting experience and expertise. Dr. Xiang Bing was appointed on 16 December 2008 as an independent non-executive Director to fill the casual vacancy occasioned by the resignation of Mr. Davin A. Mackenzie on the same date.

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of personal and professional ethics and integrity. The biographical details of each Director are disclosed on pages 20 to 25 of this Annual Report.

Each of the independent non-executive Director has confirmed, in accordance with Rule 3.13 of the Listing Rules, that he is independent of the Company and the Company also considers that they are independent.

There is no relationship (including financial, business, family or other material relationship) between any members of the Board and in particular, between the Chairman and the Chief Executive Officer.

Pursuant to the Bye-laws of the Company (the "Bye-laws"), the Directors shall hold office subject to retirement by rotation at the annual general meeting of the Company at least once every three years. In addition, any Director appointed by the Board during a year, whether to fill a casual vacancy or as additional member to the Board, shall hold office only until the next following general meeting (in the case of filling a casual vacancy) or until the next following annual general meeting (in the case of an addition to the Board) of the Company and shall then be eligible for re-election in that meeting.The term of office of each independent non-executive Director is for a period of 1 year from 1 January 2009 to 31 December 2009 subject to retirement by rotation and re-election in accordance with the Bye-laws, except for that of Dr. Xiang Bing, whose term of office is for a period of 1 year from 16 December 2008 to 15 December 2009 subject to retirement by rotation and re-election in accordance with the Bye-laws. As Dr. Xiang Bing was appointed by the Board as an independent non-executive Director to fill the casual vacancy occasioned by the resignation of Mr. Davin A. Mackenzie on 16 December 2008, he shall only hold office until the next following general meeting of the Company, and shall be eligible for re-election at that meeting in accordance with the Bye-laws.

Functions

The Board, headed by the Chairman, is responsible for formulation and approval of the Group's development, business strategies, policies, annual budgets and business plans, recommendation of any dividend and supervision of management in accordance with the regulations governing the meetings of the Board, the Chief Executive Officer's working guides, the Bye-laws and the rules governing the meetings of shareholders of the Company.

The executive Directors are responsible for day-to-day management of the Company's operations. The executive Directors conduct regular meetings with the senior management of the Company and its subsidiaries (collectively the "Group"), at which operational issues and financial performance are evaluated.

The Company considers that internal controls system and risk management function are essential and that the Board plays an important role in implementing and monitoring internal financial control and risk management.

Matters specifically decided by the Board and those reserved for the management are reviewed by the Board on a periodic basis.

There are established procedures to enable Directors to seek independent professional advice in appropriate circumstances at the Company's expenses.

The Bye-laws states the responsibilities and operational procedures of the Board. The Board meets at least 4 times a year at regular intervals to consider operational reports of the Company and policies. Significant operational policies have to be discussed and passed by the Board.

During the year 2008, the Board held 4 regular Board meetings (within the meanings of the Code) at approximately quarterly intervals and 12 board meetings convened as necessary. Due notice and Board papers were given to all Directors prior to each meeting in accordance with the Code and the Bye-laws. Details of individual attendance of Directors are set out below:

	No. of meetings attended
Executive Directors	
Ou Yaping *(Chairman)*	15
Tang Yui Man Francis *(Chief Executive Officer)*	16
Chen Wei	12
Li Ningjun	6
Non-executive Director	
Law Sze Lai	6
Independent non-executive Directors	
Davin A. Mackenzie*	5
Tian Jin	4
Xin Luo Lin	5
Xiang Bing**	0

* Mr. Davin A. Mackenzie resigned as an independent non-executive Director on 16 December 2008.

** Dr. Xiang Bing has been appointed as an independent non-executive Director on 16 December 2008.

Chairman and Chief Executive Officer

The role of the Chairman, Mr. Ou Yaping, remains separate from that of the Chief Executive Officer, Mr. Tang Yui Man Francis. Such division of responsibilities allows a balance of power between the Board and the management of the Group, and ensures the independence and accountability of each.

The Chairman provides leadership for the Board and oversees the Board so that it acts in the best interests of the Group. The Chairman is responsible for deciding the agenda of each Board meeting, taking into account matters proposed by other Directors. The Chairman has overall responsibility for providing leadership, vision and direction regarding business development.

The Chief Executive Officer, assisted by other executive Directors, is responsible for the day-to-day business management and operations of the Group for formulating and successfully implementing policies and for maintaining an effective executive support team. The Chief Executive Office is accountable to the Board for keeping the Chairman and all Directors fully informed of all major business developments and issues.

Responsibilities

In the course of discharging their duties, the Directors act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders. Their responsibilities include:

- attending regular Board meetings and focusing on business strategy, operational issues and financial performance;
- active participation on the respective board of directors of the subsidiaries and associated companies of the Company;
- approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities;
- monitoring the quality, timeliness, relevance and reliability of internal and external reporting;
- monitoring and managing potential conflicts of interest of senior management, Board and shareholders of the Company;
- consideration of misuse of corporate assets and abuse of related party transactions; and
- ensuing processes are in place to maintain the overall integrity of the Company, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all laws and ethics.

To enable the Directors to fulfill their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

Board Committees

A number of committees of the Board, including the Audit Committee and Remuneration Committee, have been set up by the Company, with specific terms of reference relating to authority and duties, to strengthen the Board's functions and enhance its expertise.

Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee comprises one executive Director, being Mr. Ou Yaping, and two independent non- executive Directors, being Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The terms of reference of the Remuneration Committee has complied with the Code.

The Remuneration Committee's responsibilities include the reviewing and considering the Company's remuneration policy for Directors and senior management, the determining of remuneration packages for executive Directors and senior management including benefits in kind, pension rights and compensation payments, and making recommendations relating to remuneration of non-executive Directors.

During the year 2008, the Remuneration Committee:

- reviewed the remuneration policy for 2008/2009;
- reviewed the remuneration of the executive directors and the independent non-executive Directors and management year-end bonus; and
- reviewed and approved the service agreement of an executive Director.

The Remuneration Committee held 4 meetings during 2008 with individual attendance as follows:

Members of Remuneration Committee

	No. of meetings attended
Xin Luo Lin *(Chairman of the Remuneration Committee)*	4
Ou Yaping	4
Davin A. Mackenzie*	4
Xiang Bing**	0

* Mr. Davin A. Mackenzie resigned as a member of Remuneration Committee on 16 December 2008.

** Dr. Xiang Bing has been appointed as a member of Remuneration Committee on 16 December 2008.

The Group recognises the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. Other benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group (including Directors) in accordance with the terms of the approved share option scheme adopted by the Group.

Audit Committee

As at the date of this Annual Report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin and is chaired by Mr. Xin Luo Lin.

The Audit Committee reports directly to the Board and reviews financial statements and internal controls in order to protect the interests of the Company's shareholders.

The Audit Committee meets regularly with the Company's external auditor to discuss accounting issues, and reviews effectiveness of internal controls and risk evaluation. Written terms of reference, which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The adoption of revised terms of reference of Audit Committee in December 2008 in line with the amended listing rules effective on 1 January 2009.

During the year 2008, the Audit Committee:

- reviewed the financial statements for the year ended 31 December 2007 and for the six months ended 30 June 2008;
- reviewed the effectiveness of the internal control system;
- reviewed the external auditor's findings; and
- reviewed and approved remuneration of external auditor for 2008 and re-appointment of external auditor.

The Audit Committee held 3 meetings during the year 2008 with individual attendance as follows:

Members of Audit Committee

	No. of meetings attended
Xin Luo Lin *(Chairman of the Audit Committee)*	3
Davin A. Mackenzie*	3
Tian Jin	2
Xiang Bing**	0

* Mr. Davin A. Mackenzie resigned as a member of Audit Committee on 16 December 2008.

** Dr. Xiang Bing has been appointed as a member of Audit Committee on 16 December 2008.

Nomination of Directors

The Board has not established a nomination committee. According to the Bye-laws, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. In assessing the nomination of new Directors, the Board will take into account the nominee's qualifications, ability and potential contribution to the Company. Therefore, nomination will be made by members of the Board based on the need of the Company and the expertise and the experience of individual candidate.

During the year 2008, the Board considered the appointment of Dr. Xiang Bing as an independent non-executive Director of the Company to fill the casual vacancy occasioned by the resignation of Mr. Davin A. Mackenzie. The appointment was approved by the Board at the Board meeting held on 16 December 2008 attended by the Directors, namely Messrs. Ou Yaping, Tang Yui Man Francis, Chen Wei, Li Ningjun, Law Sze Lai, Davin A. Mackenzie and Tian Jin, which is the only one Board meeting held in relation to the change of Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the year ended 31 December 2008, all Directors have complied with the required standard set out in the Model Code. The Model Code has been amended by the Stock Exchange and became effective on 1 January 2009 and 1 April 2009. The Company has adopted the amended Model Code in December 2008 in line with the amendments.

The Company also has written guidelines regarding securities transactions on terms no less exacting than the required standard set out in the Model Code for senior management and any individuals who may have access to price-sensitive information in relation to the securities of the Company.

EXTERNAL AUDITOR

The external auditor of the Company is Deloitte Touche Tohmatsu ("Deloitte"). Deloitte provided professional services in respect of the audit of Company's consolidated financial statements prepared under Hong Kong Financial Reporting Standards ("HKFRSs") for the year ended 31 December 2008. Deloitte also reviewed the 2008 unaudited interim financial report of the Company prepared under HKFRSs.

Fees charged by Deloitte in respect of audit services for the year 2008 amounted to HK$1,460,000. Non-audit services fees charged by Deloitte are as follows:

	Fee
	HK$'000
Description of services performed	
Review of the interim financial report of the Company for the six months ended 30 June 2008	380
Other services	240
Total	620

INTERNAL CONTROL

The Company places great importance on internal control and risk management. The Board has overall responsibility for the system of internal controls and for reviewing its effectiveness. During the year, the Audit Committee and the Board have conducted a review of the effectiveness of the system of internal control of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions. Based on the results of the review, the system was satisfactory with no major irregularities reported and the Group would take steps to further enhance the effectiveness of the internal control system.

GOING CONCERN

The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue its operational existence for a foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

SHAREHOLDERS COMMUNICATION

Shareholders are provided with detailed information about the Company so that they can exercise their rights in an informed manner.

The Company uses a range of communication tools, such as the annual general meeting, the annual report, interim report, various notices, announcements and circulars, to ensure its shareholders are kept well informed of key business imperatives. Procedures for demanding a poll are included in all circulars with notices convening the general meetings of the Company and are also read out by the chairman at such general meetings of the Company.

At the 2008 Annual General Meeting, a resolution was proposed by the Chairman in respect of each separate issue itemized on the agenda, including re-election of Directors. The Chairman of the Board and certain members of all committees attended the 2008 Annual General Meeting and answered questions from shareholders.

DIRECTORS' RESPONSIBILITY IN PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge that it is their responsibility to prepare the financial statements which give a true and fair view of the state of affairs of the Group and of the profit and cash flows of the Group for the year. The statement of the auditor of the Company regarding their reporting responsibility for the financial statements is set out in the Independent Auditor's Report on page 50.

Deloitte.
德勤

TO THE MEMBERS OF SINOLINK WORLDWIDE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinolink Worldwide Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 117, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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 31 December 2008 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
8 April 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008**	2007
		HK$'000	HK$'000
Turnover	5	**1,688,807**	2,921,556
Cost of sales		**(603,918)**	(984,797)
Gross profit		**1,084,889**	1,936,759
Other income	6	**179,307**	240,694
Selling expenses		**(46,300)**	(73,460)
Administrative expenses		**(120,971)**	(114,300)
Other expenses	7	**(9,263)**	(12,610)
(Decrease) increase in fair value of investment properties		**(67,234)**	60,577
Changes in fair value of investments held for trading		**(83,623)**	12,317
Share of results of associates		**(146,546)**	(103,247)
Gain arising on deemed disposal by an associate	8	**—**	357,003
Loss on disposal of an associate	9	**—**	(288,576)
Finance costs	10	**(4,899)**	(723)
Profit before taxation	11	**785,360**	2,014,434
Taxation	14	**(351,675)**	(699,530)
Profit for the year		**433,685**	1,314,904
Attributable to:			
Equity holders of the Company		**342,874**	1,167,067
Minority interests		**90,811**	147,837
		433,685	1,314,904
Dividends	15	**213,590**	1,159,293
		HK cents	HK cents
Earnings per share	16		
Basic		**10.43**	35.95
Diluted		**10.43**	35.64

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Property, plant and equipment	17	**49,180**	46,180
Prepaid lease payments	18	**5,367**	5,146
Investment properties	19	**863,812**	877,298
Interests in associates	20	**—**	—
Available-for-sale investments	21	**1,261**	1,011
Loan receivable	22	**1,793,870**	1,514,001
		2,713,490	2,443,636
Current assets			
Stock of properties	23	**2,617,453**	2,141,555
Trade receivables, deposits and prepayments	24	**84,737**	148,409
Prepaid lease payments	18	**94**	89
Amounts due from associates	25	**36,540**	62,650
Investments held for trading	26	**6,909**	94,096
Pledged bank deposits	27	**11,524**	5,992
Bank balances and cash	27	**2,015,916**	1,852,956
		4,773,173	4,305,747
Current liabilities			
Trade payables, deposits received and accrued charges	28	**986,102**	681,671
Taxation payable		**1,053,051**	799,762
Borrowings - amount due within one year	29	**140,167**	170,940
		2,179,320	1,652,373
Net current assets		**2,593,853**	2,653,374
Total assets less current liabilities		**5,307,343**	5,097,010

	Notes	2008 HK$'000	2007 HK$'000
Non-current liabilities			
Borrowings - amount due after one year	29	**247,392**	459,402
Deferred taxation	30	**89,049**	95,516
		336,441	554,918
		4,970,902	4,542,092
Capital and reserves			
Share capital	31	**328,600**	328,555
Reserves		**4,067,525**	3,735,524
Equity attributable to equity holders of the Company		**4,396,125**	4,064,079
Minority interests		**574,777**	478,013
		4,970,902	4,542,092

The consolidated financial statements on pages 52 to 117 were approved and authorised for issue by the Board of Directors on 8 April 2009 and are signed on its behalf by:

Ou Yaping
CHAIRMAN

Tang Yui Man Francis
CHIEF EXECUTIVE OFFICER

	Attributable to equity holders of the Company										
	Share capital	Share premium	Translation reserve	Share option reserve	Capital reserves	General reserves	Contributed surplus	Retained earnings	Total	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (note 32)	HK$'000 (note 32)	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2007	286,377	1,328,200	124,013	24,421	331	65,791	367,782	1,632,512	3,829,427	317,329	4,146,756
Exchange differences arising on translation	—	—	166,206	—	—	—	—	—	166,206	27,324	193,530
Share of translation reserves of associates	—	—	30,734	—	—	—	—	—	30,734	—	30,734
Total income recognised directly in equity	—	—	196,940	—	—	—	—	—	196,940	27,324	224,264
Released on disposal of an associate	—	—	(55,661)	—	—	—	—	—	(55,661)	—	(55,661)
Profit for the year	—	—	—	—	—	—	—	1,167,067	1,167,067	147,837	1,314,904
Total recognised income for the year	—	—	141,279	—	—	—	—	1,167,067	1,308,346	175,161	1,483,507
Issue of shares on the exercise of share options	6,237	76,517	—	(19,608)	—	—	—	—	63,146	—	63,146
Bonus issue of shares	35,941	(35,941)	—	—	—	—	—	—	—	—	—
Recognition of equity-settled share-based payments	—	—	—	22,453	—	—	—	—	22,453	—	22,453
Released on disposal of an associate	—	—	—	—	(331)	(8,479)	—	8,810	—	—	—
Arising on acquisition of subsidiaries (note 35)	—	—	—	—	—	—	—	—	—	6,078	6,078
Dividends	—	—	—	—	—	—	—	(1,159,293)	(1,159,293)	—	(1,159,293)
Dividends paid to minority shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(20,555)	(20,555)
At 31 December 2007	328,555	1,368,776	265,292	27,266	—	57,312	367,782	1,649,096	4,064,079	478,013	4,542,092

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	General reserves HK$'000 (note 32)	Contributed surplus HK$'000 (note 32)	Retained earnings HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2008	328,555	1,368,776	265,292	27,266	57,312	367,782	1,649,096	4,064,079	478,013	4,542,092
Exchange differences arising on translation	–	–	159,622	–	–	–	–	159,622	28,425	188,047
Share of translation reserves of associates	–	–	18,896	–	–	–	–	18,896	–	18,896
Total income recognised directly in equity	–	–	178,518	–	–	–	–	178,518	28,425	206,943
Profit for the year	–	–	–	–	–	–	342,874	342,874	90,811	433,685
Total recognised income for the year	–	–	178,518	–	–	–	342,874	521,392	119,236	640,628
Issue of shares on the exercise of share options	45	545	–	(140)	–	–	–	450	–	450
Recognition of equity-settled share-based payments	–	–	–	23,794	–	–	–	23,794	–	23,794
Dividends	–	–	–	–	–	–	(213,590)	(213,590)	–	(213,590)
Dividends paid to minority shareholders of subsidiaries	–	–	–	–	–	–	–	–	(22,472)	(22,472)
At 31 December 2008	328,600	1,369,321	443,810	50,920	57,312	367,782	1,778,380	4,396,125	574,777	4,970,902

	2008	2007
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**785,360**	2,014,434
Adjustments for:		
Share of results of associates	**146,546**	103,247
Depreciation of property, plant and equipment	**7,695**	6,015
Release of prepaid lease payments	**93**	85
Share-based payment expenses	**23,794**	22,453
Interest income	**(171,155)**	(239,208)
Interest expenses	**4,899**	723
Decrease (increase) in fair value of investment properties	**67,234**	(60,577)
(Gain) loss on disposal of property, plant and equipment	**(347)**	136
Gain arising on deemed disposal by an associate	**—**	(357,003)
Loss on disposal of an associate	**—**	288,576
Loss on disposal of available-for-sale investments	**—**	66
Impairment of goodwill arising on acquisition of subsidiaries	**—**	9,408
Operating cash flows before movements in working capital	**864,119**	1,788,355
Increase in stock of properties	**(284,620)**	(42,990)
Decrease (increase) in trade receivables, deposits and prepayments	**70,044**	(81,050)
Decrease (increase) in investments held for trading	**83,623**	(54,534)
Increase in trade payables, deposits received and accrued charges	**263,695**	102,362
Cash generated from operations	**996,861**	1,712,143
Taxation paid	**(161,155)**	(230,721)
NET CASH FROM OPERATING ACTIVITIES	**835,706**	1,481,422

	Note	**2008** **HK$'000**	2007 HK$'000
INVESTING ACTIVITIES			
Advance to associates		**(238,848)**	(116,199)
Interest received		**28,594**	17,605
Purchase of property, plant and equipment		**(8,042)**	(6,500)
(Increase) decrease in pledged bank deposits		**(5,119)**	15,525
Proceeds from disposal of property, plant and equipment		**436**	1,286
Purchase of available-for-sale investment		**(250)**	—
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	35	**—**	(23,623)
Proceeds from disposal of available-for-sale investments		**—**	1,924
NET CASH USED IN INVESTING ACTIVITIES		**(223,229)**	(109,982)
FINANCING ACTIVITIES			
Repayment of bank and other loans		**(544,754)**	(5,342)
New bank and other loans raised		**263,379**	106,838
Dividends paid		**(213,590)**	(198,270)
Dividends paid to minority shareholders of subsidiaries		**(22,472)**	(20,555)
Interest paid		**(59,574)**	(38,636)
Proceeds from issue of shares		**450**	63,146
NET CASH USED IN FINANCING ACTIVITIES		**(576,561)**	(92,819)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**35,916**	1,278,621
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**1,852,956**	495,245
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**127,044**	79,090
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH		**2,015,916**	1,852,956

1. GENERAL

The Company is a public limited company incorporated in Bermuda as an exempted company with its shares 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 to the annual report.

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, and most of its investors are located in Hong Kong.

The principal activities of the Group are property development, property management and property investment.

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

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

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of financial statements[2]
HKAS 23 (Revised)	Borrowing costs[2]
HKAS 27 (Revised)	Consolidated and separate financial statements[3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled Entity or associate[2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[2]
HKFRS 3 (Revised)	Business combinations[3]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[2]
HKFRS 8	Operating segments[2]
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives[4]
HK(IFRIC) - INT 13	Customer loyalty programmes[5]
HK(IFRIC) - INT 15	Agreements for the construction of real estate[2]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation[6]
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners[3]
HK(IFRIC) - INT 18	Transfer of assets from customers[7]

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, 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 the Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

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

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

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

All inter-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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations

The acquisition of businesses 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.

Goodwill

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(Continued)*

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.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment losses. When the Group's share of losses of an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Distribution in specie

Distribution in specie is measured at the fair value of the associate's shares distributed. The difference between the carrying amount of the Group's share of the associate's net assets and the fair value of shares distributed is recognised in the profit or loss in the period in which the shares are transferred out.

Recognition of revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from the sale of properties is recognised in the consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from sales of properties excludes business tax and other sales related taxes and is after deduction of any trade discounts. Deposits received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as receipts in advance included as other payables.

Rental income

Rental income is recognised on a straight-line basis over the period of the relevant leases.

Income from property management services

Income from property management services is recognised on provision of services.

Interest income

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.

Dividend income

Dividend income from investments (including financial assets at fair value through profit or loss) is recognised when the shareholders' rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or 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 value, using the straight-line method.

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

Investment properties

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

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. 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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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 asset) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

Stock of properties

Stock of properties includes properties under development for sale and properties held for sale.

The carrying value of properties under development comprises the land cost together with development expenditure, which includes construction costs, capitalised interest and ancillary borrowing costs. The properties under development are stated at the lower of cost and net realisable value.

Properties held for sale are classified under current assets and are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development cost attributable to the unsold properties. Net realisable value is the estimated price at which a property can be realised in the ordinary course of business less related selling expenses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment (other than goodwill)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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 expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such 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.

Financial instruments

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

Financial assets

The Group's financial assets are mainly classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets ***(Continued)***

Financial assets at fair value through profit or loss

Financial assets at FVTPL are mainly those classified as investments held for trading.

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.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated equity investments held for an identified long term purpose as available-for-sale investments. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, 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 financial assets carried at amortised cost, 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.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 a trade 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.

For financial assets measured at amortised cost, 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

The Group's financial liabilities (including trade payables and borrowings) are subsequently measured at amortised cost, using the effective interest rate method.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. 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 and the cumulative gain or loss that had been recognised directly in equity 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

Share options granted before 7 November 2002 and options which vested before 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option 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 option reserve will be transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefits costs

Payments to defined contribution retirement benefit schemes, state-managed retirement plans and Mandatory Provident Fund Scheme ("MPF Scheme") are charged as expenses when employees have rendered service entitling them to contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors of the Company are required to make various estimates based on past experience, expectations of the future and other information. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Loan and receivables

Note 3 describes that loan and receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using effective interest method. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Loan receivable (see note 22) represent shareholder's loan advanced to the Group's associate for financing a property development project in Shanghai and amounts due from associates (see note 25) represent advances to associates which will be recoverable within 12 months. The recoverability of these amounts is dependent on the cashflow to be generated from the property development project. Where the actual future cash flows are less than expected, an impairment loss may arise.

In making the estimates, management considered detailed procedures are in place to monitor this risk as a significant proportion of the Group's working capital is devoted to loan receivable and amounts due from associates. In determining whether an impairment for loan receivable and amounts due from associates is required, the management studied the development status of the property development project and the expected market price of the properties in order to estimate the recoverability of the loan receivable and amounts due from associates. As at 31 December 2008, the carrying amount of loan receivable (note 22) and amounts due from associates are HK$1,793,870,000 (2007: HK$1,514,001,000) and HK$36,540,000 (2007: HK$62,650,000) respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgment and are satisfied that the assumptions used in the valuation is reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

5. TURNOVER AND SEGMENT INFORMATION

(A) Turnover

Turnover primarily represents revenue arising on sales of properties, property management income and rental income, excluding discounts, business tax and other sales related taxes. An analysis of the Group's revenue for the year is as follows:

	2008	2007
	HK$'000	HK$'000
Sales of properties	**1,571,992**	2,820,796
Property management income	**62,271**	46,986
Rental income	**21,252**	17,059
Other service income	**33,292**	36,715
	1,688,807	2,921,556

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Business segments

For management purposes, the Group is currently organised into three operating divisions - property development, property management and property investment. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

For the year ended 31 December 2008

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER						
External sales	1,571,992	62,271	21,252	33,292	—	1,688,807
Inter-segment sales	—	—	—	2,022	(2,022)	—
	1,571,992	62,271	21,252	35,314	(2,022)	1,688,807
RESULT						
Segment result	895,054	2,355	(48,602)	28,104	—	876,911
Other income						179,307
Unallocated corporate expenses						(35,790)
Changes in fair value of investments held for trading						(83,623)
Share of results of associates	(146,546)	—	—	—	—	(146,546)
Finance costs						(4,899)
Profit before taxation						785,360
Taxation						(351,675)
Profit for the year						433,685

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Business segments *(Continued)*

Inter-segment sales are charged at prevailing market prices.

At 31 December 2008

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	2,742,633	6,332	863,812	3,951	3,616,728
Loan receivable	1,793,870	—	—	—	1,793,870
Amounts due from associates	36,540	—	—	—	36,540
Unallocated corporate assets					2,039,525
Consolidated total assets					7,486,663
LIABILITIES					
Segment liabilities	961,814	15,008	—	1,895	978,717
Unallocated corporate liabilities	—	—	—	—	1,537,044
Consolidated total liabilities					2,515,761

Other information

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	4,933	247	—	2,862	8,042
Depreciation	6,501	582	—	612	7,695
Release of prepaid lease payments	93	—	—	—	93

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Business segments *(Continued)*

For the year ended 31 December 2007

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
TURNOVER						
External sales	2,820,796	46,986	17,059	36,715	—	2,921,556
Inter-segment sales	—	—	—	1,850	(1,850)	—
	2,820,796	46,986	17,059	38,565	(1,850)	2,921,556
RESULT						
Segment result	1,741,611	(2,827)	75,486	34,106	—	1,848,376
Other income						240,694
Unallocated corporate expenses						(51,410)
Changes in fair value of investments held for trading						12,317
Share of results of associates	(103,247)	—	—	—	—	(103,247)
Gain arising on deemed disposal by an associate						357,003
Loss on disposal of an associate						(288,576)
Finance costs						(723)
Profit before taxation						2,014,434
Taxation						(699,530)
Profit for the year						1,314,904

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(B) Business segments *(Continued)*

Inter-segment sales are charged at prevailing market prices.

At 31 December 2007

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS					
Segment assets	2,292,102	4,850	877,298	2,871	3,177,121
Loan receivable	1,514,001	—	—	—	1,514,001
Amounts due from associates	62,650	—	—	—	62,650
Unallocated corporate assets					1,995,611
Consolidated total assets					6,749,383
LIABILITIES					
Segment liabilities	656,472	15,796	—	2,942	675,210
Unallocated corporate liabilities					1,532,081
Consolidated total liabilities					2,207,291

Other information

	Property development HK$'000	Property management HK$'000	Property investment HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	6,097	401	—	59	6,557
Depreciation	5,199	336	—	480	6,015
Release of prepaid lease payments	85	—	—	—	85
Impairment of goodwill arising on acquisition of a subsidiary	—	—	—	9,408	9,408

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

(C) Geographical segments

As over 90% of the consolidated turnover and trading results for both years is derived from, and over 90% of assets are located in, the People's Republic of China (the "PRC"), an analysis of the consolidated turnover, trading results and assets by geographical location is not presented.

6. OTHER INCOME

Other income mainly comprises:

	2008 **HK$'000**	2007 HK$'000
Interest income on:		
- bank deposits	**27,244**	17,605
- loan receivable	**142,561**	220,794
- amount due from an associate	**1,350**	809
Gain on disposal of property, plant and equipment, net	**347**	—

7. OTHER EXPENSES

Other expenses mainly comprise:

	2008 **HK$'000**	2007 HK$'000
Donations	**8,419**	2,678
Impairment of goodwill arising on acquisition of a subsidiary	**—**	9,408
Loss on disposal of property, plant and equipment, net	**—**	136
Loss on disposal of available-for-sale investments	**—**	66

8. GAIN ARISING ON DEEMED DISPOSAL BY AN ASSOCIATE

In 2007, the shareholding of Enerchina Holdings Limited ("Enerchina"), an associate of the Group, in Towngas China Company Limited ("Towngas China") (formerly known as Panva Gas Holdings Limited ("Panva")) was diluted as a result of a very substantial acquisition and a very substantial disposal of Enerchina, details of which are included in a circular of Enerchina dated 30 January 2007. Accordingly, the Group's unrealised gain arising from the disposal of the Group's interest in Panva (now known as Towngas China) to Enerchina in 2005, to the extent of Enerchina's reduction in shareholding in Towngas China as a result of the above mentioned deemed disposal, was recognised during that year.

9. LOSS ON DISPOSAL OF AN ASSOCIATE

On 16 October 2007, the Board of the Company declared a special interim dividend which was satisfied by way of a distribution in specie of Enerchina shares held by the Company in the proportion of 13 Enerchina shares for every 20 shares of the Company. A total of 2,135,606,149 Enerchina shares with aggregate market value worth HK$961,023,000 were distributed to the shareholders of the Company. Upon the completion of the distribution, the Group's shareholding in Enerchina was reduced from 45.81% to 1.25% and a loss of HK$288,576,000 which represented the difference between the carrying amount of Enerhcina's net assets attributable to the Group distributed through the above distribution in specie of HK$1,305,260,000 and the market value of Enerchina shares being distributed of HK$961,023,000 (see note 15 (a)), and the release of translation reserve of HK$55,661,000 on disposal of Enerchina, was recognised in the consolidated income statement for that year.

10. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on:		
- bank and other borrowings wholly repayable within five years	**41,910**	32,158
- bank and other borrowings not wholly repayable within five years	**17,664**	6,478
	59,574	38,636
Less: Amount capitalised to properties under development for sale	**(54,675)**	(37,913)
	4,899	723

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7.4% (2007: 6.8%) to expenditure on qualifying assets.

11. PROFIT BEFORE TAXATION

	2008 HK$'000	2007 HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs including directors' remuneration	**87,060**	62,184
Share-based payments	**23,794**	22,453
Total staff cost	**110,854**	84,637
Auditors' remuneration	**1,460**	1,800
Stock of properties recognised as cost of sales	**536,203**	932,972
Depreciation of property, plant and equipment	**7,695**	6,015
Operating lease rentals in respect of land and buildings	**3,729**	4,117
Release of prepaid lease payments	**93**	85
and after crediting:		
Rental income, net of outgoings of approximately HK$2,621,000 (2007: HK$2,150,000)	**18,631**	14,909

12. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 9 (2007: 8) directors were as follows:

	Year ended 31 December 2008									
	Mr. Ou Yaping	Mr. Tang Yui Man Francis	Mr. Chen Wei	Mr. Law Sze Lai	Mr. Li Ningjun	Mr. Xin Luo Lin	Mr. Tian Jin	Mr. Xiang Bing	Mr. Davin A. Mackenzie	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	—	—	—	—	250	250	11	250	761
Other emoluments										
Salaries and other benefits	6,672	3,088	557	1,500	944	—	—	—	—	12,761
Retirement benefits scheme contributions	42	12	32	29	12	—	—	—	—	127
Share-based payments	—	3,869	1,935	581	1,389	503	503	—	503	9,283
Total emoluments	6,714	6,969	2,524	2,110	2,345	753	753	11	753	22,932

	Year ended 31 December 2007								
	Mr. Ou Yaping	Mr. Tang Yui Man Francis	Mr. Chen Wei	Mr. Law Sze Lai	Mr. Li Ningjun	Mr. Xin Luo Lin	Mr. Tian Jin	Mr. Davin A. Mackenzie	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Fees	—	—	—	—	—	250	250	250	750
Other emoluments									
Salaries and other benefits	5,296	2,498	—	1,500	252	—	—	—	9,546
Retirement benefits scheme contributions	42	12	—	29	—	—	—	—	83
Share-based payments	—	3,869	1,935	581	1,389	503	918	503	9,698
Total emoluments	5,338	6,379	1,935	2,110	1,641	753	1,168	753	20,077

During the year, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived or agreed to waive any remunerations for the year ended 31 December 2008 and 2007.

13. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2007: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining individual were as follows:

	2008	2007
	HK$'000	HK$'000
Salaries and other emoluments benefits	**2,663**	2,185
Retirement benefits scheme contributions	**12**	7
	2,675	2,192

During the year, no remunerations was paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. TAXATION

	2008	2007
	HK$'000	HK$'000
The charge comprises:		
Hong Kong Profits Tax	**1,123**	2,985
PRC Enterprise Income Tax		
- current year	**136,007**	250,684
- overprovision in prior year	**(298)**	—
PRC land appreciation tax	**227,157**	399,931
	363,989	653,600
Deferred taxation (note 30)		
- current year	**(12,314)**	15,143
- attributable to a change in tax rate	**—**	30,787
	351,675	699,530

14. TAXATION *(Continued)*

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year.

On 16 March 2007, the Law of the PRC on Enterprise Income Tax (the "New Law") was enacted by the President's Order No. 63. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law unifies the income tax rate for both domestic and foreign capital enterprises at 25%, effective 1 January 2008.

There are however certain transitional arrangements. Subsidiaries of the Group which were established and principally operated in the Shenzhen Special Economic Zone should remain entitled to a preferential income tax rate of 18% of its assessable profits for the year ended 31 December 2008 (2007:15%), which will gradually increase to 25% by 2012.

In addition, PRC land appreciation tax ("LAT") shall be levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development. The Shenzhen local tax bureau has echoed by promulgating Shenfubanhan [2005] No. 93 and Shendishuifa [2005], whereby among others, LAT should be seriously implemented towards sales of properties where contracts were signed on or after 1 November 2005. The management of the Group considers that it has complied with the rules of the aforementioned circulars and other official tax circulars in Shenzhen and LAT for the Group has been accrued accordingly.

14. TAXATION *(Continued)*

The charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	2007
	HK$'000	HK$'000
Profit before taxation	**785,360**	2,014,434
Tax at the applicable tax rate of 18% (2007: 15%) (Note)	**141,365**	302,165
Tax effect of expenses that are not deductible for tax purposes	**16,805**	48,886
Tax effect of income that is not taxable for tax purpose	**(31,184)**	(104,449)
Tax effect of share of results of associates	**26,378**	15,487
Land appreciation tax	**227,157**	399,931
Tax effect of land appreciation tax deductible for tax purposes	**(28,934)**	(2,189)
Tax effect on deferred tax liabilities resulting from changes in applicable tax rate on fair value changes properties	**(4,706)**	6,058
Withholding tax	**4,494**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,635)**	428
Tax effect of tax losses not recognised	**2,713**	5,187
Tax effect of utilisation of tax losses not previously recognised	**(480)**	(2,761)
Overprovision of taxation in previous years	**(298)**	—
Tax effect on opening deferred tax liabilities resulting from changes in applicable tax rate	**—**	30,787
Taxation for the year	**351,675**	699,530

Note: The tax rate of 18% for the year ended 31 December 2008 (2007: 15%) represents PRC Enterprise Income Tax which is applicable to most of the Group's operations in the PRC.

15. DIVIDENDS

	2008	2007
	HK$'000	HK$'000
Dividends recognised as distribution during the year:		
2008 Interim of HK$0.030 (2007: HK$0.030) per share	**98,580**	97,635
2007 final of HK$0.035 (2007: 2006 final of HK$0.035) per share	**115,010**	100,635
Special dividend, by way of a distribution in species of Enerchina shares (note a)	**—**	961,023
	213,590	1,159,293

Notes:

(a) On 16 October 2007, the Board of the Company declared a special interim dividend to be satisfied by way of a distribution in specie of Enerchina shares held by the Company in proportion of 13 Enerchina shares for every 20 shares of the Company. A total of 2,135,606,149 Enerchina shares with an aggregate market value worth of HK$961,023,000 were distributed to shareholders of the Company on 13 November 2007.

(b) The final dividend of HK$0.020 per share totalling not less than HK$65,720,000 has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting.

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	HK$'000
Earnings for the purposes of calculating basic and diluted earnings per share, being profit for the year attributable to equity holders of the Company	**342,874**	1,167,067

	Number of shares	
	2008	2007
Weighted average number of shares for the purposes of basic earnings per share	**3,285,964,727**	3,246,742,459
Effect of dilutive potential shares:		
Share options	**874,503**	28,056,814
Weighted average number of shares for the purposes of diluted earnings per share	**3,286,839,230**	3,274,799,273

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000
COST				
At 1 January 2007	58,149	39,195	11,507	108,851
Currency realignment	4,287	2,677	698	7,662
Additions	1,845	651	4,004	6,500
Acquired on acquisition of subsidiaries	—	57	—	57
Disposals	—	(6,972)	(4,195)	(11,167)
At 31 December 2007	64,281	35,608	12,014	111,903
Currency realignment	3,936	1,998	610	6,544
Additions	859	1,626	5,557	8,042
Disposals	—	(631)	(1,574)	(2,205)
At 31 December 2008	69,076	38,601	16,607	124,284
DEPRECIATION AND AMORTISATION				
At 1 January 2007	25,760	32,617	6,806	65,183
Currency realignment	1,805	2,161	304	4,270
Provided for the year	2,156	2,621	1,238	6,015
Eliminated on disposals	—	(6,697)	(3,048)	(9,745)
At 31 December 2007	29,721	30,702	5,300	65,723
Currency realignment	1,694	1,869	239	3,802
Provided for the year	2,537	1,859	3,299	7,695
Eliminated on disposals	—	(590)	(1,526)	(2,116)
At 31 December 2008	33,952	33,840	7,312	75,104
CARRYING VALUES				
At 31 December 2008	35,124	4,761	9,295	49,180
At 31 December 2007	34,560	4,906	6,714	46,180

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The carrying amount of the Group's leasehold land and buildings comprises properties situated in the PRC held under:

	2008	2007
	HK$'000	HK$'000
Long leases	**35,124**	34,560

The above item of property, plant and equipment are depreciated on a straight line basis after taking into account of their estimated residual value, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease and 50 years
Furniture, fixtures and equipment	18% to 40%
Motor vehicles	6% to 30%

18. PREPAID LEASE PAYMENTS

	2008	2007
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land outside Hong Kong:		
Long leases	**5,461**	5,235
Analysed for reporting purposes:		
Non-current assets	**5,367**	5,146
Current assets	**94**	89
	5,461	5,235

19. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2007	761,243
Exchange realignment	55,478
Increase in fair value of investment properties	60,577
At 31 December 2007	877,298
Exchange realignment	53,748
Decrease in fair value of investment properties	(67,234)
At 31 December 2008	863,812

All of the Group's property interests in leasehold land and buildings to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2008 and 2007 have been arrived at on the basis of a valuation carried out on that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group, and have appropriate qualifications. The valuation was performed using the direct comparison method by reference to market evidence of transaction prices for similar properties in the similar locations and conditions.

The investment properties are held under long leases and are situated in the PRC.

At 31 December 2008, the Group's investment properties with a carrying value of HK$388,889,000 (2007: HK$400,641,000) were pledged to secure general banking facilities granted to the Group.

20. INTERESTS IN ASSOCIATES

	2008 HK$'000	2007 HK$'000
Cost of investment in associates - unlisted	**4**	4
Share of post-acquisition results and reserves	**(295,381)**	(167,731)
Loss in excess of cost of investment	**(295,377)**	(167,727)
Less: Loss absorbed in carrying amount of loan receivable (note 22)	**295,377**	167,727
	—	—

Details of the Group's principal associates as at 31 December 2008 and 2007 are as follows:

Name of associate	Place of establishment and form of business structure	Principal place of operation	Percentage of equity interest attributable to the Group 2008	Percentage of equity interest attributable to the Group 2007	Principal activities
Rockefeller Group Asia Pacific, Inc.	BVI - limited liability company	Hong Kong	**49%**	49%	Investment holding
Shanghai Bund de Rockefeller Group Master Development Co., Ltd.	PRC - equity interest venture	PRC	**44.57%**	44.57%	Property development

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of the Group's associates is set out below:

	2008	2007
	HK$'000	HK$'000
Total assets	**1,702,406**	1,523,790
Total liabilities	**(2,367,342)**	(1,852,998)
Net liabilities	**(664,936)**	(329,208)
Group's share of net liabilities of associates	**(295,377)**	(167,727)
Loss allocated in excess of cost of investment (note 22)	**295,377**	167,727
	—	—
Revenue	**—**	1,439,091
Loss for the year	**(288,274)**	(201,388)
Group's share of loss of associates for the year	**(146,546)**	(103,247)

21. AVAILABLE-FOR-SALE INVESTMENTS

	2008	2007
	HK$'000	HK$'000
Unlisted shares in Hong Kong, at cost	**75,000**	75,000
Debentures, at cost	**1,261**	1,011
	76,261	76,011
Less: Impairment loss recognised	**(75,000)**	(75,000)
	1,261	1,011

As at the balance sheet date, investments in unlisted equity securities issued by private entities incorporated in both Hong Kong and the PRC are measured at cost less impairment because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

22. LOAN RECEIVABLE

	2008 HK$'000	2007 HK$'000
Shareholder's loan receivable		
Principal (note)	**1,555,129**	1,290,171
Interest receivable	**534,118**	391,557
	2,089,247	1,681,728
Less:Loss allocated in excess of cost of investment (note 20)	**(295,377)**	(167,727)
	1,793,870	1,514,001

Note: The amount represents shareholder's loan receivable from the Group's associate, Rockefeller Group Asia Pacific, Inc. ("RGAP"), for financing a property development project in Shanghai, which carries a return at 20% per annum and forms part of the net investment of the Group in RGAP. The loan receivable including principal and interest is unsecured and not repayable in the foreseeable future.

The Group has reviewed the carrying amount of loan receivable and considered that this amount is fully recoverable by reference to the present value of the estimated future cash flows discounted using the effective interest rate computed at initial recognition. The directors consider that the fair value of loan receivable at balance sheet date approximates to the carrying amount.

23. STOCK OF PROPERTIES

	2008 HK$'000	2007 HK$'000
Properties under development	**475,454**	862,998
Stock of properties held for sale	**2,141,999**	1,278,557
	2,617,453	2,141,555

Stock of properties were stated at cost. Included in the stock of properties is interest capitalised of HK$145,330,000 (2007: HK$123,155,000).

The stock of properties were located in the PRC under long lease. Properties under development of HK$475,454,000 (2007: nil) represent the carrying value of the properties expected to be completed and available for sale after twelve months from the balance sheet date which are classified under current asset as it is expected to be realised in the Group's normal operating cycle.

24. TRADE RECIEVABLES, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period ranging from 0 to 60 days to its trade customers. Included in trade receivables, deposits and prepayments are trade receivables of HK$1,451,000 (2007: HK$1,274,000), the aged analysis of which is as follows:

	2008	2007
	HK$'000	HK$'000
Aged:		
0 to 90 days	**1,141**	819
91 to 180 days	**285**	205
over 181 days	**25**	250
	1,451	1,274

Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality.

Included in the Group's trade receivables, deposits and prepayments are debtors with aggregate carrying amount of HK$690,000 (2007: HK$728,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Aging of trade debtors which are past due but not impaired:

	2008	2007
	HK$'000	HK$'000
60-90 days	**380**	273
91-180 days	**285**	205
over 181 days	**25**	250
	690	728

The Group has not provided fully for all receivables over 60 days based on the historical experience of the Group that receivables are past due but not impaired are generally recoverable.

25. AMOUNTS DUE FROM ASSOCIATES

The amounts due from associates are unsecured and recoverable within 12 months. Other than an amount of HK$5,329,000 (2007: HK$10,684,000) due from an associate which bears fixed interest at 20% per annum, the remaining amounts are interest-free.

26. INVESTMENTS HELD FOR TRADING

	2008 **HK$'000**	2007 HK$'000
FAIR VALUE		
Investments held for trading include:		
Listed securities:		
- Equity securities listed in Hong Kong	**6,909**	21,927
- Equity securities listed elsewhere	**—**	72,169
	6,909	94,096

The fair value of the above held for trading investments was determined based on the quoted market bid prices of the listed securities available on the relevant exchanges.

27. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

The Group's pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. The deposits have been pledged to secure short-term bank loans and are therefore classified as current assets. The pledged bank deposits will be released upon the repayment of the relevant bank borrowings.

Bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.01% to 3.85% (2007: 0.72% to 5.27%) per annum. The fair values of the Group's bank balances and cash and pledged bank deposit at 31 December 2008 approximate to their carrying amounts.

28. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in trade payables, deposits received and accrued charges are trade payables of HK$465,447,000 (2007: HK$487,147,000) and consideration payable for acquisition of land of HK$334,694,000 (2007: nil).

The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	HK$'000	HK$'000
Aged:		
0 to 90 days	**326,122**	444,565
91 to 180 days	**1,450**	15,660
181 to 360 days	**13,195**	4,929
over 360 days	**124,680**	21,993
	465,447	487,147

29. BORROWINGS

	2008 HK$'000	2007 HK$'000
Bank loans - secured	**387,559**	630,342
Carrying amount repayable:		
On demand or within one year	**140,167**	170,940
More than one year but not exceeding two years	**156,689**	320,513
More than two years but not exceeding five years	**90,703**	138,889
	387,559	630,342
Less: Amount due within one year shown under current liabilities	**(140,167)**	(170,940)
Amount due after one year	**247,392**	459,402

Note:

At 31 December 2008, the amount of borrowings of the Group includes an amount of HK$100,000,000 which carries interest at Hong Kong Interbank Offer Rate plus 1.9% per annum. The remaining borrowings are arranged at benchmark interest rate as stipulated by the People's Bank of China ("PBOC"). The interest rates during the year for these loans ranging from 5.45% to 7.83% per annum.

At 31 December 2007, the borrowings of the Group were arranged at benchmark interest rate as stipulated by the PBOC. The interest rates during that year were ranging from 6.5% to 7.2% per annum.

The ranges of effective interest rates of the borrowings are also equal to contracted interest rates.

30. DEFERRED TAXATION

	Revaluation on investment properties HK$'000	Undistributed profits of subsidiaries HK$'000	Total HK$'000
At 1 January 2007	46,181	—	46,181
Currency realignment	3,405	—	3,405
Charge to consolidated income statement	15,143	—	15,143
Effect on change in tax rate	30,787	—	30,787
At 31 December 2007	95,516	—	95,516
Currency realignment	5,847	—	5,847
(Credit) charge to consolidated income statement	(16,808)	4,494	(12,314)
At 31 December 2008	84,555	4,494	89,049

In prior year, the land appreciation tax was included in the Group's deferred taxation. In the current year, the Group considered it is more appropriate to include the land appreciation tax in taxation payable and thus the unpaid land appreciation tax of HK$660,205,000 in 2007 was reclassified from deferred taxation to taxation payable. The comparative amounts have been restated to conform to the current year presentation.

At the balance sheet date, the Group has estimated unused tax losses of HK$44,580,000 (2007: HK$32,437,000) available to offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in the PRC amounting to HK$339,000,000 (31 December 2007: nil) starting from 1 January 2008 under the New Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders as the directors are of the opinion that 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.

31. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Shares of HK$0.10 each		
Authorised:		
At 1 January 2007, 31 December 2007 and 31 December 2008	4,800,000,000	480,000
Issued and fully paid:		
At 1 January 2007	2,863,768,688	286,377
Issue of shares on the exercise of share options	62,366,900	6,237
Bonus issue of shares	359,412,336	35,941
At 31 December 2007	3,285,547,924	328,555
Issue of shares on the exercise of share options	450,000	45
At 31 December 2008	3,285,997,924	328,600

Changes in the share capital of the Company during the year ended 31 December 2007 are as follows:

(a) The Company allotted and issued a total of 2,700,000, 280,000, 47,124,400, 11,250,000 and 1,012,500 shares of HK$0.10 each for cash at the exercise prices of HK$0.676, HK$0.760, HK$1.001, HK$1.126 and HK$1.253 per share respectively as a result of exercise of share options.

(b) During the year, bonus issue of one new share of HK$0.10 was credited as fully paid for every eight shares held by the shareholders whose name appeared on the register of members of the Company on 23 May 2007.

Changes in the share capital of the Company during the current year are as follows:

The Company allotted and issued a total of 450,000 shares of HK$0.10 each for cash at the exercise prices of HK$1.001 per share respectively as a result of exercise of share options.

All the shares which were issued during the year rank pari passu with the existing shares in all respects.

32. RESERVES

The contributed surplus of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1998.

The general reserves represent the enterprise expansion fund and general reserve fund set aside by certain subsidiaries in accordance with the relevant laws and regulations of the PRC, which are not available for distribution.

33. 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 29, and equity attributable to equity holders of the Company, comprising issued share capital, reserves including retained earnings.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2008	2007
	HK$'000	HK$'000
Financial assets		
Fair value through profit or loss		
Held for trading	**6,909**	94,096
Loans and receivables (including cash and cash equivalents)	**3,887,673**	3,571,223
Available-for-sale financial assets	**1,261**	1,011
Financial liabilities		
Amortised cost	**1,293,072**	1,154,957

Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale equity investments, loan receivable, trade receivables, amounts due from associates, investments held for trading, pledged bank deposits, bank balance and cash, borrowings and trade payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price 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.

34. FINANCIAL INSTRUMENTS *(Continued)*

Market risk

Currency risk

Currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cash flows. The management considers the Group does not expose to significant foreign currency risk as majority of its transactions are denominated in RMB (the functional currency of the Group's major subsidiaries) and there were only insignificant balances of financial assets and liabilities denominated in foreign currency at the consolidated balance sheet. The 5% increase and decrease in RMB against the relevant foreign currencies is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The management determined that there is insignificant effect to the profit or loss and other equity of the Group. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group is primarily exposed to fair value interest rate risk in relation to fixed-rate loan receivables from associates (see note 22) and amounts due from associates (see note 25) and cash flow interest rate risk in relation to bank balances and pledged bank deposits (see note 27) at prevailing market rates and variable-rate bank borrowings (see note 29). The Group currently does not have any policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the balance sheet date. For variable-rate financial instruments, the analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after taxation for the year ended 31 December 2008 would increase/decrease by HK$5,050,000 (2007: increase/decrease by HK$2,309,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing bank balances, pledge bank deposits and variable-rate bank borrowings.

34. FINANCIAL INSTRUMENTS *(Continued)*

Market risk *(Continued)*

Interest rate risk (Continued)

Sensitivity analysis *(Continued)*

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate bank deposits and reduction of borrowings held by the Group.

Other price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly on equity instruments property industry sector quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

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 respective equity instruments had been 10% higher/lower, profit after taxation for the year ended 31 December 2008 increase/decrease by HK$691,000 (2007: HK$9,410,000) as a result of the changes in fair value of investments held for trading.

The Group's sensitivity to financial assets at fair value through profit or loss held for trading have decreased during the period mainly due to the decrease of investment in equity securities listed in the PRC.

34. FINANCIAL INSTRUMENTS *(Continued)*

Credit risk

As at 31 December 2008, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and
- the amount of contingent liabilities disclosed in note 39.

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 trade debt and loan receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies and state-owned banks with good reputation.

Other than concentration of credit risk on loan receivable (note 22) and amounts due from associates (note 25), the Group does not have any other significant concentration of credit risk. The Group has no significant concentration of credit risk on trade and other receivables, with exposure spread over a number of counterparties and customers. In respect of loan receivable and amounts due from associates, the management closely monitors the settlements and recoverability to ensure adequate impairment losses are recognised for irrecoverable debts.

34. FINANCIAL INSTRUMENTS *(Continued)*

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.

The Group relies on sale of properties and borrowings as a source of liquidity.

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.

	Weighted average interest rate	**Less than 1 month**	**1 month to 1 year**	**1 - 5 years**	**Total undiscounted cash flows**	**Carrying amount at 31.12.2008**
	%	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
2008						
Trade and other payables	**—**	**117,289**	**788,224**	**—**	**905,513**	**905,513**
Borrowings	**5.24%**	**—**	**161,501**	**267,597**	**429,098**	**387,559**
		117,289	**949,725**	**267,597**	**1,334,611**	**1,293,072**

	Weighted average interest rate	Less than 1 month	1 month to 1 year	1 - 5 years	Total undiscounted cash flows	Carrying amount at 31.12.2007
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2007						
Trade and other payables	—	49,410	475,205	—	524,615	524,615
Borrowings	6.50%	—	182,047	535,761	717,808	630,342
		49,410	657,252	535,761	1,242,423	1,154,957

34. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions.

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

35. ACQUISITION OF SUBSIDIARIES

On 22 June 2007, the Company acquired a 100% equity interest in Timeway Holdings Limited ("Timeway") together with a shareholder's loan amounting to HK$23,195,000 owed by Timeway to Newchamp Technology Limited, a company owned by Mr. Xiang Ya Bo, the brother of Mr. Ou Yaping ("Mr. Ou"), and Mr. Ou, for a total consideration of HK$31,606,000. Mr. Ou is a substantial shareholder and director of the Company. Timeway and its subsidiary, 深圳日訊網絡科技股份有限公司 ("Cnhooray Internet Technology Co. Ltd.") are engaged in the provision of consultancy services in relation to information, multimedia and communication technologies with particular focus on property development projects.

	HK$'000
Net assets acquired:	
Property, plant and equipment	57
Bank balances and cash	7,983
Other receivables	20,303
Other payables	(67)
Net assets acquired	28,276
Minority interests	(6,078)
Goodwill arising on the acquisition	9,408
	31,606
Total consideration:	
Satisfied by cash	31,606
Net cash outflow arising on acquisition:	
Cash consideration	31,606
Bank balances and cash acquired	(7,983)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	23,623

The acquiree's carrying amount of net assets before acquisition approximates to its fair value. Accordingly, no fair value adjustments are required.

Goodwill arising on the acquisition of Timeway was mainly attributable to the pre-operating establishment costs of Timeway and had been impaired and charged to the consolidated income statement for the year ended 31 December 2007.

36. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year.

Name of related party	Nature of transaction	Notes	2008 HK$'000	2007 HK$'000
RGAP	Interest income on shareholder's loan	a	279,109	220,794
	Interest income on amount due from an associate	a	1,350	809
Shanghai Bund de Rockefeller Group Master Development Co., Ltd. ("Shanghai Rockefeller")	Project management fee income	a	23,925	26,195
Skillful Assets Limited	Rental expenses	b	249	996
Enerchina	Office expenses paid	c	3,101	948
Towngas China	Office expenses paid	c	—	163
Newchamp Technology Ltd. (note 35)	Acquisition of interests in subsidiaries	d	—	31,606

Notes:

(a) RGAP and Shanghai Rockefeller are associates of the Group.

(b) Mr. Ou, a director and a substantial shareholder of the Company who is also a director and shareholder of Skillful Assets Limited.

(c) Enerchina and Towngas China ceased to be associates of the Group on 16 October 2007 and 28 February 2007 respectively. However, Enerchina remains as a related party to the Group as Mr. Ou, a director and a substantial shareholder of the Company is also a director and substantial shareholder of Enerchina.

(d) Newchamp Technology Limited, a company owned by Mr. Xiang Ya Bo, the brother of Mr. Ou, and Mr. Ou.

The key management personnel are the directors and the five highest paid individual of the Company. The details of the remuneration paid to them are set out in notes 12 and 13.

37. SHARE OPTIONS

The Company's share option schemes were adopted pursuant to the resolutions passed on 11 May 1998 (the "Sinolink Old Scheme") and on 24 May 2002 (the "Sinolink New Scheme") for providing incentives to directors and eligible employees and unless otherwise cancelled or amended. The Sinolink New Scheme will expire on 23 May 2012. The Sinolink Old Scheme was terminated on 24 May 2002. Under the Sinolink Old Scheme and the Sinolink New Scheme, the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries, to subscribe for shares in the Company.

Movements of the Company's share options held by employees (including directors) during the year were as follows:

	Number of share options					
	Outstanding at beginning of year	Granted during the year	Adjustment on bonus issue of shares	Exercised during the year	Lapsed during the year	Outstanding at end of year
For the year ended 31 December 2008	**151,618,100**	**—**	**—**	**(450,000)**	**(4,950,000)**	**146,218,100**
Exercisable at the end of the year						**18,980,600**
Weighted average exercise price	**1.695**	**N/A**	**N/A**	**1.001**	**1.778**	**1.694**
For the year ended 31 December 2007	78,090,000	122,600,000	23,482,500	(62,366,900)	(10,187,500)	151,618,100
Exercisable at the end of the year						19,430,600
Weighted average exercise price	1.159	1.778	N/A	1.012	1.513	1.695

37. SHARE OPTIONS *(Continued)*

Details of share options granted during the year are as follows:

	2008	2007
Exercisable period	—	1.1.2009 - 23.5.2012
Exercise price	—	HK$1.778
Aggregate proceeds if shares are issued	—	HK$217,982,800

Details of share options exercised during the year are as follows:

	2008	2007
Exercisable period	**31.12.2006 to 24.5.2012**	1.6.2004 to 24.5.2012
Exercise price	**HK$1.001**	HK$0.676 to HK$1.253
Aggregate issue proceeds	**HK$450,450**	HK$63,146,000

The weighted average share price at the date of exercise for share options during the year was HK$1.30. During the year ended 31 December 2007, the weighted average share price of the Company at the dates of exercise for the share options was HK$1.836.

In 2007, options were granted on 6 February 2007 and 12 February 2007 and the estimated fair values of the options granted on the date were at a range of approximately HK$0.46 to HK$0.52 per option share respectively.

37. SHARE OPTIONS *(Continued)*

These fair values of the options granted at 2007 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2007
Share prices	HK$1.689 and HK$1.653
Exercise prices	HK$1.778
Expected volatility	47%
Expected life	3.58 - 4.35 years
Risk free rate	4.05% p.a.
Expected dividend yield	3.97% and 3.99% p.a.

The vesting period of share options is from the date of grant until the commencement of the exercise period.

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years.

The Group recognised total expenses of HK$23,794,000 (2007: HK$22,453,000) for the year ended 31 December 2008 in relation to share options granted by the Company.

The number of share options granted expected to vest has been reduced to reflect historical experience of forfeiture of options granted prior to completion of vesting period and accordingly the share option expense has been adjusted. At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in the profit and loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

38. RETIREMENT BENEFITS SCHEMES

The Group's subsidiaries operating in the PRC have participated in defined contribution retirement schemes organised by the relevant local government authorities in the PRC. All PRC employees are entitled to an annual pension equal to a fixed portion of their ending basic salaries at their retirement dates. The Group is required to make specific contributions to the retirement schemes at a rate of 7 to 25 percent of basic salary of its PRC employees and have no further obligation for post-retirement benefits beyond the annual contributions made.

The Group has joined a MPF Scheme for all its non-PRC employees. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to contributes 5% of relevant payroll costs with a maximum of HK$1,000 per employee to the MPF Scheme, which contribution is matched by the employee. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. The retirement benefits scheme contributions arising from the MPF Scheme charged to the consolidated income statement represent contributions payable to the funds by the Group at rates specified in the rules of the scheme.

During the year, the Group made contributions to the retirement benefits schemes amounted to HK$1,928,000 (2007: HK$1,498,000).

39. CONTINGENT LIABILITIES

	2008 **HK$'000**	2007 HK$'000
Guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties	**533,089**	106,152

No financial liabilities were recorded as, in the opinion of the directors, the fair values of the financial guarantee contracts were not significant during both years.

40. COMMITMENTS

	2008 HK$'000	2007 HK$'000
Commitments in respect of properties under development:		
- contracted for but not provided in the consolidated financial statements	**183,578**	295,062
- authorised but not contracted for	**178,160**	132,794
Committed funding to an associate in respect of a property redevelopment project	**—**	236,787
Committed funding to an investment fund	**77,500**	—

41. OPERATING LEASE COMMITMENTS

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for future minimum lease receipts in respect of land and buildings under non-cancellable operating leases which fall due as follows:

	2008 HK$'000	2007 HK$'000
Within one year	**15,318**	14,839
In the second to fifth year inclusive	**57,188**	52,856
Over five years	**99,198**	96,492
	171,704	164,187

The properties held have committed tenants for periods up to fifteen years after the balance sheet date.

41. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessee

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

	2008	2007
	HK$'000	HK$'000
Within one year	**6,211**	5,186
In the second to fifth years inclusive	**7,232**	13,857
	13,443	19,043

Operating lease payments represent rental payable by the Group for certain of its office properties.

Leases are negotiated for terms ranging from one to five years.

42. PLEDGE OF ASSETS

At 31 December 2008, bank deposits of HK$11,524,000 (2007: HK$5,992,000) and investment properties with an aggregate carrying amount of HK$388,889,000 (2007: HK$400,641,000) were pledged to banks to secure general banking facilities granted to the Group. At 31 December 2007, land held under long leases included in stock of properties under development with carrying amount of HK$285,232,000 (2008: nil) were also pledged to bank to secure bank facilities granted to the Group in which the development expenditures incurred for the stock of properties under pledge amounted to HK$552,254,000 (2008: nil). The pledged bank deposits carry at prevailing market interest rate. The fair values of pledged bank deposits at 31 December 2008 approximate to their carrying amounts.

43. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Cnhooray Internet Technology Co. Ltd.	PRC - Sino-foreign equity joint venture	RMB40,000,000	—	80%	Consultancy services in relation to information, multimedia and communication technologies
Ease Win International Limited (note)	BVI	US$1	100%	—	Investment holding
Firstline Investment Limited	BVI	US$1	—	100%	Investment holding
Global Mark Investments Limited (note)	BVI	US$1	—	100%	Investment holding
Knatwood Limited	BVI	US$1	—	100%	Investment holding
Leader Faith International Limited	BVI	US$1	100%	—	Investment holding
Link Capital Investments Limited	BVI	US$50,000	—	100%	Investment holding
Mei Long Investments Limited	Hong Kong	HK$1	100%	—	Investment holding
Ocean Diamond Limited	BVI	US$50,000	—	100%	Investment holding
Real Achieve Limited (note)	BVI	US$1	100%	—	Investment holding
Shanghai Sinolink Xijiao Property Development Co. Ltd. (note) 上海百仕達西郊地產發展有限公司	PRC - Limited Company	RMB190,000,000	—	80%	Property development
Shenzhen Mangrove West Coast Property Development Co. Ltd. 深圳紅樹西岸地產發展有限公司	PRC - Sino-foreign equity joint venture	RMB200,000,000	—	87%	Property development
Shenzhen Sinolink Property Management Co., Ltd. 深圳百仕達物業管理有限公司	PRC - Foreign equity joint venture	RMB5,000,000	—	80%	Property management

43. LIST OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Attributable proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Sinolink LPG Development Limited	BVI	US$1	—	100%	Investment holding
Sinolink Petrochemical Investment Limited	BVI	US$1	—	100%	Investment holding
Sinolink Progressive Limited	BVI	US$47,207	100%	—	Investment holding
Sinolink Properties Agent Limited 百仕達地產代理有限公司	Hong Kong	HK$10,000	—	100%	Dormant
Sinolink Properties Limited 百仕達地產有限公司	PRC - Foreign equity joint venture	RMB375,000,000	—	80%	Property development
Sinolink Shanghai Investment Ltd.	BVI	US$1	100%	—	Investment holding
Sinolink Worldwide (HK) Company Limited 香港百仕達有限公司	Hong Kong	HK$10,000,000	—	100%	Investment holding
Smart Orient Investments Limited	BVI	US$1	100%	—	Investment holding
Timeway Holdings Limited	Hong Kong	HK$10,000	100%	—	Investment holdings

Note: The company was acquired or incorporated in 2008.

Except for the investment holding companies which have no definite place of operation, all the above subsidiaries operate principally in their respective place of incorporation/establishment.

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

PROPERTIES HELD FOR DEVELOPMENT/SALE

	Description	Type of use	GFA (M^2)	Effective % held	Stage of completion	Anticipated completion
1.	Sinolink Garden Phase 5 Part 1 Eastern District Taining Road, Taibai Road, Buxin Road, Luowu District, Shenzhen	Residential and commercial	128,795	80%	Completed	N/A
2.	Mangrove West Coast Land lot no. 7207-0026 Bin Hai Da Dao North, Sha He Dong East, Nanshan, Shenzhen	Residential	67,358	87%	Completed	N/A
3.	Land lot no. 240 of Xinjingzhen, Changning District, Shanghai	Residential	13,830	80%	Planning and designing	2011

PROPERTIES HELD FOR INVESTMENTS

	Property	Type of use	GFA (M^2)	Effective % held
1.	518 car parks at Residence Club House Phase 1 Sinolink Garden Taining Road Luowu District Shenzhen	Car parks	16,500	80%
2.	Shops of the basement Phase 3 Sinolink Garden Taibai Road Luowu District Shenzhen	Shops	729	80%
3.	Shop unit Nos. 1, 2 and 3 on level 1 and whole floor of level 2 Sinolink Ancillary Building No. 8 Dongxiao Road Luowu District Shenzhen	Shops	2,376	80%
4.	Unit Nos. 101,102 and 103 Ancillary Building West District, Phase 4, Sinolink Garden Taining Road Luowu District Shenzhen	Commercial	20,232	80%

PROPERTIES HELD FOR INVESTMENTS *(Continued)*

	Property	Type of use	GFA (M^2)	Effective % held
5.	4 lorry parking spaces and 1,070 car parks Phase 4, Sinolink Garden Taining Road Luowu District Shenzhen	Car parks	44,000	80%
6.	1,700 car parks at Residence Club House Mangrove West Coast Land lot no. 7207-0026 Bin Hai Da Dao North Sha He Dong East, Nanshan Shenzhen	Car parks	85,000	87%

	For the year ended 31 December				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	2,072,611	4,770,352	3,329,052	2,921,556	**1,688,807**
Profit before taxation	442,913	1,121,302	1,424,772	2,014,434	**785,360**
Taxation	(23,504)	(134,036)	(419,520)	(699,530)	**(351,675)**
Profit for the year	419,409	987,266	1,005,252	1,314,904	**433,685**
Attributable to:					
Equity holders of the Company	277,935	670,909	962,431	1,167,067	**342,874**
Minority interests	141,474	316,357	42,821	147,837	**90,811**
	419,409	987,266	1,005,252	1,314,904	**433,685**
	HK cents	HK cents	HK cents	HK cents	**HK cents**
Earnings per share					
Basic	10.69	25.26	30.21	35.95	**10.43**
Diluted	10.14	24.96	29.82	35.64	**10.43**

	As at 31 December				
	2004	2005	2006	2007	**2008**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	9,824,945	11,804,942	5,585,258	6,749,383	**7,486,663**
Total liabilities	(5,436,197)	(6,447,803)	(1,438,502)	(2,207,291)	**(2,515,761)**
	4,388,748	5,357,139	4,146,756	4,542,092	**4,970,902**
Equity attributable to equity holders of the Company	2,437,505	3,441,968	3,829,427	4,064,079	**4,396,125**
Equity component of convertible bonds of a listed subsidiary	48,350	48,350	—	—	**—**
Equity component of share option reserve of listed subsidiaries	3,813	20,717	—	—	**—**
Minority interests	1,899,080	1,846,104	317,329	478,013	**574,777**
	4,388,748	5,357,139	4,146,756	4,542,092	**4,970,902**