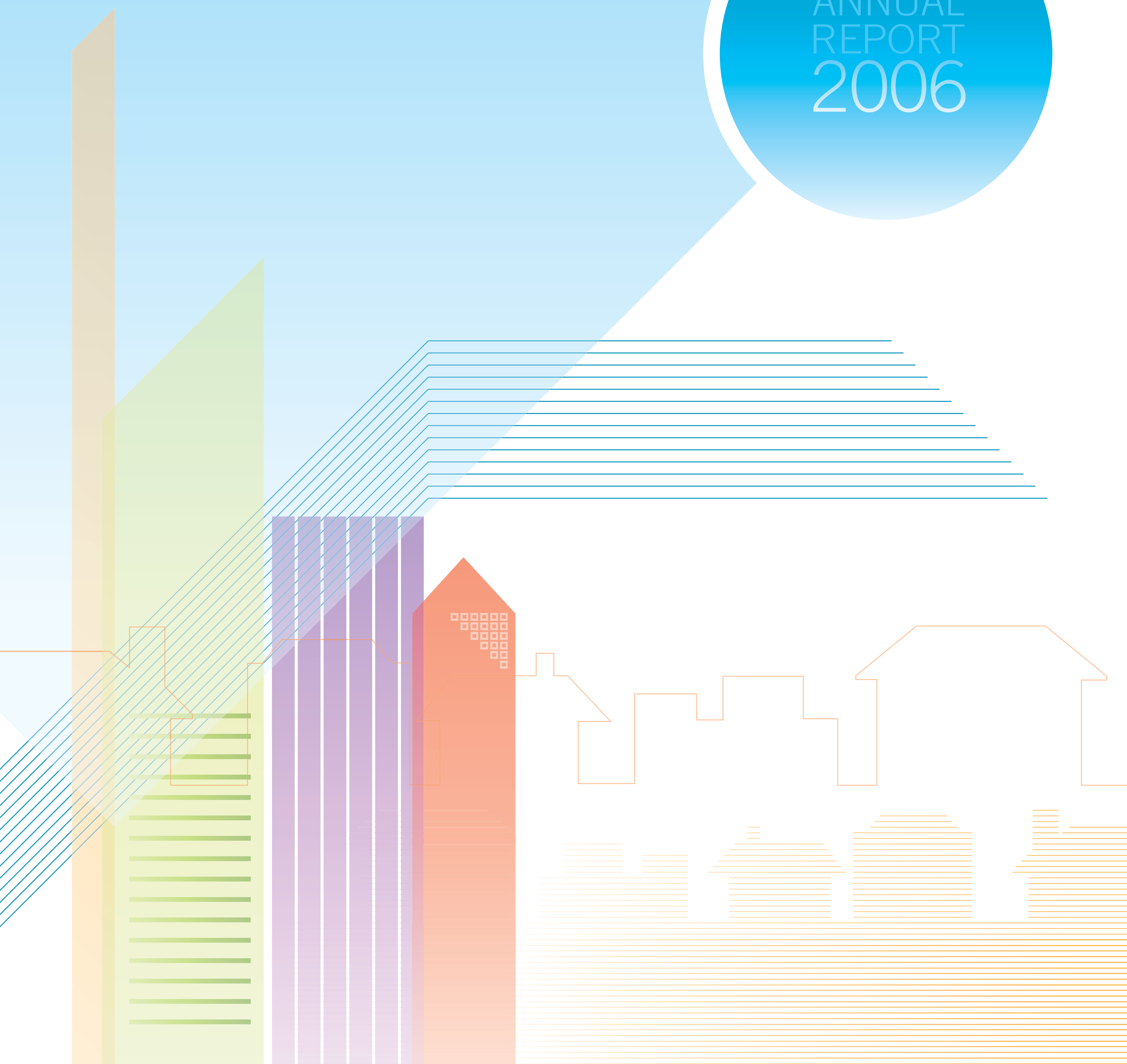
Hopefluent Group Holdings Limited
合富輝煌集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock No.: 733

ANNUAL REPORT 2006



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Corporate Information

BOARD OF DIRECTORS

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

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

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. LO Hang Fong, solicitor, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. FU Wai Chung
Mr. LO Yat Fung

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PLACE OF BUSINESS IN HONG KONG

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

JOINT AUDITORS

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

Zhong Yi (Hong Kong) C.P.A. Company Limited
9th Floor, Chinachem Hollywood Centre
1-13 Hollywood Road
Central, Hong Kong

LEGAL ADVISERS

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

PRINCIPAL BANKERS

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

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

733

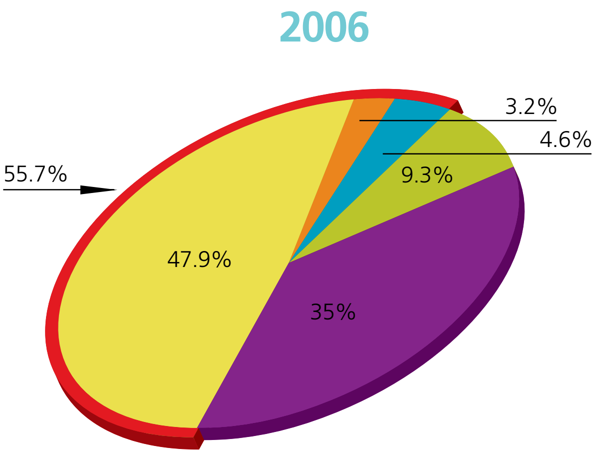
HOME PAGE

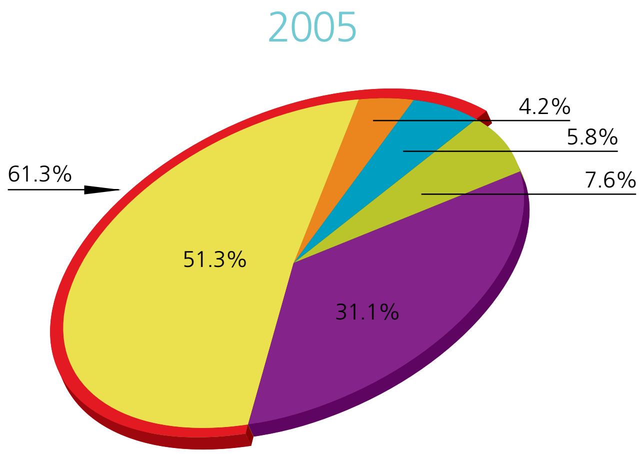
www.hopefluent.com

Financial Highlights

TURNOVER BY BUSINESS

For the year ended 31 December

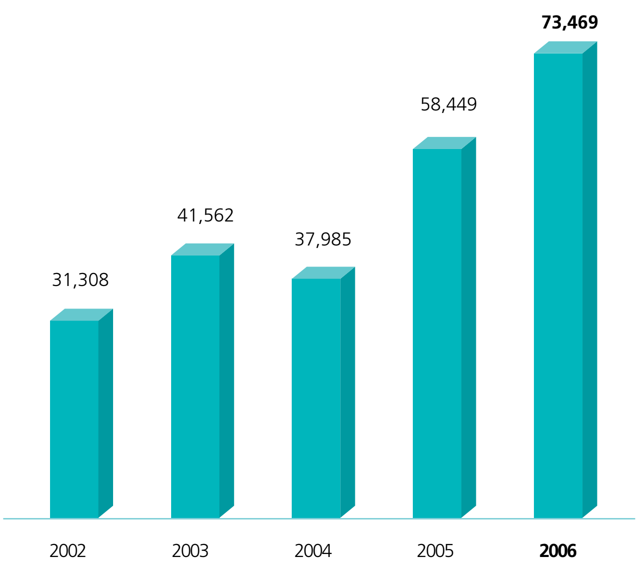




Commission income for primary property transactions
Marketing and planning consultancy services fee income
Conveyancing services fee income
Commission income for secondary property transactions
Property management and others

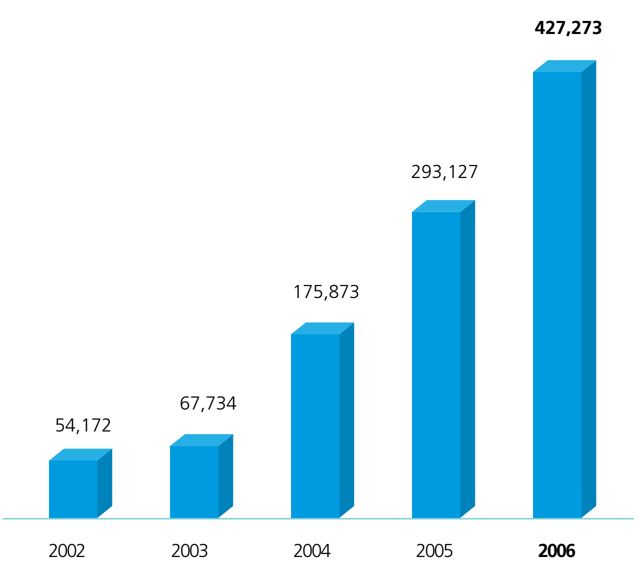
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

(HK$'000)



SHAREHOLDERS' FUNDS

(HK$'000)



Year in Review

In 2006, Hopefluent won a number of awards for its outstanding performance, confirming its leadership in the real estate agency service industry in the PRC. These awards included "Hong Kong Outstanding Enterprise 2006", "China Superbrand 2006", "Entrepreneurial Spirit Awards 2006", "Top 10 China's Real Estate Consulting Company 2006", "Top 10 Chinese Real Estate Business Corporations Awards" and "The Most Preferred Real Estate Agency Service Provider 2006".

Over the years, Hopefluent has built close relationships with many property developers. In 2006, the Group was the sole agent of 127 property projects, which were all well received by the market thanks to the Group's successful marketing promotion and sales strategy.

Chairman's Statement

In 2006, Hopefluent continued to focus on developing its core operations - primary and secondary property real estate agency services, and its other businesses including mortgage referral and property management created synergies for overall operation. During the year under review, the Group's turnover increased to HK$452.2 million, 46% higher than in 2005. Profit attributable to shareholders also recorded a notable growth of 26% to HK$73.5 million.

In the past few years, the property market in the PRC underwent adjustment as a result of government macroeconomic austerity measures. The market has gradually moved back onto a healthy track. Riding on the huge demand for residential properties, the Group continued to grow its businesses, in particular the primary property real estate agency service business. Currently, the Group is the sole agent of 200 property projects in 20 cities in China.

Regarding the secondary property agency service business, with accurate grasp of market and supply and demand situations, the Group increased its branches from 130 in 2005 to 203 to help it enlarge market share. Currently, we have over 180 secondary property real estate agency service branches in Guangzhou, making us the largest real estate agency with the most branches in the city and allowing us to reinforce our leadership in the Guangzhou property real estate agency market.

Major cities in China, such as Guangzhou, Shanghai and Tianjin continue to prosper economically and so have their property markets. Such development represents enormous business opportunities for the Group. Looking forward, we have set clear objectives, which are to expand the scope of our businesses and strengthen our operational network so as to enhance our overall strengths and provide quality services to our customers.

Last but not least, on behalf of the Board, I would like to thank all shareholders, business partners and customers for their continuous support and our staff for their efforts and contribution that made our outstanding performance for the year possible. I am optimistic and confident about the prospect of the Group and believe it will be able to achieve all its business goals in the coming year.

By order of the Board

Fu Wai Chung
Chairman

Hong Kong, 18 April 2007

Comprehensive Networks in PRC

Biographical Details of Directors & Senior Management

DIRECTORS

Executive Directors

Mr. Fu Wai Chung (Chairman), aged 57, the co-founder and chairman of the Group, is responsible for the strategic planning and overall management of the Group. Mr. Fu is a graduate of 華南工學院 (Wahnan Industrial College, the PRC) and holds a certificate in mechanical engineering. Mr. Fu has over eleven years of experience in real estate agency business management and administration in the PRC. Mr. Fu is a member of the committee of the Chinese People's Political Consultative Conference of Guangzhou City.

Ms. Ng Wan, aged 51, the co-founder of the Group, is responsible for the Group's sales and marketing and overall management. Ms. Ng is a graduate of 廣州業餘大學 (Guangzhou Part-time University, the PRC) and holds a certificate in arts. Ms. Ng has over eleven years of experience in the real estate agency business. She is the wife of Mr. Fu.

Ms. Fu Man, aged 46, the co-founder of the Group, is responsible for the Group's sales and marketing and overall management. Ms. Fu attended 廣州大學科技幹部學院 (Technology College, Guangzhou University, the PRC) and holds a certificate in industrial foreign trade. Ms. Fu has over eleven years of experience in the real estate agency business. She is the sister of Mr. Fu.

Mr. Lo Yat Fung, aged 42, is a certified public accountant in Hong Kong and has over seventeen years of experience in accounting and financial management. Mr. Lo has obtained a professional diploma in accountancy from the Hong Kong Polytechnic University and is a fellow member of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. In addition, Mr. Lo is a fellow member of the Taxation Institute of Hong Kong and an associate member of the Institute of Chartered Secretaries and Administrators.

Independent non-executive Directors

Mr. Lam King Pui, aged 41, is the chief financial officer of a jewellery retailer in Hong Kong and an independent non-executive director of BEP International Holdings Limited (Stock Code: 2326), listed on the Main Board of the Stock Exchange. He holds a Bachelor of Arts degree in accountancy from the Hong Kong Polytechnic University and has over 17 years of experience in accounting. Mr. Lam is a fellow member of the Association of Chartered Certified Accountants, a Certified Public Accountant, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Company Secretaries.

Mr. Ng Keung, aged 56, is the managing director of a private information technology company since 2000. Prior to the current appointment, Mr. Ng was the vice chairman and the general manager of a private investment company in Hong Kong. Mr. Ng graduated from 廣州市廣播電視大學 (Guangzhou City Radio and Television University, the PRC) with a diploma in industrial enterprises management.

Mrs. Wong Law Kwai Wah, Karen, aged 58, holds a bachelor of arts degree from the University of Hong Kong and has over 30 years working experience in the real estate field. Mrs. Wong is a fellow member of the Chartered Institute of Housing Asian Pacific Branch and a fellow of the Hong Kong Institute of Housing. She is a licensed real estate agent and is currently the president of the Society of Hong Kong Real Estate Agents Ltd.

AUDIT COMMITTEE

The Company established an audit committee on 24 June 2004. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The committee has reviewed the audited financial statements for the year ended 31 December 2006.

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

COMPANY SECRETARY

Mr. Lo Hang Fong, aged 43, is a solicitor practising in Hong Kong and the company secretary of the Company. He holds a bachelor's degree in laws from the University of Bristol in England and a diploma in Chinese laws from the China Law Society. He has acquired over fourteen years of experience in corporate advisory on mergers and acquisitions, initial public offerings and loan syndication.

SENIOR MANAGEMENT

Mr. Li Jian, aged 46, is the group deputy general manager and is responsible for the business development of the Group in the PRC. He holds a master's degree in industrial studies from 中國電子科技大學 (University of Electronic Science and Technology of China) and a master's degree in business administration from Murdoch University in Australia.

Mr. Li Zhen Wei, aged 50, is a deputy general manager and is responsible for the management of the property consultancy service department of the Group . He is a graduate of 中山大學 (Zhong Shan University) and a qualified property valuer in the PRC.

Mr. Xie Yu Han, aged 42, is a deputy general manager and is responsible for property market research analysis. He holds a diploma in corporate management from 中國暨南大學 (Jinan University, the PRC).

Ms. Wu Shan Hong, aged 38, is a deputy general manager and is responsible for the management of the overall business of the Group. She holds a bachelor's degree in arts from 深圳大學 (Shenzhen University, the PRC) and a master's degree in business administration from University of Western Sydney, Australia.

Mr. Xu Jing Hong, aged 35, is the general manager of Dongguan Hopefluent Real Properties Consultancy Limited, and is responsible for formulating marketing and planning strategies for primary property projects in Dongguan. He holds a diploma in business administration from 廣州市華南師範大學 (South China University of Education, the PRC).

Mr. Li Wei, aged 35, is the general manager of Foshan Hopefluent Real Properties Consultancy Limited, and is responsible for formulating marketing and planning strategies for primary property projects in Foshan. He holds a bachelor's degree in material science and engineering from 廣州工業大學 (Guangdong Industrial University, the PRC).

Mr. Ou Yang Da Hui, aged 39, is the general manager of Tianjin Hopefluent Real Properties Sales and Marketing Limited, and is responsible for formulating marketing and planning strategies for primary property projects in Tianjin. He holds a bachelor's degree in engineering from 深圳大學 (Shenzhen University, the PRC).

Mr. Yu Zhao Yi, aged 38, is the deputy general manager of Dongguan Hopefluent Real Properties Consultancy Limited and is responsible for the promotion and advertising of the primary property projects in Dongguan. He holds a bachelor's degree in engineering from 哈爾濱船舶工程學院 (Harbin Vessel Engineering College, the PRC).

Mr. Zheng Song Jie, aged 29, is a business manager, and is responsible for sales and promotion strategies for primary property projects. He holds a bachelor's degree in business management from 廣東商學院 (Guangdong Commercial College, the PRC).

Ms. Hu Yun, aged 34, is the manager of the architectural design department, and is responsible for the research on architectural planning of the primary property projects. She holds a bachelor's degree in architecture from 華南理工大學 (South China Polytechnic University, the PRC).

Ms. Lin Hai Yan, aged 37, is a sales manager, and is responsible for formulating sales and marketing strategies for primary property projects.

Ms. Li Jing, aged 32, is the general manager of operations in the secondary property market and is responsible for the management of sales and marketing strategies and promotion activities of the secondary property market.

Ms. Li Jie Nu, aged 53, is the manager of the administration department and is responsible for the administration and human resources of the Group. Ms. Li holds a diploma in business administration from 廣州市財貿管理幹部學院 (Guangzhou Finance and Trading Management College, the PRC). She has fourteen years of experience in management and business administration.

Mr. Liang Guo Hong, aged 41, is the financial controller and is responsible for the financial management of the Group. He holds a diploma in business administration from 廣州市財貿管理幹部學院 (Guangzhou Finance and Trading Management College, the PRC) and a bachelor's degree in construction engineering from 工程兵工程學院 (Military Engineering College, the PRC).

Management Discussion and Analysis

BUSINESS REVIEW

Applying dynamic and aggressive business development strategies, the Group enlarged its share in the primary and secondary property real estate agency markets, and reported satisfactory performance for the year under review. For the year ended 31 December 2006, the Group's turnover reached HK$452.2 million, increased by 46% from HK$310.2 million in 2005. Profit attributable to shareholders rose 26% from HK$58.4 million in 2005 to HK$73.5 million. Earnings per share were HK32.9 cents (2005: HK29.4 cents).

During the year under review, primary property real estate agency service business registered a turnover of HK$266.3 million (2005: HK$200.3 million), accounting for 56% of the Group's total turnover (2005: 61%). As for secondary property real estate agency service business, its turnover amounted to HK$167.5 million (2005: HK$101.8 million) and accounted for 35% of the Group's total turnover (2005: 31%). The remaining 9% or HK$44.2 million was derived from property management, mortgage referral, property valuation and property auction, etc.

By geographical segment, Guangzhou contributed approximately 64% (2005: 62%) of the Group's total turnover, and around 36% (2005: 38%) came from outside Guangzhou.

PRIMARY PROPERTY REAL ESTATE AGENCY SERVICE

In 2006, the Group achieved approximately 28,800 primary property transactions of amount totaling HK$20.2 billion, 45% more than HK$13.9 billion in 2005. During the year under review, the Group was the sole agent of 127 property projects, involving total transaction area of 28.7 million sq. ft.

Riding on its extensive industry experience and comprehensive marketing strategies, the Group has gained the trust and long-term support of many developers. It secured exclusive agency rights for more new projects during the year. In 2005, the Group became for the first time the sole agent for Vanke, a renowned property developer in China, marketing its property project in Foshan. So far the Group has provided service for nine property projects of the client in Guangzhou, Tianjin, Dongguan and Foshan. The Group also worked closely with Gemdale, a listed A-share company. It not only became the consultant for the initial planning and development of its large-scale property projects in Zengcheng, but also acted as the sole agent for its project in Dongguan and Zengcheng. The Group's outstanding services have attracted the attention of Hong Kong developers. During the year under review, the Group cooperated with Henderson Land for the first time, offering initial project planning and development consultancy service and sales & marketing service to Hangli Bay View（恒荔灣畔）in Guangzhou and becoming the sole agent for the residential property project. The project received good market response.

In 2006, the property market in Guangzhou continued to boom with average sale prices of different projects including Favorview Palace（匯景新城）and Everbright Riverside（光大花園）on continuous climb. The property markets in other cities in China also grew gradually as reflected in increasing transaction volumes. Many property projects, such as Gemdale Green Town (金地格林小城) in Dongguan, Vanke Wonderland（萬科四季花城）in Foshan, Bao-Link Centre（寶蓮城）in Shanghai, Olympic Garden（奧林匹克花園）and Binhai New Town（濱海新城）in Tianjin, and East Lake Sky Mansion (東湖天下公館) in Wuhan recorded satisfactory sales as well.

PRIMARY PROPERTY REAL ESTATE AGENCY SERVICE *(Continued)*

During the year under review, the Group continued to expand its primary property real estate agency business and explore new opportunities in various cities. Currently, the Group has offices in 20 cities across China, including those set up in Urumqi, Chongqing, Dalian, Jinan, Zhengzhou and Nanchang during the year under review. By geographical segment, Guangzhou market accounted for 46% of the total turnover from primary property real estate agency service and around 54% came from outside Guangzhou.

In addition, the Group offered initial project planning and development consultancy services to 98 development projects in 30 cities in China in 2006.

SECONDARY PROPERTY REAL ESTATE AGENCY SERVICE

Along with a maturing primary property market, the secondary property market also prospers. Heeding this trend, the Group stepped up efforts in expanding its secondary property real estate agency business during the year under review. The number of branches grew from 130 in late 2005 to 203 during the year. With the opening of the 150th branch in Guangzhou in September last year, Hopefluent became the largest secondary property real estate agent with the most branches in Guangzhou. As at 31 December 2006, the Group had in all 174 branches in Guangzhou. In Shanghai, the property market has been recovering at a satisfactory pace. To capture emerging opportunities in the market, the Group accelerated its expansion plan and increased the number of branches in Shanghai to 15 by the end of 2006. The rest of the branches are located in Nanning and Foshan.

During the year under review, the Group handled approximately 20,500 secondary property transactions, a surge of 71% when compared with approximately 12,000 transactions in 2005. Guangzhou remained as the Group's core secondary property real estate agency service market, accounting for 94% of the total turnover from secondary property real estate agency service.

MORTGAGE REFERRAL SERVICE

In addition to providing property real estate agency service, the Group also offers one-stop mortgage referral service through its wholly owned subsidiary Bola Realty Financing (Guangzhou) Limited ("Bola Financing"). Driven by continuous growth of the Group's secondary property real estate agency service business, mortgage referral service business also grew. Income from this business segment has been increasing. During the year under review, the business of Bola Financing expanded from Guangzhou to Dongguan and brought in more diverse income to the Group.

OTHER BUSINESSES

The Group also provides customers with a range of other real estate related services including property management, property valuation and property auction, etc. During the year under review, the Group provided property management services to 30 residential and commercial projects and shopping arcades in Guangzhou, Shanghai and Wuhan. 20,000 units occupying a total gross floor area of over 20 million sq. ft. were involved, generating stable income for the Group.

AWARDS

The Group won many awards during the year under review in honour of its relentless efforts in past years. They included:

- "Hong Kong Outstanding Enterprise 2006" from Economic Digest for three consecutive years
- "China Superbrand 2006"
- Mr. Fu Wai Chung, the Group's Chairman, received the "Entrepreneurial Spirit Awards 2006" from Capital Entrepreneur
- "Top 10 China's Real Estate Consulting Company 2006" from the China Real Estate Top 10 Research Team, which is formed by the Enterprise Research Institute of Development Research Centre of the State Council of China, the Institute of Real Estate Studies of the Tsinghua University and the China Index Academy
- "Top 10 Chinese Real Estate Business Corporations Awards" at the China International Real Estate & Archi-tech Fairs (CIHAF)
- "The Most Preferred Real Estate Agency Service Provider 2006" at the 3rd China Property Summit in Guangzhou

PROSPECTS

At the macroeconomic austerity measures implemented by the Chinese government in the past few years, the overheated property market has cool down and is developing at a more healthy and stable pace. After the details of the different measures are clearly defined by the authority, developers are expected to hasten property projects and step up sales efforts, which will in turn lead to stronger property supply in 2007 when compared with last year. Buyer jittery will also vanish and market sentiment will improve.

Transactions of primary and secondary properties in Guangzhou have been more active since late 2006. This trend is expected to continue in 2007 with demand for residential properties remaining strong. The property market in other cities such as Shanghai and Tianjin also continue to enjoy rosy prospects, which will translate into more exclusive agency service business and opportunities for initial project planning and secondary property real estate agency businesses for the Group.

Looking ahead, the Group has clear goal set for 2007 which is to expand its primary property real estate agency service market to cities such as Chengdu, Qingdao, Huhehot, Ningbo and Guiyang and achieve foothold in 25 cities. As for the secondary property real estate agency service business, the Group will strive to expand business coverage and add about 100 to 150 new branches in 2007. In addition to enlarging its market share in Guangzhou, it will also increase the number of branches in Shanghai. Currently, a total of 35 branches are set up in Shanghai. Moreover, the Group will seek to develop the secondary property real estate agency market in Dongguan, Zhongshan, Tianjin, and Beijing to capture the immense opportunity in the cities, and had opened 10 branches in Dongguan in March 2007.

Moreover, the Group will boost its mortgage referral business and diversify its income stream leveraging the relationship forged with customers from its primary and secondary property businesses.

Hopefluent will continue its dual focus on primary and secondary property real estate agency service businesses to expand its market share. That will give the Group the edge to take its business forward to new heights and bring satisfactory returns to shareholders.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

DIRECTORS

Directors' Securities Transactions

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

Board of Directors

The Board comprises:

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

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

During the financial year ended 31 December 2006, nine Board meetings were held and the attendance of each director is set out as follows:

Name of director	Number of Board meetings attended in the financial year ended 31 December 2006	Attendance rate
Mr. FU Wai Chung	9	100%
Ms. NG Wan	9	100%
Ms. FU Man	9	100%
Mr. LO Yat Fung	9	100%
Mr. LAM King Pui	9	100%
Mr. NG Keung	9	100%
Mrs. WONG LAW Kwai Wah, Karen	9	100%

DIRECTORS *(Continued)*

Board of Directors *(Continued)*

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

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

while daily operation and administration are delegated to the management.

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

The Company has adopted a new set of Articles of Association in the 2006 annual general meeting in order to comply with the Code, especially the director retirement requirements under the Code.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

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

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

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

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

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

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

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

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

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

A meeting of the Remuneration Committee, which was well attended by all members of the Remuneration Committee, was held in the year 2006 and during the meeting the compensation structure and reward system for all grades of staff were discussed.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

The responsibility of the external auditors is to form an independent opinion, based on audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of the Company, as a body, and for no other purpose. A statement by the auditors about their reporting responsibility is set out on page 23 of this Annual Report.

INTERNAL CONTROL AND RISK MANAGEMENT

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

To facilitate the effectiveness and efficiency of operations and to ensure compliance with relevant laws and regulations, the Group emphasizes on the importance of a sound internal control system which is also indispensable to mitigating the Group's risk exposures. In order to achieve such purpose, an internal control department ("ICD") has been established during the financial year which report directly to the Board. An ICD audit team headed by the head of ICD was set up to ensure the branches operation and practices are complied with the Group's policies and procedures. The team will review and check the sales, performance reports and cash flow of each branch rotationally. The Group has also strengthened its network connections between the Head Office in Guangzhou with all branches in the country to achieve more secure and stable level of information communication due to the Group's fast expansion of branches.

The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of materials assets and identification of business risks. The Board has conducted review of the effectiveness of the system of internal control and is of the view that the system of internal control adopted for the year ended 31 December 2006 is sound and is effective to safeguard the interests of the shareholders' investment and the Company's assets. The Board is satisfied that, based on information furnished to it and on its own observations, the present internal controls of the Group are satisfactory.

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

AUDIT COMMITTEE

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

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

The Audit Committee held six meetings in 2006, which were attended by all audit committee members.

At the meetings held during the year, in performing its duties in accordance with its terms of reference, the work performed by the Audit Committee included reviewing and supervising the financial reporting process and review of the management letter of the auditors, the audit fee for the Group accounts and internal control system of the Company and its subsidiaries and reviewing the financial statements for the relevant period with reference to the scope of the terms of reference. Representatives from the auditors were invited to attend one of the above meetings and they discussed various accounting issues with the Audit Committee.

AUDITORS' REMUNERATION

During the financial year ended 31 December 2006, the remuneration paid to the Company's joint auditors, Deloitte Touche Tohmatsu and Zhong Yi (Hong Kong) C.P.A. Company Limited, is set out as follows:

Services rendered	**Fees paid/payable** (HK$'000)
Audit services	1,350
Non-audit services	20
	1,370

SHAREHOLDERS

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

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 24.

An interim dividend of HK4.5 cents per share amounting to HK$9,868,500 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK7 cents per share to the shareholders on the register of members of the Company on 5 June 2007, amounting to HK$17,276,000, and the retention of the remaining profit for the year of HK$137,911,000.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 1 June 2007 to 5 June 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and attending and voting at the 2007 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 31 May 2007.

INVESTMENT PROPERTIES

The Group's investment properties at 31 December 2006 were revalued by an independent firm of professional property valuers on an open market value basis. Details of movements in the investment properties of the Group during the year are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent capital expenditure of approximately HK$55,787,000 on additions of property, plant and equipment for the expansion of property agency services throughout the People's Republic of China.

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

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2006 amounted to HK$314,511,000, consisted of share premium of HK$223,948,000, contributed surplus of HK$67,385,000 and retained profits of HK$23,178,000.

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

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

The Company has not redeemed any of its share, and neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2006.

DIRECTORS

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

Executive directors

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

Independent non-executive directors

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

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

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

DIRECTORS' SERVICE CONTRACTS

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

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

DIRECTORS' INTERESTS IN SHARES

At 31 December 2006, the interests of the directors and their associates in the shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Long positions:

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

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Fu Wai Chung ("Mr. Fu")	Held by controlled corporation (Note)	96,148,000	38.96%

Note: These 96,148,000 shares are registered in the name of Fu's Family Limited which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan (Mr. Fu's wife) and the remaining 15% by Ms. Fu Man (Mr. Fu's sister).

In addition to the interests disclosed herein, Mr. Fu also has non-beneficial personal equity interests in certain subsidiaries of the Company all held in trust solely for the purpose of complying with the previous statutory minimum shareholders requirement in Hong Kong.

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

Name of director	Number of shares interest	Percentage of shareholding
Mr. Fu	70	70%

Other than as disclosed above, none of the directors nor their associates had any interest or short position in any shares or underlying shares of the Company or any of its associated corporations as at 31 December 2006.

SHARE OPTIONS

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

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of directors' interests in contracts of significance are set out in note 30 to the consolidated financial statements.

Other than as disclosed in note 30 to the consolidated financial statements, no other contracts of significance to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2006, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long positions:

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Fu's Family Limited	Beneficial owner	96,148,000	38.96%
Arisaig Greater China Fund Limited ("Arisaig China")	Beneficial owner	27,500,000	11.14%
Arisaig Partners (Mauritius) Limited ("Arisaig Partners")	Investment manager (Note 1)	27,500,000	11.14%
Cooper Lindsay William Ernest ("Mr. Cooper")	Held by controlled corporation (Note 1)	27,500,000	11.14%
Value Partners Limited ("Value Partners")	Investment manager (Note 2)	24,234,000	9.81%
Cheah Cheng Hye ("Mr. Cheah")	Held by controlled corporation (Note 2)	24,234,000	9.81%

Notes:

1. The shares of Arisaig China are held by the funds under management by Arisaig Partners in its capacity as an investment manager. Mr. Cooper is deemed to be interested in the shares of the Company through 33.33% interest in Arisaig Partners.

2. The shares of the Company are held by the funds under management by Value Partners. Mr. Cheah is deemed to be interested in the shares of the Company through 35.65% interest in Value Partners.

Other than as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued shares capital of the Company as at 31 December 2006.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMOLUMENT POLICY

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

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS

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

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

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient float throughout the year ended 31 December 2006.

JOINT AUDITORS

The consolidated financial statements were audited by Messrs. Deloitte Touche Tohmatsu and Zhong Yi (Hong Kong) C.P.A. Company Limited.

A resolution will be submitted to the annual general meeting to re-appoint them as joint auditors of the Company.

On behalf of the Board

Fu Wai Chung
Chairman

Hong Kong, 18 April 2007

Joint Independent Auditors' Report

Deloitte.
德勤

ZHONG YI (HONG KONG)
C.P.A. COMPANY LIMITED
中逸(香港)會計師事務所有限公司

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

We have audited the consolidated financial statements of Hopefluent Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 55, which comprise the consolidated balance sheet as at 31 December 2006, 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.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 2006 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
18 April 2007

Zhong Yi (Hong Kong) C.P.A. Company Limited
Certified Public Accountants
Tang Ka Siu, Johnny
Practicing Certificate number P03466
Hong Kong

Consolidated Income Statement

For the year ended 31 December 2006

	NOTES	2006 HK$'000	2005 HK$'000
Turnover	6	**452,160**	310,195
Other income		**3,416**	1,560
Selling expenses		**(67,164)**	(42,474)
Administrative expenses		**(281,456)**	(181,150)
Share of results of jointly controlled entities		**–**	721
Finance costs	8	**(409)**	(549)
Profit before taxation		**106,547**	88,303
Income tax expense	9	**(27,415)**	(19,398)
Profit for the year	10	**79,132**	68,905
Attributable to:			
Equity holders of the Company		**73,469**	58,449
Minority interests		**5,663**	10,456
		79,132	68,905
Dividends recognised as distribution during the year:	13		
Interim dividend paid for the year ended 31 December 2006: HK4.5 cents (2005: HK3.5 cents) per ordinary share		**9,869**	7,675
Final dividend paid for the year ended 31 December 2005: HK6 cents (2004: HK5 cents) per ordinary share		**13,158**	9,700
Earnings per share – basic	14	**HK32.9 cents**	HK29.4 cents

Consolidated Balance Sheet

At 31 December 2006

	NOTES	2006 HK$'000	2005 HK$'000
NON-CURRENT ASSETS			
Investment properties	15	**1,658**	1,610
Property, plant and equipment	16	**150,486**	119,645
Goodwill	17	**5,472**	2,371
		157,616	123,626
CURRENT ASSETS			
Trade receivables	18	**148,318**	93,944
Other receivables and prepayment		**33,098**	28,639
Bank balances and cash	19	**253,429**	173,251
		434,845	295,834
CURRENT LIABILITIES			
Payables and accruals		**79,436**	56,337
Tax liabilities		**25,024**	16,860
Secured bank borrowings – due within one year	20	**7,828**	7,600
		112,288	80,797
NET CURRENT ASSETS		**322,557**	215,037
		480,173	338,663
CAPITAL AND RESERVES			
Share capital	21	**2,468**	2,193
Reserves		**424,805**	290,934
Equity attributable to equity holders of the Company		**427,273**	293,127
Minority interests		**36,094**	31,662
		463,367	324,789
NON-CURRENT LIABILITIES			
Secured bank borrowings – due after one year	20	**414**	1,205
Deferred tax liabilities	22	**16,392**	12,669
		16,806	13,874
		480,173	338,663

The consolidated financial statements on pages 24 to 55 were approved and authorised for issue by the Board of Directors on 18 April 2007 and are signed on its behalf by:

Fu Wai Chung
DIRECTOR

Lo Yat Fung
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 (Note i)	Statutory surplus reserve HK$'000 (Note ii)	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 January 2005	1,800	75,064	5,760	13,224	–	80,025	175,873	13,929	189,802
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	3,510	–	3,510	351	3,861
Profit for the year	–	–	–	–	–	58,449	58,449	10,456	68,905
Total recognised income for the year	–	–	–	–	3,510	58,449	61,959	10,807	72,766
Issue of shares by private placing under general mandate (note 21)	393	73,322	–	–	–	–	73,715	–	73,715
Transaction costs attributable to issue of new shares	–	(1,045)	–	–	–	–	(1,045)	–	(1,045)
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	(182)	(182)
Acquisition of subsidiaries	–	–	–	–	–	–	–	1,665	1,665
New subsidiaries set up during the year	–	–	–	–	–	–	–	6,416	6,416
Transfer	–	–	–	5,697	–	(5,697)	–	–	–
Dividends paid to minority shareholders	–	–	–	–	–	–	–	(973)	(973)
Dividends paid	–	–	–	–	–	(17,375)	(17,375)	–	(17,375)
At 31 December 2005	2,193	147,341	5,760	18,921	3,510	115,402	293,127	31,662	324,789
Exchange differences arising on translation of foreign operations recognised directly in equity	–	–	–	–	6,822	–	6,822	1,049	7,871
Profit for the year	–	–	–	–	–	73,469	73,469	5,663	79,132
Total recognised income for the year	–	–	–	–	6,822	73,469	80,291	6,712	87,003
Issue of shares by private placing under general mandate (note 21)	275	78,100	–	–	–	–	78,375	–	78,375
Transaction costs attributable to issue of new shares	–	(1,493)	–	–	–	–	(1,493)	–	(1,493)
Acquisition of additional interest in subsidiaries	–	–	–	–	–	–	–	(5,810)	(5,810)
Disposal of a subsidiary	–	–	–	–	–	–	–	(1,265)	(1,265)
New subsidiaries set up during the year	–	–	–	–	–	–	–	9,321	9,321
Transfer	–	–	–	10,657	–	(10,657)	–	–	–
Dividends paid to minority shareholders	–	–	–	–	–	–	–	(4,526)	(4,526)
Dividends paid	–	–	–	–	–	(23,027)	(23,027)	–	(23,027)
At 31 December 2006	2,468	223,948	5,760	29,578	10,332	155,187	427,273	36,094	463,367

Notes:

(i) Special reserve

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

(ii) Statutory surplus reserve

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

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	NOTES	2006 HK$'000	2005 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**106,547**	88,303
Adjustments for:			
Depreciation of property, plant and equipment		**24,569**	17,977
Impairment on trade receivables		**823**	374
Loss on disposal of a subsidiary		**661**	–
Finance costs		**409**	549
(Gain) loss on disposal of property, plant and equipment		**(1,014)**	3
Interest income		**(1,814)**	(1,040)
Share of result of jointly controlled entities		**–**	(721)
Operating cash flows before movements in working capital		**130,181**	105,445
Increase in trade and other receivables		**(57,867)**	(56,270)
Increase in payables and accruals		**21,494**	19,900
Cash generated from operations		**93,808**	69,075
PRC Income tax paid		**(16,435)**	(13,627)
NET CASH FROM OPERATING ACTIVITIES		**77,373**	55,448
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(55,787)**	(63,508)
Acquisition of additional interest in subsidiaries		**(8,840)**	(182)
Disposal of a subsidiary	23	**(499)**	–
Acquisition of subsidiaries	24	**–**	(208)
Interest received		**1,814**	1,040
Proceeds from disposal of property, plant and equipment		**4,477**	238
NET CASH USED IN INVESTING ACTIVITIES		**(58,835)**	(62,620)
FINANCING ACTIVITIES			
Proceeds on issue of shares		**78,375**	73,715
Contribution from minority shareholders		**9,321**	6,416
New bank borrowings raised		**6,863**	6,796
Interest paid		**(409)**	(549)
Expenses on issue of shares		**(1,493)**	(1,045)
Dividends paid to minority shareholders		**(4,526)**	(973)
Repayment of bank borrowings		**(7,674)**	(7,600)
Dividends paid		**(23,027)**	(17,375)
NET CASH FROM FINANCING ACTIVITIES		**57,430**	59,385
NET INCREASE IN CASH AND CASH EQUIVALENTS		**75,968**	52,213
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**173,251**	119,409
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**4,210**	1,629
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		**253,429**	173,251

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In the opinion of the directors, the parent company and the ultimate holding company of the Company is Fu's Family Limited, incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for 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 standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC) – Int 8	Scope of HKFRS 2[4]
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives[5]
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[7]
HK(IFRIC) – Int 12	Service Concession Arrangements[8]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 March 2006
4 Effective for annual periods beginning on or after 1 May 2006
5 Effective for annual periods beginning on or after 1 June 2006
6 Effective for annual periods beginning on or after 1 November 2006
7 Effective for annual periods beginning on or after 1 March 2007
8 Effective for annual periods beginning on or after 1 January 2008

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

Business combinations

The acquisition of subsidiaries 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, which are recognised and measure at fair value less costs to sell.

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

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

Acquisition of additional interests in subsidiaries are recorded at the book value of the net assets attributable to the interests. The excess of the cost of acquisition over the carrying amounts of net assets acquired is recognised as goodwill.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant subsidiary at the date of acquisition.

For previously capitalised goodwill arising on acquisitions after 1 January 2001, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1 January 2005 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 subsidiary is presented separately in the consolidated balance sheet.

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

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Revenue recognition

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

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

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

The leasehold land is included in property, plant and equipment as the lease payments cannot be allocated reliably between land and buildings elements.

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

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.

Leasing

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

The Group as lessor

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

The Group as lessee

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

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

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the translation reserve.

Taxation

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

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

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

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 benefit costs

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

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (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 loans and receivables (including trade receivables, other receivables and bank balances). 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. The accounting policies adopted in respect of loans and receivables are set out below.

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 are carried at amortised cost using the effective interest method, less any identified impairment losses. 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. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

Borrowing costs

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

Impairment

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements in the next financial year are disclosed below:

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 31 December 2006, the carrying amount of goodwill is approximately HK$5,472,000. Details of the recoverable amount calculation are set out in note 17.

5. FINANCIAL INSTRUMENTS

a. Financial risk management objectives and policies

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

Market risk

Fair value interest rate risk

The Group's fair value interest rate risk relates to its fixed-rate bank borrowings. The Group currently does not enter into interest rate swaps to hedge against its exposure to changes in fair value interest rate risk of the bank borrowings. However, the management monitors the fair value interest rate risk and will consider hedging significant fixed-rate bank borrowings should the need arise.

Credit risk

As at 31 December 2006, 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 or debtors in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team of staff members 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 at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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.

b. Fair value

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

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

6. TURNOVER

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

	2006 **HK$'000**	2005 HK$'000
Agency commission and service income	**478,188**	326,816
Less: Business tax and surcharges	**(26,028)**	(16,621)
	452,160	310,195

7. SEGMENT INFORMATION

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

8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

	2006 **HK$'000**	2005 HK$'000
The expense comprises:		
PRC Enterprises Income Tax ("EIT")	**24,377**	18,620
Overprovision in prior years	**(239)**	–
Deferred taxation (note 22)	**3,277**	778
	27,415	19,398

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

Certain of the Group's subsidiaries in the PRC are only required to pay the PRC income tax on predetermined tax rate at 3.3% to 6.6% on turnover during the year (2005: 2% to 6.8%). The predetermined tax rate is agreed and determined between such enterprises and the PRC tax bureau of local government and is subject to annual review and renewal.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

9. INCOME TAX EXPENSE *(Continued)*

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

	2006 **HK$'000**	2005 HK$'000
Profit before taxation	**106,547**	88,303
Tax at the applicable rate of 33% (2005: 33%)	**35,160**	29,140
Tax effect of share of results of jointly controlled entities	**–**	(238)
Tax effect of expenses not deductible for tax purpose	**543**	696
Tax effect of income not taxable for tax purpose	**(297)**	(153)
Effect of tax charged at predetermined tax rate on turnover entitled by certain subsidiaries operating in the PRC	**(9,484)**	(9,426)
Effect of tax exemptions granted to certain PRC subsidiaries	**–**	(981)
Tax effect of tax loss not recognised	**1,923**	199
Tax effect of different tax rate operating in different jurisdiction	**185**	124
Overprovision in respect of prior years	**(239)**	–
Others	**(376)**	37
Income tax expense	**27,415**	19,398

Details of deferred taxation are set out in note 22.

10. PROFIT FOR THE YEAR

	2006 **HK$'000**	2005 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration, including retirement benefits scheme contributions (note 11)	**6,108**	6,173
Other staff costs	**174,302**	111,775
Other retirement benefits scheme contributions	**9,000**	2,827
Total staff costs	**189,410**	120,775
Auditors' remuneration	**1,350**	1,120
Depreciation of property, plant and equipment	**24,569**	17,977
Impairment on trade receivables	**823**	374
Loss on disposal of property, plant and equipment	**–**	3
Share of tax of jointly controlled entities	**–**	101
Loss on disposal of a subsidiary	**661**	–
Exchange loss	**19**	98
and after crediting:		
Bank interest income	**1,814**	1,040
Gain on disposal of property, plant and equipment	**1,014**	–
Net rental income in respect of premises, net of outgoings of HK$20,000 (2005: HK$20,000)	**177**	180

11. DIRECTORS' EMOLUMENTS

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

For the year ended 31 December 2006

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

For the year ended 31 December 2005

	Mr. Fu Wai Chung HK$'000	Ms. Ng Wan HK$'000	Ms. Fu Man HK$'000	Mr. Lo Yat Fung HK$'000	Mr. Tsao Kwong Yung, Peter HK$'000	Mr. Ng Keung HK$'000	Mr. Lam King Pui HK$'000	Mrs. Wong Law Kwai Wah, Karen HK$'000	Total HK$'000
Fees	–	–	–	–	155	60	120	90	425
Salaries and other benefits	1,800	1,300	1,300	1,300	–	–	–	–	5,700
Retirement benefits scheme contributions	12	12	12	12	–	–	–	–	48
Total emoluments	1,812	1,312	1,312	1,312	155	60	120	90	6,173

The Group also provided rent-free accommodation to Mr. Fu Wai Chung, the executive director for the year ended 31 December 2006. The annual rateable value of the properties involved, which are owned by the Group, amounting to HK$678,000 (2005: HK$678,000).

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2006

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2005: four) were directors of the Company, whose emoluments are included in the above. The emoluments of the remaining individual are as follows:

	2006	2005
	HK$'000	HK$'000
Salaries and other benefits	**667**	471
Retirement benefits scheme contributions	**16**	2
	683	473

13. DIVIDENDS

On 18 April 2007, the Directors have resolved to recommend to shareholders the payment of a final dividend of HK7 cents per share for the year ended 31 December 2006. The final dividend; if approved by shareholders, will be payable on or about 22 June 2007 to shareholders whose names appear on the register of members of the Company on 5 June 2007.

14. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the following data:

	2006	2005
	HK$'000	HK$'000
Profit for the year attributable to equity holders of the Company and earnings for the purpose of basic earnings per share	**73,469**	58,449
Weighted average number of ordinary shares for the purpose of basic earnings per share	**223,293,151**	198,494,795

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

15. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2005	1,564
Exchange adjustments	46
At 31 December 2005	1,610
Exchange adjustments	48
At 31 December 2006	1,658

The fair value of the Group's investment properties at 31 December 2006 have been arrived at on an open market value basis carried out by BMI Appraisals Limited, an independent firm of professionally qualified valuers. BMI Appraisals Limited is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties. No valuation surplus/deficit arises from the valuation as at 31 December 2006.

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

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

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2005	33,710	23,454	21,752	8,853	87,769
Exchange adjustments	982	682	631	258	2,553
Additions	16,298	25,992	14,754	6,464	63,508
Disposals	–	–	(309)	–	(309)
Acquired on acquisition of subsidiaries	–	295	446	655	1,396
At 31 December 2005	50,990	50,423	37,274	16,230	154,917
Exchange adjustments	1,530	1,494	1,114	487	4,625
Additions	19,847	23,471	8,190	4,279	55,787
Disposals	(3,986)	–	(131)	(231)	(4,348)
At 31 December 2006	68,381	75,388	46,447	20,765	210,981
DEPRECIATION					
At 1 January 2005	3,933	3,874	7,408	1,658	16,873
Exchange adjustments	115	112	215	48	490
Provided for the year	1,650	8,115	6,010	2,202	17,977
Eliminated on disposals	–	–	(68)	–	(68)
At 31 December 2005	5,698	12,101	13,565	3,908	35,272
Exchange adjustments	197	605	557	180	1,539
Provided for the year	1,289	12,253	7,588	3,439	24,569
Eliminated on disposals	(761)	–	(26)	(98)	(885)
At 31 December 2006	6,423	24,959	21,684	7,429	60,495
CARRYING VALUES					
At 31 December 2006	61,958	50,429	24,763	13,336	150,486
At 31 December 2005	45,292	38,322	23,709	12,322	119,645

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

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

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

The Group has acquired certain leasehold land and buildings and has paid the full consideration of purchase consideration, while the relevant government authorities have not issued certificates on formal title of these leasehold land and buildings to the Group. As at 31 December 2006, the net book value of the leasehold land and buildings for which the certificate on the formal title had not been issued to the Group amounted to approximately HK$24,158,000 (2005: HK$7,570,000). In the opinion of the directors, the absence of formal title to these leasehold land and buildings does not impair the value of the relevant properties to the Group. The directors also believe that formal title to these leasehold land and buildings will be granted to the Group in due course.

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

17. GOODWILL

	HK$'000
COST	
At 1 January 2005	–
Arising on acquisition of subsidiaries	668
Transfer upon acquisition of additional interest in a former jointly controlled entity	1,703
At 31 December 2005	2,371
Exchange adjustments	71
Arising on acquisition of additional interests in subsidiaries	3,030
At 31 December 2006	5,472

For the purposes of impairment testing, goodwill with indefinite useful lives as detailed above has been allocated to the subsidiaries as individual cash generating units (CGUs) from which goodwill arose. The carrying amount of goodwill as at 31 December 2006 has been allocated to the following units:

	HK$'000
Provision of estate management services in the PRC ("Unit A")	2,442
Provision of real estate agency services in the PRC ("Unit B")	3,030
	5,472

During the year ended 31 December 2006, management of the Group determines that there are no impairment of any of its CGUs containing goodwill.

17. GOODWILL *(Continued)*

The recoverable amount of the CGUs has been determined on the basis of value in use calculations. The value in use calculations use cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 15.28% and 19.23% for Unit A and Unit B, respectively. The set of cash flows beyond the five-year period are extrapolated for further 5 years using a steady 5% growth rate, as determined by management.

18. TRADE RECEIVABLES

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

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

	2006 **HK$'000**	2005 HK$'000
Trade receivables		
0 – 30 days	**74,087**	51,539
31 – 60 days	**30,539**	14,392
61 – 90 days	**20,505**	12,733
91 – 120 days	**19,204**	10,049
Over 120 days	**3,983**	5,231
	148,318	93,944

19. BANK BALANCES AND CASH

Bank balances and cash comprises cash held by the Group and short-term bank deposits that are interest-bearing ranging from 0.72% to 3.80% and have original maturity of three months or less.

20. SECURED BANK BORROWINGS

	2006 HK$'000	2005 HK$'000
The bank borrowings are repayable as follows:		
Within one year	**7,828**	7,600
In more than one year but not more than two years	**414**	803
In more than two years but not more than three years	**–**	402
	8,242	8,805
Less: Amounts due within one year shown under current liabilities	**(7,828)**	(7,600)
Amounts due after one year	**414**	1,205

The secured bank borrowings are interest-bearing at fixed-rates ranging from of 5.9% to 6.9% (2005: 6.1% to 6.9%) per annum.

All of the Group's bank borrowings are denominated in RMB.

21. SHARE CAPITAL

	Number of shares	**Nominal amounts** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2005, 31 December 2005 and 31 December 2006	8,000,000,000	80,000
Issued and fully paid:		
At 1 January 2005	180,000,000	1,800
Issue of shares by private placement under general mandate	39,300,000	393
At 31 December 2005	219,300,000	2,193
Issue of shares by private placement under general mandate	27,500,000	275
At 31 December 2006	246,800,000	2,468

21. SHARE CAPITAL *(Continued)*

On 17 January 2005, arrangements were made for private placing to an independent private investor of 14,000,000 shares of HK$0.01 each held by Fu's Family Limited, a substantial shareholder of the Company, at a price of HK$1.38 per share representing a discount of approximately 1.43% to the closing market price of the Company's share on 14 January 2005. Pursuant to a subscription agreement signed on 17 January 2005, Fu's Family Limited subscribed for 14,000,000 new shares of HK$0.01 each at a price of HK$1.38 per share on 31 January 2005. The proceeds were used to provide working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 24 June 2004.

On 28 September 2005, arrangements were made for private placing to independent private investors of 25,300,000 shares of HK$0.01 each held by Fu's Family Limited at a price of HK$2.15 per share representing a discount of approximately 7.53% to the closing market price of the Company's share on 27 September 2005. Pursuant to another subscription agreement signed on 28 September 2005, Fu's Family Limited subscribed for 25,300,000 new shares of HK$0.01 each at a price of HK$2.15 per share on 10 October 2005. The proceeds were used to provide working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 25 May 2005.

On 25 October 2006, arrangements were made for private placing to an independent private investor of 27,500,000 shares of HK$0.01 each held by Fu's Family Limited, a substantial shareholder of the Company, at a price of HK$2.85 per share representing the closing market price of the Company's share on 24 October 2006. Pursuant to a subscription agreement signed on 25 October 2006, Fu's Family Limited subscribed for 27,500,000 new shares of HK$0.01 each at a price of HK$2.85 per share on 8 November 2006. The proceeds were used to provide working capital for the Company. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 1 June 2006.

All the shares issued during both years rank pari passu with the then existing shares in all respects.

22. DEFERRED TAX LIABILITIES

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

	Revenue recognised for accounting purpose but not for tax purpose	**Accelerated tax depreciation**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2005	6,424	5,226	11,650
Charge for the year (note 9)	449	329	778
Exchange differences	164	77	241
At 31 December 2005	7,037	5,632	12,669
Charge for the year (note 9)	984	2,293	3,277
Exchange differences	231	215	446
At 31 December 2006	8,252	8,140	16,392

At the balance sheet date, the Group has unused tax losses of HK$8,663,000 (2005: HK$2,836,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

23. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2006, the Group disposed of its entire equity interest in a 70% owned subsidiary. The net assets of the subsidiary at the date of the disposal are as follows:

	2006
	HK$'000
Net assets disposed of:	
Other receivables	3,806
Bank balances and cash	499
Payables and accruals	(89)
	4,216
Minority interests	(1,265)
	2,951
Loss on disposal	(661)
Consideration	2,290

The total consideration is satisfied by:

	HK$'000
Cash consideration	2,290

Net cash outflow arising on disposal:

	HK$'000
Bank balances and cash disposed of	499

The consideration was settled on 19 January 2007.

The subsidiary contributed approximately HK$475,000 to the Group's turnover and approximately HK$344,000 to the Group's profit before taxation for the year ended 31 December 2006.

24. ACQUISITION OF SUBSIDIARIES PREVIOUSLY ACCOUNTED FOR AS JOINTLY CONTROLLED ENTITIES

On 10 August 2005, the Group acquired an additional 40% of the issued share capital of Asia Asset Property Services Limited ("Asia Asset") for a consideration of HK$4,000,000 and thereafter, Asia Asset becomes a 80% owned subsidiary of the Group. Asia Asset is an investment holding company and its subsidiaries are engaged in the provision of estate management services in the PRC. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition of the additional 40% interest was HK$668,000.

The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Fair value and carrying amount of acquiree before combination HK$'000
Net assets acquired:	
Property, plant and equipment	1,396
Trade and other receivables	9,971
Bank balances and cash	3,792
Other payables and accruals	(6,384)
Tax liability	(445)
	8,330
Minority interests	(1,665)
	6,665
Share of net assets of jointly controlled entities (excluding previously recognised goodwill of HK$1,703,000)	(3,333)
Goodwill arising from acquisition of additional interest in jointly controlled entities	668
Consideration	4,000

The consideration is satisfied by cash and the net cash outflow arising on acquisition is as follow:

	HK$'000
Cash consideration	4,000
Bank balances and cash acquired	(3,792)
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	208

The goodwill arising on the acquisition of Asia Asset is attributable to the anticipated profitability of the cooperative relationship with property developers and the anticipated future operating synergies from the combination.

Asia Asset contributed HK$11,947,000 revenue and HK$201,000 to the Group's profit before tax for the period between the date of acquisition and 31 December 2005.

24. ACQUISITION OF SUBSIDIARIES PREVIOUSLY ACCOUNTED FOR AS JOINTLY CONTROLLED ENTITIES

(Continued)

If the acquisition had been completed on 1 January 2005, the group revenue for the year ended 31 December 2005 would have been HK$322,737,000, and the profit for that year would have been HK$71,161,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2005, nor is it intended to be a projection of future results.

25. PLEDGE OF ASSETS

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

	2006 HK$'000	2005 HK$'000
Investment properties	**1,658**	1,610
Leasehold land and buildings	**29,955**	29,863
	31,613	31,473

26. OPERATING LEASES

The Group as lessee

The Group made minimum lease payments under operating leases in respect of office premises and shops of approximately HK$28,714,000 (2005: HK$15,167,000).

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

	2006 HK$'000	2005 HK$'000
Within one year	**25,767**	20,591
In the second to fifth year inclusive	**30,362**	28,655
After five years	**–**	678
	56,129	49,924

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

26. OPERATING LEASES *(Continued)*

The Group as lessor

Property rental income earned during the year was approximately HK$197,000 (2005: HK$200,000). All of the investment properties held have committed tenants for the next two years.

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

	2006	2005
	HK$'000	HK$'000
Within one year	**292**	128
In the second to fifth years inclusive	**774**	385
After five years	**–**	57
	1,066	570

27. CAPITAL COMMITMENTS

	2006	2005
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements	**–**	4,077

28. SHARE OPTIONS SCHEME

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

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

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

28. SHARE OPTIONS SCHEME *(Continued)*

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company is 18,000,000, which is not permitted to exceed 10% of the issued share capital of the Company as at the date of adoption of the Scheme and representing approximately 7.29% of the total number of issued shares of Company as at the date of this annual report. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

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

No options were outstanding at 31 December 2005 and 31 December 2006 under the Scheme. No options were granted, exercised, cancelled or lapsed during the year.

29. RETIREMENT BENEFITS SCHEMES

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

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

30. RELATED PARTY DISCLOSURES

(a) Related party transactions

Name of related party	Nature of transaction	2006 HK$'000	2005 HK$'000
Fair International Limited (Note)	Rental expenses paid by the Group	–	262

Note: Mr. Fu Wai Chung, a director of the Group, has a beneficial interest in Fair International Limited.

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30. RELATED PARTY DISCLOSURES *(Continued)*

(b) Compensation of key management personnel

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

	2006 HK$'000	2005 HK$'000
Short term benefits	**6,060**	6,125
Post-employment benefits	**48**	48
	6,108	6,173

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

31. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)	Principal activities	Place of operation
Guangdong Hope Real Properties Limited (note 2)	13 February 1996 The PRC	Registered	RMB2,000,000	97.63%	Provision of real estate agency services in the PRC	The PRC
Guangzhou New Profits Properties Agency Limited (note 3)	12 May 1998 The PRC	Registered	RMB1,000,000	97.63%	Provision of real estate agency services in the PRC	The PRC
Hopefluent (BVI) Limited	8 August 2002 British Virgin Islands ("BVI")	N/A	US$100	100%	Investment holding	Hong Kong
Sino Estate Holdings Limited	6 November 2003 BVI	N/A	US$100	100%	Investment holding	Hong Kong
Guangzhou Hope Profits Properties Agency Limited (note 3)	16 March 1998 The PRC	Registered	RMB1,000,000	97.63%	Provision of real estate agency services in the PRC	The PRC
Guangzhou Hopefluent Real Properties Consultancy Limited (note 2)	31 July 2001 The PRC	Registered	HK$16,000,000	96.05%	Provision of real estate agency services in the PRC	The PRC

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

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)	Principal activities	Place of operation
Tianjin Hopefluent Real Properties Sales and Marketing Limited (note 3)	14 March 2002 The PRC	Registered	RMB1,000,000	67.24%	Provision of real estate agency services in the PRC	The PRC
Hopefluent Properties Limited (note 3)	7 September 2001 Hong Kong	Ordinary	HK$100	100%	Provision of real estate agency services in the PRC	The PRC
Hopefluent Promotion Limited (note 3)	5 October 2001 Hong Kong	Ordinary	HK$100	100%	Provision of advertising and marketing services in the PRC	The PRC
Hopefluent (Hong Kong) Limited	11 May 2001 Hong Kong	Ordinary	HK$100,000	100%	Investment holding	Hong Kong
Foshan Hopefluent Real Properties Consultancy Limited (note 3)	1 September 2003 The PRC	Registered	RMB1,000,000	83.56%	Provision of real estate agency services in the PRC	The PRC
Dongguan Hopefluent Real Properties Consultancy Limited (note 3)	4 November 2003 The PRC	Registered	RMB1,000,000	82.60%	Provision of real estate agency services in the PRC	The PRC
Hubei Hopefluent Real Properties Consultancy Limited (note 3)	1 April 2004 The PRC	Registered	RMB1,000,000	48.99%	Provision of real estate agency services in the PRC	The PRC
Shanghai Hope Realty Consultancy Limited (note 2)	29 October 2004 The PRC	Registered	RMB1,000,000	78.76%	Provision of real estate agency services in the PRC	The PRC
Shanghai Hopefluent Real Properties Consultancy Limited (note 2)	19 October 2004 The PRC	Registered	RMB1,000,000	81.64%	Provision of real estate agency services in the PRC	The PRC
Asia Asset Property Services Limited	27 February 1998 Hong Kong	Ordinary	HK$5,323,000	80%	Investment holding	Hong Kong

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

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)	Principal activities	Place of operation
Asia Asset Property Services (Shanghai) Co., Ltd (note 2)	10 August 1998 The PRC	Registered	US$630,000	80%	Provision of estate management services in the PRC	The PRC
Asia Asset Property Services (Guangzhou) Co., Ltd (note 2)	5 August 1999 The PRC	Registered	RMB3,000,000	80%	Provision of estate management services in the PRC	The PRC
Asia Asset Property Services (Wuhan) Co., Ltd (note 2)	26 June 1995 The PRC	Registered	HK$5,000,000	80%	Provision of estate management services in the PRC	The PRC
Beijing Hopefluent Real Properties Consultancy Limited (note 3)	19 May 1995 The PRC	Registered	RMB2,000,000	67.24%	Provision of real estate agency services in the PRC	The PRC
Bola Realty Financing (Guangzhou) Limited (note 3)	7 August 2002 The PRC	Registered	RMB30,000,000	67.24%	Provision of mortgage referral services in the PRC	The PRC
Guangdong Hopefluent Real Properties Consultancy Limited (note 3)	11 August 2005 The PRC	Registered	RMB5,000,000	97.63%	Provision of real estate agency services in the PRC	The PRC
Henan Hopefluent Real Properties Consultancy Limited (note 3)	16 November 2005 The PRC	Registered	RMB1,000,000	76.84%	Provision of estate management services in the PRC	The PRC
Jinan Hopefluent Real Properties Consultancy Limited (note 3)	8 April 2005 The PRC	Registered	RMB2,010,000	87.31%	Provision of real estate agency services in the PRC	The PRC
Anhui Hopefluent Real Properties Consultancy Limited (note 3)	9 September 2005 The PRC	Registered	RMB1,000,000	76.84%	Provision of real estate agency services in the PRC	The PRC
Jun Hua Auction (Guangzhou) Limited (note 3)	20 August 2004 The PRC	Registered	RMB5,000,000	78.10%	Provision of property auction services in the PRC	The PRC

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

Name of subsidiary	Date and place of incorporation/ registration	Class of share held	Issued and paid up share capital	Attributable equity interest (note 1)	Principal activities	Place of operation
Nanning Hopefluent Real Properties Consultancy Limited (note 3)	3 December 2000 The PRC	Registered	RMB1,000,000	57.63%	Provision of real estate agency services in the PRC	The PRC
Guangzhou Huangying Properties Agency Limited (note 3)	9 December 2005 The PRC	Registered	RMB1,000,000	97.63%	Provision of real estate agency services in the PRC	The PRC

Notes:

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

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

3. The companies are limited liability companies.

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

The above table lists the subsidiaries of the Group as at 31 December 2006 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

32. SUMMARISED BALANCE SHEET OF THE COMPANY

	2006 HK$'000	2005 HK$'000
ASSETS		
Investments in subsidiaries	**67,385**	67,385
Other receivables and prepayment	**211**	–
Amounts due from subsidiaries	**183,543**	119,352
Bank balances and cash	**66,043**	19,185
	317,182	205,922
LIABILITIES		
Other payables	**203**	–
	316,979	205,922
SHARE CAPITAL AND RESERVES		
Share capital (note 21)	**2,468**	2,193
Reserves	**314,511**	203,729
	316,979	205,922

Financial Summary

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

	For the year ended 31 December				
	2002	2003	2004	2005	**2006**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	66,780	98,517	162,243	310,195	**452,160**
Profit before taxation	40,417	41,748	59,296	88,303	**106,547**
Taxation (charge) credit	(6,861)	3,122	(13,840)	(19,398)	**(27,415)**
Profit for the year	33,556	44,870	45,456	68,905	**79,132**
Attributable to:					
Equity holders of the Company	31,308	41,562	37,985	58,449	**73,469**
Minority interests	2,248	3,308	7,471	10,456	**5,663**
	33,556	44,870	45,456	68,905	**79,132**

	At 31 December				
	2002	2003	2004	2005	**2006**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	112,344	126,063	251,321	419,460	**592,461**
Total liabilities	54,399	50,735	61,519	94,671	**129,094**
Total equity	57,945	75,328	189,802	324,789	**463,367**
Attributable to:					
Equity holders of the Company	54,172	67,734	175,873	293,127	**427,273**
Minority interests	3,773	7,594	13,929	31,662	**36,094**
	57,945	75,328	189,802	324,789	**463,367**

Note: The Company was incorporated in the Cayman Islands on 8 August 2002 and became the holding company of the Group with effect from 24 June 2004 as a result of the Group Reorganisation. The results of the Group for each of the two years ended 31 December 2003 and the assets and liabilities at the respective year end date have been prepared on a combined basis as if the Group structure had been in existence throughout those years.