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.

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.

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 HK$'000	2005 HK$'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 HK$'000	2005 HK$'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.

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For the year ended 31 December 2006

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	2005
	HK$'000	HK$'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 HK$'000	**Accelerated tax depreciation** HK$'000	**Total** 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	2005
	HK$'000	HK$'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	2005
	HK$'000	HK$'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 HK$'000	2005 HK$'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 HK$'000	2005 HK$'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

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