



Hopefluent Group Holdings Limited

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 733)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the “Directors”) of Hopefluent Group Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2007, together with comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2007	2006
	Notes	HK\$'000	HK\$'000
Turnover	3	773,654	452,160
Other income		6,777	3,416
Selling expenses		(131,677)	(67,164)
Administrative expenses		(489,306)	(281,456)
Finance costs	5	(432)	(409)
Profit before taxation		159,016	106,547
Income tax expense	6	(41,117)	(27,415)
Profit for the year	7	117,899	79,132
Attributable to:			
Equity holders of the Company		109,820	73,469
Minority interests		8,079	5,663
		117,899	79,132
Dividends:	8		
Interim dividend paid of HK5.5 cents (2006: HK4.5 cents) per ordinary share		13,574	9,869
Proposed final dividend of HK9 cents (2006: HK7 cents) per ordinary share		22,212	17,276
		35,786	27,145
Earnings per share – Basic	9	HK44.5 cents	HK32.9 cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2007

	<i>Note</i>	31 December 2007 HK\$'000	31 December 2006 HK\$'000
NON-CURRENT ASSETS			
Investment properties		6,964	1,658
Property, plant and equipment		220,513	150,486
Goodwill		15,355	5,472
		242,832	157,616
CURRENT ASSETS			
Trade receivables	<i>10</i>	212,045	148,318
Other receivables and prepayment		57,687	33,098
Bank balances and cash		210,385	253,429
		480,117	434,845
CURRENT LIABILITIES			
Payables and accruals		115,473	79,436
Tax liabilities		36,369	25,024
Secured bank borrowings – due within one year		7,804	7,828
		159,646	112,288
NET CURRENT ASSETS			
		320,471	322,557
		563,303	480,173
CAPITAL AND RESERVES			
Share capital		2,468	2,468
Share premium and reserves		518,483	424,805
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		520,951	427,273
MINORITY INTERESTS			
		26,550	36,094
		547,501	463,367
NON-CURRENT LIABILITIES			
Secured bank borrowings – due after one year		–	414
Deferred tax liabilities		15,802	16,392
		15,802	16,806
		563,303	480,173

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). 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.

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

In the current year, the Group has applied, for the first time, the following new standards, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group’s financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

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

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 11	HKFRS 2-Group and Treasury Share Transactions ³
HK(IFRIC)-Int 12	Service Concession Arrangements ⁴
HK(IFRIC)-Int 13	Customer Loyalty Programmes ⁵
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 March 2007

⁴ Effective for annual periods beginning on or after 1 January 2008

⁵ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. 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:

	2007	2006
	HK\$'000	HK\$'000
Agency commission and service income	818,375	478,188
Less: Business tax and surcharges	(44,721)	(26,028)
	<u>773,654</u>	<u>452,160</u>

4. 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.

5. FINANCE COSTS

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

6. INCOME TAX EXPENSE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
The expense comprises:		
PRC Enterprises Income Tax ("EIT")	42,657	24,377
Overprovision in prior years	–	(239)
Deferred tax		
Current year	2,434	3,277
Attributable to a change in tax rate	(3,974)	–
	41,117	27,415

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 (2006: 3.3% to 6.6%). 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.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. On 6 March 2008, the State Administration of Taxation issued the Circular No. 30 for the predetermined tax arrangement after the change of the tax rate in the New Law. The predetermined tax rate will change from the range of 3.3%-6.6% to 2.5%–5.0%. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

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.

7. PROFIT FOR THE YEAR

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	38,295	24,569
Impairment on trade receivables	1,358	823
Loss on disposal of property, plant and equipment	69	–
(Gain)/loss on disposal of a subsidiary	(157)	661
Exchange loss	362	19
and after crediting:		
Bank interest income	3,115	1,814
Gain on disposal of property, plant and equipment	–	1,014

8. DIVIDENDS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim dividend paid of HK5.5 cents (2006: HK4.5 cents) per ordinary share	13,574	9,869
Final dividend, proposed of HK9 cents (2006: HK7 cents) per ordinary share	22,212	17,276
	35,786	27,145

On 16 April 2008, the Directors have resolved to recommend to shareholders the payment of a final dividend of HK9 cents per share for the year ended 31 December 2007. The final dividend, if approved by shareholders, will be payable on or about 24 June 2008 to shareholders whose names appear on the register of members of the Company on 2 June 2008.

9. EARNINGS PER SHARE

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit for the year attributable to equity holders of the Company and earnings for the purpose of basic earnings per share	109,820	73,469
Weighted average number of ordinary shares for the purpose of basic earnings per share	246,800,000	223,293,151

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

10. 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:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables		
0-30 days	102,712	74,087
31-60 days	34,984	30,539
61-90 days	29,248	20,505
91-120 days	27,835	19,204
Over 120 days	17,266	3,983
	212,045	148,318

BUSINESS REVIEW

2007 was a very fruitful year for the Group. During the year, the thriving Chinese economy and increasing income of the people continued to boost local demand for housing, which was reflected in the steady increase in the number of transactions and property prices. With finger on the pulse of the market, the Group devoted major efforts into expanding its primary and secondary property real estate agency service businesses during the year. As a result, it achieved satisfactory growth for its business during the year.

For the year ended 31 December 2007, the Group recorded a turnover of HK\$773.7 million, up 71% against HK\$452.2 million in 2006. Profit attributable to shareholders amounted to HK\$109.8 million, an increase of 49% from HK\$73.5 million in 2006. Basic earnings per share were HK44.5 cents (2006: HK32.9 cents).

During the year under review, the Group's primary and secondary property real estate agency service businesses brought in turnover of HK\$399.9 million and HK\$343.9 million respectively, accounting for 49% and 42% of the Group's total turnover. The remaining 9% or HK\$74.6 million was derived from mortgage referral, property management and other businesses. By geographical segment, Guangzhou contributed about 59% of the Group's total turnover and about 41% came from outside Guangzhou.

Primary Property Real Estate Agency and Consultancy Services

During the year under review, the Group handled approximately 33,000 primary property transactions involving a total gross floor area of about 37.0 million square feet at a total value of about HK\$32.0 billion, an approximate 58% increase against the over HK\$20.2 billion last year. In 2007, the Group had exclusive agency rights for over 250 projects, approximately 180 of which together contributed turnover amounting to HK\$353.3 million to the Group during the year, representing an increase of 54% when compared with HK\$228.8 million in 2006. By geographical segment, Guangzhou accounted for approximately 51% of the total turnover from primary property real estate agency service and about 49% came from outside Guangzhou.

During the year, the Group strived to develop other markets and expanded its primary real estate agency business to Urumqi, Shenyang, Jinan, Qingdao and Baotou, bringing the number of cities it covers to 25. All major markets including Guangzhou, Dongguan, Foshan, Tianjin and Shanghai recorded excellent sales. New markets such as Anhui, Guangxi, Hubei, Hunan and Shaanxi also performed well.

Riding on its quality property real estate agency service, effective sales strategies and outstanding corporate brand, the Group continued to work closely with major property developers and secured exclusive agency rights for more projects. Between 2005 and now, the Group has been the sole agent for 16 projects of the renowned mainland property developer Vanke in areas including Guangzhou, Dongguan, Foshan, Tianjin, Hunan and Haikou. Other cooperating developers included Gemdale, KWG Property, Sino-Ocean Land, China Everbright, Poly and Evergrande Real Estate. The Group is also the agent for projects of renowned Hong Kong developers like Sun Hung Kai and China Overseas.

The Group also offers initial project planning services to Greentown, Shanghai Industrial and a number of property developers. Such services cover the entire planning process from giving professional advice on location and market positioning to marketing and sales. During the year under review, the Group provided initial project planning services to over 110 development projects.

Secondary Property Real Estate Agency Service

The primary property markets in major cities such as Guangzhou and Shanghai are thriving in recent years. That plus the persistently strong demands for housing in these cities have also driven growth of respective secondary property real estate market. In 2007, the Group handled approximately 34,000 secondary property transactions, a surge of 66% when compared to approximately 20,500 transactions in 2006. Turnover from this segment increased by 105% from approximately HK\$167.5 million in 2006 to approximately HK\$343.9 million. Guangzhou accounted for approximately 73% of the total turnover from this segment and the balance of 27% came from outside Guangzhou.

To support development of its secondary property real estate agency service business and to build up a more comprehensive service network, the Group opened more branches for the business during the year. In addition to developing the business in its core base Guangzhou, the Group also accelerated adding branches in Shanghai to capitalize on the recovering property market. It also opened more branches in cities with great potential, including Tianjin, Foshan, Dongguan and Beijing. The Group's branches for the business increased from 203 at year end 2006 to approximately 350 at year end 2007, of which over 200 were in Guangzhou, over 70 in Shanghai and 20 in each of Dongguan and Foshan. The remaining branches were in Tianjin, Beijing and other cities.

Other Businesses

Apart from property real estate agency service business, the Group also provides customers with a range of other real estate related value-added services including mortgage referral, property management, property valuation and property auction, etc. These businesses generate additional income for the Group as well as well enhance the Group's brand image.

The Group now offers mortgage referral business in Guangzhou and Dongguan. It has a comprehensive customer network that allows it to land secondary property agency business and render professional advice and referral services to clients. As for its property management business, the Group provided property management services during the year under review to 40 residential and commercial projects and shopping arcades in Guangzhou, Shanghai, Tianjin and Wuhan involving more than 40,000 units.

Prospects

The Chinese government introduced a new series of macroeconomic austerity measures in October 2007, hoping to cap the property price surge. These policies have posed certain pressures on property developers and led to buyer jittery. Nevertheless, the property market still enjoys sound development prospect. As different markets have made adjustments in the face of new policies and housing demand continues to be strong, the Group expects property transactions to pick up and property prices to climb steadily in the second and third quarters this year.

Building on its past successes and proven sales track record, the Group will be able to secure more agency service projects and forge long-term partnership with more developers in the future. The Group will also continue to expand its footprint by exploring business in different regions and to extend the presence of its primary property agency service business.

As for the secondary property real estate agency service business, it has stepped up its efforts to develop the market in Shanghai since May last year. It increased the number of branches for the business in the city to over 80 currently. With the “Hopefluent” brand gaining awareness in Shanghai, the business has been gathering momentum. In 2008, while maintaining its leadership in the Guangzhou market, the Group will continue to devote major efforts to developing secondary property real estate agency service business in Shanghai. Its target is to grow the total number of branches in Shanghai to over 100 by the end of the year. At the same time, the Group will also strive to develop the business in existing markets supported by its dynamic and prudent business development strategies. Its goal is to bring the total number of branches for the business to 500 nationwide in 2008.

Looking ahead, Hopefluent will continue to provide customers with professional and quality property real estate agency and consultancy services and strive for growth of its real estate related value-added service businesses so as to enlarge market share and deliver better returns to shareholders.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the three existing independent non-executive directors, has reviewed the audited financial statements for the year ended 31 December 2007 including the accounting, internal controls and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK\$210.4 million (2006: HK\$253.4 million) and 3.01 (2006: 3.87) respectively. Total borrowings amounted to approximately HK\$7.8 million are secured bank loans (2006: HK\$8.2 million). The Group’s gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 1.08% (2006: 1.39%). The Group’s borrowings were primarily denominated in Renminbi. The Group had no material contingent liabilities as at 31 December 2007.

PLEDGE OF ASSETS

As at 31 December 2007, the Group pledged its investment properties and, leasehold land and buildings with an aggregate amount of HK\$11.7 million to banks to secure bank borrowings of the Group.

FOREIGN EXCHANGE EXPOSURE

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

EMPLOYEES

As at 31 December 2007, the Group had approximately 8,600 full time employees. Around 7 staff were based in Hong Kong and the rest were employed in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

CAPITAL STRUCTURE

As at 31 December 2007, the total number of shares (the "Shares") of HK\$0.01 each in the capital of the Company in issue was 246,800,000.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 May 2008 (Thursday) to 2 June 2008 (Monday), 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 2008 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 28 May 2008 (Wednesday).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date, the Company has not redeemed any of its Shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the financial year ended 31 December 2007 except for Code Provision A.2 as the Company has no such title as the chief executive officer but the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

Further information is set out in the Corporate Governance Report contained in the annual report for 2007.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES ("Model Code")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules since the Listing Date. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

ADDITIONAL INFORMATION ABOUT AUDITORS

It is noted that Zhong Yi (Hong Kong) C.P.A. Company Limited (“Zhong Yi”) will not offer themselves for re-appointment as joint auditors of the Company at the 2008 Annual General Meeting because Zhong Yi will focus their business on the overseas markets. Zhong Yi confirmed that there were no matters in relation to their withdrawal of re-appointment that they considered should be brought to the attention of the shareholders of the Company. The Directors are not aware of any other circumstances that ought to be brought to the notice of the shareholders. Deloitte Touche Tohmatsu will still offer themselves to be re-appointed as the auditors of the Company at the 2008 Annual General Meeting.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express our sincere appreciation for the support of our customers and shareholders. Thanks also to the staff members of the Group for their commitment and dedicated services throughout the year.

PUBLICATION OF DETAILED ANNUAL RESULTS ON STOCK EXCHANGE’S WEBSITE

The 2007 annual report containing all the information required by the Listing Rules will be released on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hopefluent.com) and dispatched to shareholders in due course.

2008 ANNUAL GENERAL MEETING

It is proposed that the 2008 Annual General Meeting of the Company will be held on 2 June 2008 (Monday). A notice convening the 2008 Annual General Meeting will be released on the websites of the Stock Exchange and the Company and will be dispatched to the shareholders of the Company accordingly.

By Order of the Board of Directors
FU Wai Chung
Chairman

Hong Kong, 16 April 2008

As at the date of this announcement, the Board of Directors comprises four executive directors, namely Mr. FU Wai Chung, Ms. NG Wan, Ms. FU Man and Mr. LO Yat Fung and three independent non-executive directors, namely Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.