Notes To The Financial Statements
For The Year Ended 31st January, 2001

1. General

The Company is a company incorporated in Hong Kong and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

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

2. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st January each year.

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.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of investments in subsidiaries and associates, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment in the value of the subsidiary.

Notes To The Financial Statements - continued
For The Year Ended 31st January, 2001

2. Significant Accounting Policies - continued

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

In the Company's balance sheet, investments in associates are stated at cost, as reduced by any impairment in the value of the associate.

Revenue recognition

Income from properties developed for sale or held for sale is recognised on the execution of a binding sales agreement or when the relevant occupation permit is issued by the relevant authority, whichever is the later.

Rental income under operating leases is recognised on a straight line basis over the term of the relevant lease.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST JANUARY, 2001

2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Air-conditioning system	10%
Furniture, fixtures and office equipment	20%
Computer system	20%

Properties under development

Properties under development are carried at cost, less any impairment loss. Cost includes professional fees and borrowing costs capitalised in accordance with the Group's accounting policy.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total land and development costs attributable to the unsold properties. Net realisable value is determined by reference to the estimated sales proceeds less selling expenses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST JANUARY, 2001

2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign currencies
Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of overseas subsidiaries and associates which are denominated in currencies other than Hong Kong dollars are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Taxation
The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Cash equivalents
Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

3. SEGMENT INFORMATION

An analysis of turnover and contribution to loss before tax of the Group by business and geographical segments is as follows:

	Turnover 2001 HK$	Contribution to loss before tax 2001 HK$	Turnover 2000 HK$	Contribution to loss before tax 2000 HK$
Business Segments				
Property development and trading	2,200,000	(6,164,256)	8,280,308	814,239
Property investment	412,000	(3,136,067)	540,000	(1,545,115)
	2,612,000	(9,300,323)	8,820,308	(730,876)
Share of results of associates		(243,896)		(182,851)
Loss before tax		(9,544,219)		(913,727)
Geographical Segments				
Hong Kong	412,000	(3,136,067)	540,000	(1,545,115)
Macau	2,200,000	(6,164,256)	8,280,308	814,239
	2,612,000	(9,300,323)	8,820,308	(730,876)
Share of results of associates		(243,896)		(182,851)
Loss before tax		(9,544,219)		(913,727)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31ST JANUARY, 2001

4. TURNOVER

Turnover represents the amounts received and receivable for properties sold by the Group to outside customers and property rental income during the year as follows:

	2001	2000
	HK$	HK$
Sales of properties	2,200,000	8,280,308
Property rental income	412,000	540,000
	2,612,000	8,820,308

5. OTHER REVENUE

Included in other revenue is bank interest income of HK$184,224 (2000: HK$142,359).

6. (LOSS) PROFIT FROM OPERATIONS

	2001	2000
	HK$	HK$
(Loss) profit from operations has been arrived at after charging (crediting):		
Auditors' remuneration	200,000	160,000
Directors' emoluments	865,000	-
Other staff costs	72,840	87,900
Depreciation	3,056	3,350
Revaluation deficit on revaluation of investment properties	800,000	-
Gross rents from investment properties under operating leases	(412,000)	(540,000)
Less: Outgoings	28,934	28,357
	(383,066)	(511,643)

7. FINANCE COSTS

	2001	2000
	HK$	HK$
The finance costs comprise:		
Interest on bank borrowing not wholly repayable within five years	623,475	731,155
Interest on bank overdrafts wholly repayable within five years	146,344	-
	769,819	731,155