1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

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

The consolidated financial statements are presented in Hong Kong dollars and the functional currency of the Company and its subsidiaries is Renminbi ("RMB"). As the Company is listed in Hong Kong, the directors consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars.

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 (the "HKICPA") that are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or 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 HKAS 29 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]

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

[1] Effective for accounting periods beginning on or after 1st January, 2007.

[2] Effective for accounting periods beginning on or after 1st January, 2009.

[3] Effective for accounting periods beginning on or after 1st March, 2006.

[4] Effective for accounting periods beginning on or after 1st May, 2006.

[5] Effective for accounting periods beginning on or after 1st June, 2006.

[6] Effective for accounting periods beginning on or after 1st November, 2006.

[7] Effective for accounting periods beginning on or after 1st March, 2007.

[8] Effective for accounting periods beginning on or after 1st January, 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 of Hong Kong Limited and by the 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 consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

Goodwill

Goodwill arising on an acquisition of a subsidiary 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

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.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less identified impairment loss.

Investments in associates

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

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

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

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

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 and sales related taxes.

Income from property sales is recognised on the execution of a binding sales agreement.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

Property management income is recognised when services are provided.

Leasing

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

The Group as lessor

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

The Group as lessee

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

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 properties 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 disposal. 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, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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 their estimated residual value, using the straight-line method.

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

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 rate 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 year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group which are dominated in the functional currency of the respective group companies other than the presentation currency of the Group are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, 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 (translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

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

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax 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 profit 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 realised. Deferred tax is charged or credited to profit and 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.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 classified as loans and receivables and the accounting policy adopted is set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and sundry receivables, amounts due from subsidiaries, amount due from an associate and bank balances) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity (continued)

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.

Other financial liabilities

Other financial liabilities including sundry payables, amounts due to subsidiaries, an associate and a director, borrowings and preference shares dividend payable are subsequently measured at amortised cost, using the effective interest method.

Convertible preference shares

Convertible preference shares issued by the Company that contain both financial liability and equity components are classified separately into respective liability, representing the contractual obligation for dividends, and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible preference shares. The difference between the proceeds of the issue of the convertible preference shares and the fair value assigned to the liability component, representing the preference shares with the embedded call option for the holder to convert the convertible preference shares into equity, is included in equity.

In subsequent periods, the liability component of the convertible preference shares is carried at amortised cost using the effective interest method. The equity component, represented by the preference shares and the embedded option to convert the liability component into ordinary shares of the Company, will remain in share capital until the embedded option is exercised in which case the balance stated in preference share capital will be transferred to ordinary share capital. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible preference shares notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible preference shares 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)

Derecognition

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

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

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme and other schemes managed by the People's Republic of China ("PRC") government, the defined contribution schemes, are charged as an expense when employees have rendered services entitling them to the contributions.

4. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's major financial instruments include trade and sundry receivables, bank balances and sundry payables. In addition, the Company also has amounts due from and to subsidiaries as its major financial instruments. Details of these financial instruments are disclosed in 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.

Credit risk

As at 31st January, 2007, 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 counter parties 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.

4. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

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

The Group's maximum exposure to credit risk is mainly on bank balances.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings.

Market risks

Cash flow interest rate risk

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances. The Group has not used any interest rate swaps in order to mitigate its exposure associated with fluctuations relating to interest cash flows. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

Fair value

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

5. REVENUE

Revenue represents property rental and property trading income received and receivable during the year. An analysis of turnover, which has the same meaning as revenue as defined above, is set out in note 6.

6. SEGMENT INFORMATION

The Group is mainly engaged in property trading, property investment and property management. This is the basis on which the Group reports its primary segment information.

(a) Business Segments

INCOME STATEMENT

	Property trading		Property investment		Property management		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Turnover	**-**	43,581,333	**1,744,538**	176,000	**1,052,123**	–	**2,796,661**	43,757,333
Segment results	**-**	1,584,379	**4,235,412**	155,508	**(470,876)**	–	**3,764,536**	1,739,887
Unallocated corporate income							**1,338,953**	1,101
Unallocated corporate expenses							**(6,709,639)**	(2,297,035)
Finance costs							**(989,493)**	(167,071)
Share of results of associates	**4,408,514**	–	**-**	–	**-**	–	**4,408,514**	(43,960)
Gain on disposal of associates							**35,397,566**	–
Impairment loss recognised in respect of goodwill	**-**	–	**(11,253,911)**	–	**-**	–	**(11,253,191)**	–
Profit (loss) before taxation							**25,957,246**	(767,078)
Taxation							**(1,246,088)**	716,677
Profit (loss) for the year							**24,711,158**	(50,401)

6. SEGMENT INFORMATION (continued)

(a) Business Segments (continued)

BALANCE SHEET

	Property trading		Property investment		Property management		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
ASSETS								
Segment assets	**480,000**	480,000	**74,287,157**	–	**176,893**	–	**74,944,050**	480,000
Interests in associates							**-**	13,322,872
Amount due from an associate							**-**	2,130,328
Unallocated corporate assets							**31,024,185**	44,067,794
Consolidated total assets							**105,968,235**	60,000,994
LIABILITIES								
Segment liabilities	**480,000**	517,000	**315,175**	585,329	**695,105**	–	**1,490,280**	1,102,329
Amount due to an associate							**-**	430,866
Unallocated corporate liabilities							**17,780,272**	2,984,400
Consolidated total liabilities							**19,270,552**	4,517,595

6. SEGMENT INFORMATION (continued)

(a) Business Segments (continued)

OTHER INFORMATION

	Property trading		Property investment		Property management		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Allowance for bad and doubtful debts	**-**	–	**-**	–	**661,217**	–	**661,217**	–
Depreciation	**-**	–	**3,765**	266	**-**	–	**3,765**	266
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary	**-**	–	**11,253,911**	–	**-**	–	**11,253,911**	–

(b) Geographical Segments

The Group's turnover is principally generated in the PRC excluding Hong Kong. Accordingly, no analysis of the turnover by geographically segment is presented.

The carrying amount of segment assets, analysed by the geographical area in which all the segment assets are located in the PRC.

7. FINANCE COSTS

	2007	2006
	HK$	*HK$*
Interest on:		
Bank borrowings wholly repayable within five years	**–**	167,071
Imputed interest expenses on loan from a director	**989,493**	–
	989,493	167,071

8. GAIN ON DISPOSAL OF ASSOCIATES

Pursuant to an agreement dated 4th July, 2006 entered into between the Company and an independent third party, the Company disposed of its 36.74% equity interest in Gladiolus Trading Limited ("Gladiolus") and the outstanding loan granted by the Company to a subsidiary of Gladiolus for an aggregate consideration of HK$54,763,160, resulting in a gain on disposal of HK$35,397,566.

9. TAXATION

	2007	2006
	HK$	*HK$*
Current tax charge:		
PRC	**(536,067)**	(480,000)
Recoverable tax expense	**–**	480,000
	(536,067)	–
Deferred tax:		
Current year	**(710,021)**	–
Reversal of deferred taxation in prior years	**–**	716,677
Taxation attributable to the Company and its subsidiaries	**(1,246,088)**	716,677

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits for both years. Taxation arising in the PRC is calculated at the rate prevailing in the relevant jurisdiction.

Details of the deferred taxation are set out in note 22.

9. TAXATION (continued)

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

	2007	2006
	HK$	*HK$*
Profit (loss) before taxation	**25,957,246**	(767,078)
Tax at income tax rate of 33%	**8,565,892**	(253,136)
Tax effect of share of results of associates	**(771,490)**	7,693
Tax effect of expenses not deductible for tax purpose	**3,008,453**	16,753
Tax effect of income not taxable for tax purpose	**(6,455,934)**	(54,755)
Tax effect of estimated tax losses not recognised	**756,121**	398,969
Tax effect of tax liabilities arising from disposal of properties held for resale being borne by the buyer *(note)*	**–**	(480,000)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(3,856,954)**	364,476
Reversal of deferred taxation	**–**	(716,677)
Taxation for the year	**1,246,088**	(716,677)

Note: The tax charge in the PRC relates to tax on disposal of properties held for sale. In accordance with the terms of the sale agreement, the tax liability will be borne by the buyer.

10. PROFIT (LOSS) FOR THE YEAR

	2007	2006
	HK$	*HK$*
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**460,000**	470,000
Bank interest income	**(693,501)**	(1,101)
Cost of properties held for resale recognised as an expense	**–**	41,700,000
Depreciation of property, plant and equipment	**3,765**	266
Directors' emoluments *(note 11)*	**408,017**	216,000
Exchange gain	**(619,957)**	–
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary *(note)*	**11,253,191**	–
Gross rents from an investment property under operating lease	**(1,744,538)**	(176,000)
Less: Outgoings	**76,754**	13,666
Net rental income	**(1,667,784)**	(162,334)
Loss on disposal of an investment property	**–**	6,826
Other staff costs (including contribution to retirement benefits schemes of HK$11,213 (2006: HK$nil))	**808,955**	96,000
Operating lease rentals in respect of premises	**32,482**	–
Share of taxation of an associate (included in share of results of associates)	**591,465**	–

Note: As the recoverable amount of the cash generating unit acquired on the acquisition of a subsidiary is less than the total consideration paid at the acquisition, an impairment loss of goodwill of HK$11,253,191 has been recognised during the year.

11. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 12 (2006: 10) directors were as follows:

For the year ended 31st January, 2007

	Jong Kong Ki	Lo Cheung Kin	So Yiu Kong	Jong Tat Fung	Yin Hoi Yeung	Chu Kwok Chue	Jong Lai Ching	Siu Wing Keung	David Gregory Jeaffreson	See Tak Wah	Li Jianbo	Wong Cheong	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Fees	-	-	-	-	-	-	-	90,000	88,000	96,000	-	24,000	298,000
Other emoluments													
Salaries and other benefits	-	30,852	-	-	30,852	-	-	-	-	-	-	-	61,704
Contributions to retirement benefits schemes	-	-	-	-	-	-	-	35,500	-	11,213	-	1,600	48,313
Total emoluments	-	30,852	-	-	30,852	-	-	125,500	88,000	107,213	-	25,600	408,017

For the year ended 31st January, 2006

	Jong Kong Ki	Lo Cheung Kin	So Yiu Kong	Jong Tat Fung	Yin Hoi Yeung	Chu Kwok Chue	Jong Lai Ching	Siu Wing Keung	David Gregory Jeaffreson	See Tak Wah	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Fees	–	–	–	–	–	–	–	120,000	–	96,000	216,000
Other emoluments											
Salaries and other benefits	–	–	–	–	–	–	–	–	–	–	–
Contributions to retirement benefits schemes	–	–	–	–	–	–	–	–	–	–	–
Total emoluments	–	–	–	–	–	–	–	120,000	–	96,000	216,000

11. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS (continued)

Directors' emoluments (continued)

During the year, 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 has waived any emoluments during the year.

Employee's emoluments

Of the five individuals with the highest emoluments in the Group, four (2006: two) were directors of the Company whose emoluments are included in the disclosures as above. The emoluments of the remaining one (2006: three) individual was as follows:

	2007	2006
	HK$	*HK$*
Salaries and allowances	**96,000**	96,000

During the year, no emoluments were paid by the Group to the above highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office.

Their emoluments were within the following bands:

	Number of employees	
	2007	2006
Nil to HK$1,000,000	**1**	3

12. DIVIDEND

No dividend was paid or proposed during 2007, nor has any dividend been proposed since the balance sheet date (2006: nil).

13. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	2007	2006
	HK$	*HK$*
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share attributable to equity holders of the Company	**24,711,158**	(50,401)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**86,515,237**	86,141,399
Effect of dilutive potential ordinary shares for preference shares	**2,658,401**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**89,173,638**	86,141,399

The calculation of diluted loss per share for the year ended 31st January, 2006 does not assume the conversion of the Company's preference shares since their conversion would result in a decrease in loss per share.

14. INVESTMENT PROPERTIES

	HK$
FAIR VALUE	
At 1st February, 2005	4,800,000
Disposal	(4,800,000)
At 31st January, 2006	–
Acquired on an acquisition of subsidiaries	67,136,101
Increase in fair value recognised in the consolidated income statement	3,679,040
Exchange adjustments	2,384,140
At 31st January, 2007	73,199,281

The fair value of the Group's investment properties with carrying amounts of HK$73,199,281 at 31st January, 2007 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited, an independent qualified professional valuer not connected with the Group. DTZ Debenham Tie Leung Limited is a member of the Institute of Valuers, and has 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.

The investment properties are situated outside Hong Kong and are held on medium-term lease. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

On 29th September, 2005, an investment property was disposed of to an independent third party at a consideration of HK$4,990,000 which represented the fair value of that investment property at 29th September, 2005 as revalued by Midland Surveyors Limited, an independent professional valuer, on an open market basis on the date of disposal and the direct attributable expenses were HK$196,826.

As at the date of this report, the Group is still applying for the property ownership certificate from the relevant government authorities for an investment property with the carrying amount of HK$399,281 owned by the Group.

15. PROPERTY, PLANT AND EQUIPMENT

	Air-conditioning system	Furniture and fixtures	Office equipment	Computer system	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
THE GROUP						
COST						
At 1st February, 2005 and 31st January, 2006	38,000	43,410	39,540	197,300	–	318,250
Acquired on acquisition of subsidiaries	–	–	27,709	–	–	27,709
Additions	–	–	–	–	379,261	379,261
Exchange adjustments	–	–	1,333	–	–	1,333
At 31st January, 2007	38,000	43,410	68,582	197,300	379,261	726,553
DEPRECIATION						
At 1st February, 2005	36,787	43,340	39,469	196,995	–	316,591
Provided for the year	121	70	14	61	–	266
At 1st February, 2006	36,908	43,410	39,483	197,056	–	316,857
Provided for the year	109	–	3,632	24	–	3,765
Exchange adjustments	–	–	478	–	–	478
At 31st January, 2007	37,017	43,410	43,593	197,080	–	321,100
NET BOOK VALUES						
At 31st January, 2007	983	–	24,989	220	379,261	405,453
At 31st January, 2006	1,092	–	57	244	–	1,393

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Air-conditioning system	Furniture and fixtures	Office equipment	Computer system	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY					
COST					
At 1st February, 2005, 31st January, 2006 and 31st January, 2007	38,000	43,410	39,540	197,300	318,250
DEPRECIATION					
At 1st February, 2005	36,787	43,340	39,469	196,995	316,591
Provided for the year	121	70	14	61	266
At 1st February, 2006	36,908	43,410	39,483	197,056	316,857
Provided for the year	109	–	7	24	140
At 31st January, 2007	37,017	43,410	39,490	197,080	316,997
NET BOOK VALUES					
At 31st January, 2007	983	–	50	220	1,253
At 31st January, 2006	1,092	–	57	244	1,393

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

Air-conditioning system	10%
Furniture and fixtures	20%
Office equipment	20%
Computer system	20%
Motor vehicles	20%

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2007	2006
	HK$	*HK$*
Unlisted shares, at cost	**69,110,948**	2,762,297
Less: Impairment losses recognised *(note)*	**(8,884,762)**	(577,358)
	60,226,186	2,184,939

Note: The directors reviewed the carrying value of the investment cost in subsidiaries with reference to the business operated by these subsidiaries and impairment losses of HK$8,307,404 (2006: HK$577,358) have been identified and recognised in the Company's income statement.

Details of the Company's subsidiaries at 31st January, 2007 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital/ registered capital held by the Company directly	Paid up issued share capital/ registered capital	Principal activities
Buildmore Finance Limited	Hong Kong	Ordinary	100%	HK$1,000,000	Inactive
Faith Stand (China) Limited ("Faith Stand")	Hong Kong/ PRC	Ordinary	100%	HK$1	Property investment
Keen Luck (China) Limited	Hong Kong/ PRC	Ordinary	100%	HK$10,000	Property trading
Lloyd Bridge Investment (H.K.) Limited	Hong Kong	Ordinary	100%	HK$100,000	Inactive
Victorfield (Fujian) Property Development Co., Ltd. ("Victorfield Fujian")	PRC	Paid in capital	100%	US$500,000	Property investment and property management

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

17. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*
Cost of investment in associates, unlisted	**–**	8,696,708	**–**	8,696,708
Share of post-acquisition profits	**–**	4,626,164	**–**	–
	–	13,322,872	**–**	8,696,708

The associates were disposed of during the year ended 31st January, 2007, details of which are set out in note 8.

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

	2007	2006
	HK$	*HK$*
Total assets	**–**	68,290,716
Total liabilities	**–**	(23,878,490)
Net assets	**–**	44,412,226
Group's share of net assets of associates	**–**	13,322,872
Revenue	**45,200,000**	972,774
Profit (loss) for the year	**14,696,571**	(146,539)
Group's share of results of associates for the year	**4,408,513**	(43,960)

18. TRADE AND SUNDRY RECEIVABLES AND PREPAYMENTS

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet date:

	2007 HK$	2006 HK$
0 – 30 days	683,677	–
Trade receivables	683,677	–
Sundry receivables and prepayments	901,847	693,249
	1,585,524	693,249

19. AMOUNTS DUE FROM/TO SUBSIDIARIES, AN ASSOCIATE AND A DIRECTOR

THE GROUP AND THE COMPANY

The amounts are unsecured, non-interest bearing and repayable on demand.

20. BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

The bank balances carried interest at market rates which range from 0.72% to 2% per annum.

21. BORROWINGS

THE GROUP AND THE COMPANY

	2007 HK$	2006 HK$
Shareholder's loan, unsecured and due within one year	–	1,368,974

The shareholder's loan is unsecured, non-interest bearing and is repayable on demand. Accordingly, the amount is disclosed as a current liability. The loan was repaid during the year.

22. DEFERRED TAXATION

THE GROUP

The following is the major deferred tax liability recognised and movement thereon during the current and prior year:

	Revaluation of properties	Fair value adjustment on acquisition of the properties held for resale held by a subsidiary	Total
	HK$	*HK$*	*HK$*
At 1st February, 2005	–	716,677	716,677
Credit to consolidated income statement for the year	–	(716,677)	(716,677)
At 1st February, 2006	–	–	–
Acquired on acquisition of subsidiaries	12,996,926	–	12,996,926
Exchange adjustments	459,246	–	459,246
Charge to consolidated income statement for the year	710,021	–	710,021
At 31st January, 2007	14,166,193	–	14,166,193

THE GROUP AND THE COMPANY

At the balance sheet date, the estimated unused tax losses available for offset against future profits were HK$16,111,000 (2006: HK$11,790,000). No deferred tax asset has been recognised in respect of unrecognised estimated tax losses due to the unpredictability of future profit stream. The tax losses may be carried forward indefinitely.

23. SHARE CAPITAL

	Number of shares		Share capital	
	2007	2006	**2007**	2006
			HK$	*HK$*
Authorised:				
Ordinary shares of HK$1.00 each				
At beginning of year	**196,967,761**	196,967,761	**196,967,761**	196,967,761
Increase on conversion of preference shares	**3,032,239**	–	**3,032,239**	–
At end of year	**200,000,000**	196,967,761	**200,000,000**	196,967,761
5% convertible preference shares of HK$1.00 each				
At beginning of year	**3,032,239**	3,032,239	**3,032,239**	3,032,239
Decrease on conversion of preference shares	**(3,032,239)**	–	**(3,032,239)**	–
At end of year	**–**	3,032,239	**–**	3,032,239
	200,000,000	200,000,000	**200,000,000**	200,000,000
Issued and fully paid:				
Ordinary shares of HK$1.00 each				
At beginning of year	**86,141,399**	86,141,399	**86,141,399**	86,141,399
Conversion of preference shares	**3,032,239**	–	**3,032,239**	–
At end of year	**89,173,638**	86,141,399	**89,173,638**	86,141,399
5% convertible preference shares of HK$1.00 each				
At beginning of year	**3,032,239**	3,032,239	**3,032,239**	3,032,239
Conversion of preference shares	**(3,032,239)**	–	**(3,032,239)**	–
At end of year	**–**	3,032,239	**–**	3,032,239
	89,173,638	89,173,638	**89,173,638**	89,173,638

23. SHARE CAPITAL (continued)

The holders of the preference shares are not entitled to vote at the general meetings of the Company. The Company has a contractual obligation for payment of dividends.

On 18th December, 2006, the preference shares were converted into ordinary shares of the Company on a one to one basis. These ordinary shares rank pari passu in all respects with other shares in issue.

24. SHARE PREMIUM AND RESERVES

	Share premium account	**Shareholder's contribution**	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
THE COMPANY				
At 1st February, 2005	196,187,821	–	(234,006,440)	(37,818,619)
Loss for the year	–	–	(2,285,898)	(2,285,898)
At 31st January, 2006 and 1st February, 2006	196,187,821	–	(236,292,338)	(40,104,517)
Discount on the loan from a director *(note)*	–	3,317,997	–	3,317,997
Profit for the year	–	–	28,620,397	28,620,397
At 31st January, 2007	196,187,821	3,317,997	(207,671,941)	(8,166,123)

At each of 31st January, 2007 and 2006, the Company has no reserves available for distribution to shareholders.

Note: The amount is arising from the fair value assessment of the loan from Mr. Lo Cheung Kin ("Mr. Lo"), a shareholder and an executive director of the Company, for HK$24,906,925 with the fair value of HK$21,588,928 as disclosed in note 25.

25. ACQUISITION OF SUBSIDIARIES

On 15th June, 2006, the Group acquired 100% of the issued share capital of Victorfield Fujian from Victorfield Limited (in which the directors of the Company, Mr. Lo and Madam Yin Hoi Yeung, have beneficial interests) for a cash consideration of HK$41,441,726.

	Acquiree's carrying amount before combination and at fair value
	HK$
Net assets acquired:	
Investment properties	42,136,101
Property, plant and equipment	27,709
Trade and sundry receivables	1,402,395
Bank balances and cash	585,860
Sundry payables, deposits received and accruals	(1,021,322)
Deferred taxation	(12,942,208)
	30,188,535
Goodwill *(note 10)*	11,253,191
Satisfied by cash consideration	41,441,726
Net cash outflow arising on acquisition:	
Cash consideration paid	(41,441,726)
Cash and cash equivalents acquired	585,860
	(40,855,866)

25. ACQUISITION OF SUBSIDIARIES (continued)

On 15th June, 2006, the Group acquired the shareholder's loan and 100% of the issued share capital of Faith Stand for HK$24,906,925 from Mr. Lo, satisfied by a loan from a director.

	Acquiree's carrying amount before combination and at fair value
	HK$
Net assets acquired:	
Investment properties	25,000,000
Trade and sundry receivables	1,271,320
Bank balances and cash	5,776
Sundry payables and accruals	(96,555)
Deferred taxation	(54,718)
	26,125,823
Discount on acquisition *(note 1)*	(4,536,895)
Satisfied by fair value of the loan from a director *(note 2)*	21,588,928
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Cash and cash equivalents acquired	5,776
	5,776

Notes:

(1) The excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is deemed as a shareholder's contribution from Mr. Lo and credited to equity. The discount on acquisition arising on the acquisition of Faith Stand is mainly due to the off-market interest rate loan granted by Mr. Lo.

(2) Pursuant to a loan agreement dated 15th June, 2006 (the "Loan Agreement") entered into between the Company and Mr. Lo, the loan from a director of HK$24,906,925 bears interest at 3% per annum after a 18-month interest free period starting from 15th June, 2006 and is repayable on demand after 18 months from the date of the Loan Agreement.

On application of HKAS 39 "Financial instruments: Recognition and Measurement", the fair value of the loan from a director was determined based on an effective interest rate of 10% and assuming the loan from a director will be repayable after 18 months from the date of the Loan Agreement.

With the surplus of cash held by the Group, the amount was fully repaid in December 2006, which resulted in loss on early repayment of loan from a director amounting to approximately HK$2,328,504.

25. ACQUISITION OF SUBSIDIARIES (continued)

The subsidiaries acquired during the year ended 31st January, 2007 contributed, respectively, HK$2,796,661 and HK$3,619,921 to the Group's revenue and profit for the period between the date of acquisition and the balance sheet date.

If the acquisitions had been completed on 1st February, 2006, total group revenue for the year would have been HK$4,900,594, and profit for the year would have been HK$26,010,007. The pro forma information is for illustrative purposes only and is not necessarily an indicative of the revenue and results of the Group that actually would have been achieved had the acquisitions been completed on 1st February, 2006, nor is it intended to be a projection of future results.

26. MAJOR NON-CASH TRANSACTION

During the year, the Group acquired the shareholder's loan and 100% of the issued share capital of Faith Stand for a total consideration of HK$24,906,925 from Mr. Lo, satisfied by a loan from a director. Details of the acquisition and its terms were set out in note 25.

27. OPERATING LEASES

The Group as lessee

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

	2007	2006
	HK$	*HK$*
Within one year	**34,986**	–

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for a lease term of 2 years with fixed rental at initial recognition.

27. OPERATING LEASES (continued)

The Group as lessor

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

	2007	2006
	HK$	HK$
Within one year	2,143,324	–
In the second to fifth year inclusive	4,502,052	–
	6,645,376	–

The properties are expected to generate rental yields of 5.25% on an ongoing basis. All the properties held have committed tenants for the next 2 years.

28. POST BALANCE SHEET EVENT

On 19th March, 2007, Victorfield Fujian entered into a sale and purchase agreement with an independent third party for the acquisition of properties situated in Fuzhou, Fujian Province, the PRC for a total consideration of RMB4,912,950. The transaction was completed on 19th March, 2007.

29. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transaction with a related party in which certain directors of the Company have beneficial interests:

	2007	2006
	HK$	HK$
Rental income from a related company	–	176,000
Rental expense to a related company	32,482	–

The shareholder's loan at 31st January, 2006, as disclosed on the balance sheet, represented the short term advance from a shareholder. The amount was unsecured, interest-free and was settled during the year.

29. RELATED PARTY TRANSACTIONS (continued)

The Group acquired two subsidiaries from Victorfield Limited (in which the directors of the Company, Mr. Lo and Madam Yin Hoi Yeung, have beneficial interests) and Mr. Lo respectively during the year as disclosed in note 25.

The Group is managed by certain executive directors, who are also the shareholders of the Company. The details of remuneration of key management personnel are set out in note 11.