Buildmore International Limited

2011/ Annual Report

Stock Code:108

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Lo Cheung Kin *(Chairman)*

Huang Haiping *(Chief Executive Officer)*

Li Jianbo

Song Xiaoling

INDEPENDENT NON-EXECUTIVE DIRECTORS

See Tak Wah

Wong Cheong

Ngai Sai Chuen

SECRETARY

Tung Wing Yee Winnie

AUDIT COMMITTEE

See Tak Wah *(Chairman of the Audit Committee)*

Wong Cheong

Ngai Sai Chuen

NOMINATION COMMITTEE

Li Jianbo *(Chairman of the Nomination Committee)*

See Tak Wah

Wong Cheong

REMUNERATION COMMITTEE

Huang Haiping *(Chairman of the Remuneration Committee)*

See Tak Wah

Ngai Sai Chuen

AUDITOR

Deloitte Touche Tohmatsu

REGISTRAR

Tricor Standard Limited

26th Floor

Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

REGISTERED OFFICE

Room 806, 8th Floor

Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

STOCK CODE

108

WEBSITE

www.capitalfp.com.hk/eng/index.jsp?co=108

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present to the shareholders the Annual Report of Buildmore International Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 January 2011 (the "Year").

FINANCIAL RESULTS

In respect of the results of the Group for the Year, the audited loss attributable to owners of the Company was HK$56,430,000 (2010: HK$526,522,000). Basic loss per share was HK$0.43 (2010: HK$4.70).

BUSINESS REVIEW AND PROSPECTS

During the Year, the Group's business covers three areas: property investment; hotel management and sales of dye sublimation printed products. The Group's property investment and hotel management business were mainly located at Fujian Province, the People's Republic of China (the "PRC") and the sales of dye-sublimation printed products business was principally located at Japan.

In respect of the property investment division, the Group has generated its revenue mainly by leasing out properties held in Fuzhou City, PRC to independent tenants through Jiacheng (Fujian) Investments Co., Ltd. ("Jiacheng Fujian") and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company. In the past two years, the property leasing business of Jiacheng and Faith Stand China were under the impact of the financial tsunami. With the implementation of government policies and the gradual recovery of the global economy, the situation is improving. In March 2010, Jiacheng Fujian terminated its property management of Wenquan Apartment, the property management business has been discontinued completely.

During the Year, Jiacheng Fujian disposed of various properties located at Fuzhou City, Fujian Province, PRC to various independent third parties, at an aggregate consideration of HK$7,914,000. Jiacheng Fujian acquired certain equity shares of 福建中青創業投資有限公司 (Fujian Channel Capital Co., Ltd.*) and 佳信（福建）光電科技有限公司 (前稱"福懋（福建）光電科技有限公司") (Jiaxin Opto-Electronic Technology Co., Ltd.* formerly known as "Fumao (Fujian) Opto-Electronic Technology Co., Ltd.") respectively. Both companies are private entities incorporated in the PRC and engage in property development in 海西高新技術產業園區* (Fuzhou New & High Technology Industry Development Zone) located at Fuzhou.

* English translation of the official Chinese name are included for information purpose only, should not be regarded as the official English translation of such Chinese names or words.

CHAIRMAN'S STATEMENT

The hotel management division derives revenue through a wholly owned subsidiary of the Company, Vast Glory (Fujian) Hotel Management Limited ("Vast Glory Fujian"), the management of the construction and decoration of one hotel and the preparation for its opening has been completed during the year. For the time being, Vast Glory Fujian is negotiating with potential customers for business opportunity regarding hotel management business.

Looking forward, as the Central Government of the PRC had laid down concrete development plan for the coastal area in Fujian Province, Fujian usher in better development opportunities, this will certainly be beneficial to the development of real estate industry and hotel industry, the management of the Group will explore potential business opportunities which may generate greater return to the shareholders.

Subsequent to the completion of the acquisition of Rakupuri Inc. ("Rakupuri"), an indirect non-wholly owned subsidiary of the Company, in late 2009, the sales of dye-sublimation printed products also generated revenue for the Group. Rakupuri is engaged in the manufacture and sale of dye-sublimation printed products. Rakupuri currently owns various patents for their production of Pita Clean products, as well as patents for its distinct technology for colour-dyeing on both sides of a zipper, and such technology could be used on zippers, seat belts as well as apparel. Rakupuri's business started off in Japan, the management's goal was to utilize its connections to form strategic alliance with relevant enterprises in the PRC with the promotion of the use of Rakupuri's patented technologies, actively expanding its businesses and gradually establishing strategic relationships with world-renowned companies, striving for diversification and expansion of its scope of operation, thus, generating benefits to the Group.

Rakupuri has obtained the patent for production of Pita Clean in China and Japan, Rakupuri is authorized to engage in manufacturing and production of Pita Clean in China and explore the domestic market. During the Year, the counterfeiting both-side zipper dye sublimation techonolgy has been approved by the Ministry of Economy, Trade and Industry of Japan, subsidize for research and development has been granted by the Japanese Government, Rakupuri is speeding up the research and development process, and negotiating with potential business partners for business development, with a hope that this will bring along positive results to the Group in the near future.

Notwithstanding that Rakupuri recorded a loss for the Year, what is more, the Japanese local economic development will certainly be seriously affected by the disasters took place in the Northeast region in middle of March, the Group's office in Japan is not located in the affected area. As noted, the Group's focus is not the development of the Japanese local market, thus, it is not expected that the disaster in Japan will pose material effect to the development of the Group. Whilst, the management of the Group will closely monitor the business development of Rakupuri, and implement corresponding adjustments when the appropriate time comes.

The Company will continue to expand its business scope and identify all kinds of investment opportunities in a proactive yet prudent manner, so as to diversify its business development, strengthen its risk resistance capability and improve profitability.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group recorded a loss attributable to owners of the Group of HK$56,430,000 (2010: HK$526,522,000). The loss attributable to owners reduced substantially as compared to last year, this is mainly attributed to the fact that the loss of last year included a one-off impairment of goodwill of HK$509,234,000 which arose from the acquisition of United Achieve International Limited.

As at 31st January, 2011, the Group had available cash and bank balance of HK$13,046,000 which comprised of HK$2,756,000, RMB7,745,000 and JPY12,137,000 (2010: HK$19,696,000 which comprised of HK$8,829,000, RMB7,880,000 and JPY22,344,000) representing a capital liquidity ratio of 0.06 (2010: 2.03). The capital liquidity ratio is calculated by dividing the cash and bank balance over the current liabilities. As compared to prior year, the capital liquidity ratio decreased substantially, this is due to the fact that the entire sum of the amount due to a shareholder of HK$193,575,000 is being classified as current liabilities as at 31st January, 2011, while a major portion of this was being classified as non-current liabilities in last year. This classification was made with reference to the undertaking given by the shareholder as disclosed in the "Basis of Preparation of Consolidated Financial Statements" section. Nonetheless, this classification did not cast any effect on the loss for the year of the Group. The management of the Group does not expect any impact on the cash flows of the Group from the classification of this.

As at 31 January 2011, the Group's debts to assets ratio was 3.18 (2010: 3.33). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included an amount due to a shareholder of HK$193,575,000 (2010: HK$160,519,000), borrowings of HK$4,533,000 (2010: HK$5,277,000), the liability component of the convertible bonds of HK$203,256,000 (2010: HK$171,945,000) over the amount of total assets of HK$126,206,000 (2010: HK$101,544,000).

CHAIRMAN'S STATEMENT

During the Year, the Group's business operations were principally in the PRC and Japan, and the main operational currencies are HK$, RMB and JPY. The exchange rate between RMB and HK$ and JPY and HK$ have remained stable throughout the Year. Whilst, as a result of the outbreak of disasters in the Northeast region of Japan, the exchange rate between JPY and HK$ fluctuates slightly. The Group will closely monitor the exchange rate trend and take corresponding measures in a timely manner to reduce foreign currency exchange risk and exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31st January, 2011, the total number of employees of the Group (excluding directors of the Company) was 40 (2010: 53). 25 of them worked in the PRC, 13 worked in Japan, while 2 worked in Hong Kong (2010: 39 of them worked in the PRC, 13 worked in Japan, 1 worked in Hong Kong.

During the Year, the Group paid employees' emoluments (including emoluments for directors, company secretary) amounting to HK$2,956,000 (2010: HK$1,036,000), RMB1,232,000 (2010: RMB1,299,000) and JPY72,898,000 (1st November, 2009 to 31st January, 2010: JPY12,147,000). The remuneration offered by the Group was determined in accordance with the relevant policies in Hong Kong, PRC and Japan and with reference to market level, as well as the individual competence and performance of the staff. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance funds and medical insurance funds.

APPRECIATION

On behalf of all members of the Board, I would like to express our gratitude to the shareholders for their continuing support and all staff of the Group for their hard work and contribution.

LO CHEUNG KIN
Chairman

Hong Kong, 29th April, 2011

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Lo Cheung Kin, aged 64, the Chairman of the Company, was appointed as an executive director of the Company on 30th September, 1998. He also acts as directors of Faith Stand (China) Limited, Vast Glory Investment Limited and Jiacheng (Fujian) Investments Co., Ltd., all of which are wholly-owned subsidiaries of the Company, and Viswell International Limited, the Company's 72.12% owned subsidiary. Mr. Lo graduated from Fujian Teachers University in the PRC majoring in Foreign Language. He has over 30 years of experience in the property investment and development market. Mr. Lo is a director and the beneficial owner of Mass Honour Investment Limited, a substantial shareholder of the Company. Save as disclosed, Mr. Lo does not have any other relationship with the other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

Madam Huang Haiping, aged 59, was appointed as an executive director and the Chief Executive Officer of the Company on 1st February, 2007. She also acts as the chairman of the Company's remuneration committee. In addition, Madam Huang acts as directors of Jiacheng (Fujian) Investments Co., Ltd. and Vast Glory (Fujian) Hotel Management Limited, both of which are wholly-owned subsidiaries of the Company. Madam Huang is an engineer and a senior economist. She is vastly experienced in construction design, budgetary estimate, finance and administration. Madam Huang does not have any relationship with the other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

Mr. Li Jianbo, aged 50, was appointed as an executive director of the Company on 20th October, 2006. He also acts as the chairman of the Company's nomination committee. In addition, Mr. Li acts as director of Jiacheng (Fujian) Investments Co., Ltd., a wholly-owned subsidiary of the Company. Mr. Li graduated from Fujian Teachers University in the PRC. Mr. Li previously served as secretary of the General Office of Fujian Provincial People's Municipal Government of the PRC and its representative office in Hong Kong, Fujian Enterprises (Holdings) Company Limited. Currently, he is principally engaged in managing a private fund in Hong Kong and is also a director of that private fund company, and he has extensive experience in fund investment. Mr. Li does not have any relationship with the other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

Madam Song Xiaoling, aged 58, was appointed as an executive director of the Company on 24th October, 2008. She also acts as director of Vast Glory (Fujian) Hotel Management Limited, a wholly-owned subsidiary of the Company. Madam Song graduated from the Faculty of Chinese at Xiamen University in the PRC. She is vastly experienced in the management and personnel training of hotels. Madam Song does not have any relationship with the other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. See Tak Wah, aged 48, was appointed as an independent non-executive director of the Company on 30th September, 2004. He also acts as the chairman of the Company's audit committee and a member of each of the Company's remuneration committee and nomination committee. Mr. See graduated from the Management School of Waikato University in New Zealand with a first class honours in Bachelor of Management Studies and is a member of the Institute of Chartered Accountants of New Zealand and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. See has over 20 years' experience in financial and general management where he previously worked as the regional business controller of Nokia Mobile Phones Asia Pacific, the managing director of Nokia Mobile Phones Hong Kong, the chief operating officer of First Mobile Group Holdings Limited and held key management position in the North Asia office of Philips and Siemens. Mr. See is currently running his own strategic consultancy business. In addition, he currently serves as an independent non-executive director of each of Sun East Technology (Holdings) Limited (Stock Code: 0365) and Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Limited (Stock Code: 1938). Mr. See does not have any relationship with the other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

Mr. Wong Cheong, aged 56, was appointed as an independent non-executive director of the Company on 20th October, 2006. He also acts as a member of each of the Company's audit committee and nomination committee. Mr. Wong has been serving as engineer of several companies in Macau for over 15 years. He has extensive experience in the areas of construction engineering and property repair, maintenance and management. Mr. Wong does not have any relationship with the other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

Mr. Ngai Sai Chuen, aged 60, was appointed as an independent non-executive director of the Company on 1st February, 2010. Mr. Ngai was awarded an associate degree by a college in the PRC in 1987. He worked for the railway system in Fuzhou for ten years from 1972. He then acted as a deputy section chief of Fujian People's Government General Office until 1989. From 1989 to 1994, he acted as the general manager of a subsidiary company of China Fujian Corp for International Techno-Economic Corporation. He then acted as the department manager of Fujian Economy Consultation Company until 2004. Currently, he is a director of Jadford International Limited and acts as consultant of Space (Fujian) Information Technology Development Limited. Mr. Ngai does not have any relationship with any other directors, senior managers, substantial shareholders or controlling shareholders of the Company.

COMPANY SECRETARY

Madam Tung Wing Yee Winnie, aged 39, was appointed as the company secretary of the Company on 28th July, 2010. Madam Tung is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. She has over 15 years' experience in auditing and accounting. In addition, she holds a Master degree in Business Administration and a Bachelor degree in Commerce. Madam Tung does not have any relationship with the directors, senior managers, substantial shareholders or controlling shareholders of the Company.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") is committed to maintain and ensure high standards of corporate governance practice. The Company stresses the importance of maintaining the quality of the Board by ensuring that the directors possess a wide range of expertise and the effective implementation of an accountability system, so as to ensure that business activities and decision making processes are regulated in a proper manner.

Save as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Year.

The Company does not fully comply with code provision A.4.1 in the CG Code. Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. Mr. See Tak Wah, being an independent non-executive director of the Company, has not been appointed for a specific term but is subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company.

The Company will seek to improve its management and raise its control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors of the Company, the Company is not aware of any non-compliance with the Model Code regarding the trading of the Company's securities for the Year.

BOARD OF DIRECTORS

Currently, the Board comprises four executive directors and three independent non-executive directors. The directors of the Company during the Year and up to the date of this report were:–

Executive directors

Mr. Lo Cheung Kin *(Chairman)*
Madam Huang Haiping *(Chief Executive Officer)*
Mr. Li Jianbo
Madam Song Xiaoling

Independent non-executive directors

Mr. See Tak Wah	
Mr. Wong Cheong	
Mr. Ngai Sai Chuen	(appointed on 1st February, 2010)
Mr. Chau On Ta Yuen	(resigned on 27th September, 2010)

The biographical details of the current directors are set out on pages 7 to 9 of this Annual Report. The Board possesses a balance of skills and experience which are appropriate for the requirements of the business of the Company. The opinions raised by the independent non-executive directors of the Company in the Board meetings facilitate the maintenance of good corporate governance practices. Mr. See Tak Wah, one of the independent non-executive directors, has the appropriate professional qualifications and accounting and related financial management expertise as required by Rule 3.10(1) and (2) of the Listing Rules. A balanced composition of executive and independent non-executive directors also generates a strong independent element on the Board, which allows independent and objective decision making process for the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the developmental needs of the business of the Group.

All independent non-executive directors are free from any business or other relationship with the Company. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the three independent non-executive directors to be independent.

CORPORATE GOVERNANCE REPORT

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

Regular Board meetings are held at least four times a year to approve annual and interim results, and to review the business operation and the internal control system of the Group. The meeting schedule will be fixed at the beginning of each year. Apart from these regular meetings, Board meetings are also held to approve major issues. At least 14 days' notice of each regular meeting is given to all directors. Agendas and accompanying Board papers are sent not less than 3 days before the date of Board meetings to ensure that the directors are given sufficient time to review the same. Draft minutes of Board meetings and Board committee meetings are circulated to directors for their review and comment while final versions of the said minutes, when duly signed, are sent to all members of the Board for their records. All the said minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Lo Cheung Kin while the Chief Executive Officer ("CEO") is Madam Huang Haiping. There is a clear division of responsibilities between the Chairman and the CEO, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the CEO is authorized and responsible for the management of the day-to-day business of the Group as well as the implementation of the strategies approved by the Board.

AUDIT COMMITTEE

The Board set up the Audit Committee in July 1999 with specific written terms of reference (which have been revised subsequently to cope with changes) which clearly deal with its authority and duties. The Audit Committee's role is to review the Group's financial reporting, internal controls and corporate governance issues and to make relevant recommendations to the Board.

The members of the Audit Committee are as follows:–

Mr. See Tak Wah	Chairman *(independent non-executive director)*
Mr. Wong Cheong	Member *(independent non-executive director)*
Mr. Ngai Sai Chuen	Member *(independent non-executive director)*

In discharging its responsibilities, the Audit Committee had performed the following tasks during the Year:–

(i) reviewed the effectiveness of the audit process in accordance with the applicable standards;

(ii) reviewed the draft interim and annual financial statements and the related draft results announcements;

(iii) reviewed the change in accounting standards and assessed the potential impacts on the Group's financial statements;

(iv) reviewed the Group's internal control system and discussed with the management the relevant issues including financial, operational and compliance controls and risk management functions and ensured that the management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget; and

(v) made recommendation on the appointment or reappointment of the external auditor and approved their terms of engagement.

NOMINATION COMMITTEE

The Board set up the Nomination Committee on 9th March, 2007 with specific written terms of reference which clearly deal with its authority and duties. The Nomination Committee's roles are principally to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; identify individuals suitably qualified to become Board members and make recommendations to the Board in this regard; and assess the independence of independent non-executive directors. During the Year, no meeting was held by the Nomination Committee.

The members of the Nomination Committee are as follows:–

Mr. Li Jianbo	Chairman *(executive director)*
Mr. See Tak Wah	Member *(independent non-executive director)*
Mr. Wong Cheong	Member *(independent non-executive director)*

REMUNERATION COMMITTEE

The Board set up the Remuneration Committee in May 2005 with specific written terms of reference which clearly deal with its authority and duties. The Remuneration Committee's role is to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having regard to the interests of shareholders. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The members of the Remuneration Committee are as follows:–

Madam Huang Haiping	Chairman *(executive director)*
Mr. See Tak Wah	Member *(independent non-executive director)*
Mr. Ngai Sai Chuen	Member *(independent non-executive director)*

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

During the Year, the individual attendance of the directors for Board meetings, Audit Committee meetings and Remuneration Committee meetings is set out below:–

	No. of meetings attended/ No. of meetings held		
Directors	**Board meetings**	**Audit Committee meetings**	**Remuneration Committee meeting**
Executive directors			
Mr. Lo Cheung Kin	4/4	N/A	N/A
Madam Huang Haiping	4/4	N/A	1/1
Mr. Li Jianbo	4/4	N/A	N/A
Madam Song Xiaoling	4/4	N/A	N/A
Independent non-executive directors			
Mr. See Tak Wah	3/4	2/2	1/1
Mr. Wong Cheong	4/4	2/2	N/A
Mr. Ngai Sai Chuen *(Note a)*	3/4	N/A	0/1
Mr. Chau On Ta Yuen *(Note b)*	2/3	1/2	N/A

Notes:

a. Mr. Ngai Sai Chuen became member of the Audit Committee and Remuneration Committee since 27th September, 2010.

b. Mr. Chau On Ta Yuen resigned as director of the Company and member of the Audit Committee and Remuneration Committee with effect from 27th September, 2010.

AUDITOR'S REMUNERATION

During the Year, Deloitte Touche Tohmatsu, the external auditor of the Company, provided the following services to the Group and their respective fees charged are set out below:–

Type of services	Fees charged for the year ended 31 January	
	2011	2010
	HK$	*HK$*
Audit fee for the Group	**820,000**	880,000
Taxation services	**32,400**	31,400
Agreed upon procedure engagements	**30,000**	30,000
Special engagements	**123,500**	100,000
Total	**1,005,900**	1,041,400

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

The directors of the Company acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditor about their reporting responsibilities is set out on pages 23 to 24 of this Annual Report.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROLS

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the Year, the Board reviewed the effectiveness of the internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board in particular considered the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. The Board considers the existing resources, qualifications and experience of staff and their training programmes and budget should be adequate in respect of the Group's accounting and financial reporting function.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31st January, 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31st January, 2011 are set out in the consolidated statement of comprehensive income on pages 25 to 26.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 32 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out on page 30 and in note 33 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 42.6% of the Group's revenue. The aggregate purchases, attributable to the Group's five largest suppliers were approximately 50.7% of total purchases of the Group. The largest customer and supplier accounted for approximately 16.0% and 21.3% of the Group's revenue and purchases, respectively.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 17 and 16 to the consolidated financial statements, respectively.

DIRECTORS

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

Executive directors:

Mr. Lo Cheung Kin
Madam Huang Haiping
Mr. Li Jianbo
Madam Song Xiaoling

Independent non-executive directors:

Mr. See Tak Wah	
Mr. Wong Cheong	
Mr. Ngai Sai Chuen	(appointed on 1st February, 2010)
Mr. Chau On Ta Yuen	(resigned on 27th September, 2010)

In accordance with Article 81 of the Company's Articles of Association, Madam Huang Haiping, Madam Song Xiaoling and Mr. Wong Cheong will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS

At 31st January, 2011, the interests and short positions of the directors and the chief executive and their associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Name of director	**Capacity**	**Number and class of securities**	**Percentage of issued ordinary share capital**
Lo Cheung Kin	Corporate *(Note)*	29,173,638 Shares (L)	22.11%

(L) denotes long position

Note: The ordinary shares are held in the name of Mass Honour Investment Limited which is controlled by Mr. Lo Cheung Kin.

Save as disclosed herein, at 31st January, 2011, none of the directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, at 31st January, 2011, the following persons (not being directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Lui Ming Ho	Beneficial	131,250,000 Shares (L) *(Note a)*	53.41%
Wong Kin Ping	Beneficial	56,250,000 Shares (L) *(Note b)*	31.12%
Mass Honour Investment Limited	Beneficial	29,173,638 Shares (L)	22.11%

(L) denotes long position

Notes:

(a) Among these 131,250,000 Shares, 17,500,000 shares are beneficially owned by Mr. Lui Ming Ho and 113,750,000 shares to be obtained upon the fully conversion of the convertible bonds in the principal amount of HK$191,100,000.

(b) Among these 56,250,000 Shares, 7,500,000 shares are beneficially owned by Mr. Wong Kin Ping and 48,750,000 shares to be obtained upon the fully conversion of the convertible bonds in the principal amount of HK$81,900,000.

Save as disclosed above, at 31st January, 2011, the directors were not aware of any other person (other than the directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company or their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices of the Company is set out in the "Corporate Governance Report" on pages 10 to 16.

SUFFICIENCY OF PUBLIC FLOAT

At the latest practicable date prior to the issue of this report, based on the information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public floats as required under the Listing Rules throughout the year ended 31st January, 2011.

AUDITOR

Messrs. Deloitte Touche Tohmatsu will hold office as the auditor of the Company until the conclusion of the forthcoming annual general meeting.

On behalf of the Board

LO CHEUNG KIN
Chairman

29th April, 2011

Deloitte.
德勤

TO THE SHAREHOLDERS OF BUILDMORE INTERNATIONAL LIMITED
建懋國際有限公司
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Buildmore International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 25 to 105, which comprise the consolidated and Company's statements of financial position as at 31st January, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st January, 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicate that the Group incurred a loss for the year attributable to owners of the Company of HK$56,430,239 during the year ended 31st January, 2011 and, as of that date, the Group's total liabilities exceeded its total assets by HK$391,673,373, the Group's current liabilities exceeded its current assets by HK$185,123,549, the Company's total liabilities exceeded its total assets by HK$206,259,261 and the Company's current liabilities exceeded its current assets by HK$2,850,782. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29th April, 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st January, 2011

	NOTES	**2011** **HK$**	2010 HK$
Continuing operations			
Revenue	8	**24,738,265**	9,704,527
Cost of sales		**(15,487,289)**	(4,780,529)
Gross profit		**9,250,976**	4,923,998
Other income		**407,598**	103,253
Selling and distribution costs		**(3,882,574)**	(993,656)
Administrative expenses		**(14,847,553)**	(10,333,118)
Finance cost	9	**(60,578,167)**	(13,666,171)
Change in fair value of investment properties	16	**23,286,404**	(21,983,884)
Impairment loss on goodwill	18	**–**	(509,234,337)
Change in fair value of derivatives embedded in convertible bonds	30	**(8,103,376)**	22,031,520
Change in fair value of other financial assets designated at fair value through profit or loss	21	**562,797**	–
Gain on disposal of investment properties		**1,697,086**	–
Loss before taxation		**(52,206,809)**	(529,152,395)
Taxation (charge) credit	10	**(5,205,610)**	2,988,021
Loss for the year from continuing operations		**(57,412,419)**	(526,164,374)
Discontinued operation			
Loss for the year from discontinued operation	11	**(45,006)**	(357,127)
Loss for the year	12	**(57,457,425)**	(526,521,501)
Other comprehensive income			
Exchange difference arising on translation of functional currency to presentation currency		**3,144,581**	81,872
Total comprehensive expense for the year		**(54,312,844)**	(526,439,629)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st January, 2011

	NOTES	2011 HK$	2010 HK$
Loss for the year attributable to:			
Owners of the Company		**(56,430,239)**	(526,521,501)
Non-controlling interests		**(1,027,186)**	–
		(57,457,425)	(526,521,501)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(53,413,839)**	(526,439,629)
Non-controlling interests		**(899,005)**	–
		(54,312,844)	(526,439,629)
Loss per share	15		
From continuing and discontinued operations			
Basic		**(0.43)**	(4.70)
Diluted		**(0.43)**	(4.70)
From continuing operations			
Basic		**(0.43)**	(4.70)
Diluted		**(0.43)**	(4.70)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st January, 2011

	NOTES	2011 HK$	2010 HK$
Non-current assets			
Investment properties	16	**88,452,406**	68,153,445
Property, plant and equipment	17	**7,150,082**	7,002,596
Goodwill	18	**–**	–
Intangible assets	20	**966,604**	673,427
Other financial assets	21	**10,853,056**	–
		107,422,148	75,829,468
Current assets			
Inventories	23	**2,007,896**	1,582,877
Trade and other receivables and prepayments	24	**3,729,678**	4,435,310
Bank balances and cash	25	**13,045,976**	19,696,363
		18,783,550	25,714,550
Current liabilities			
Trade and other payables and accruals	26	**8,373,056**	6,781,562
Amount due to a shareholder	27	**193,574,722**	957,977
Amount due to a director	28	**52,239**	52,239
Borrowings – due within one year	29	**1,114,952**	1,180,719
Tax liabilities		**792,130**	740,959
		203,907,099	9,713,456
Net current (liabilities) assets		**(185,123,549)**	16,001,094
Total assets less current liabilities		**(77,701,401)**	91,830,562

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st January, 2011

	NOTES	2011 HK$	2010 HK$
Non-current liabilities			
Amount due to a shareholder	27	**–**	159,560,735
Borrowings – due after one year	29	**3,418,084**	4,096,099
Convertible bonds	30	**297,061,555**	257,647,080
Deferred taxation	31	**13,492,333**	7,887,177
		313,971,972	429,191,091
Net liabilities		**(391,673,373)**	(337,360,529)
Capital and reserves			
Share capital	32	**131,973,638**	131,973,638
Share premium and reserves		**(522,748,006)**	(469,334,167)
Equity attributable to owners of the Company		**(390,774,368)**	(337,360,529)
Non-controlling interests		**(899,005)**	–
Total equity		**(391,673,373)**	(337,360,529)

The consolidated financial statements on pages 25 to 105 were approved and authorised for issue by the Board of Directors on 29th April, 2011 and are signed on its behalf by:

Lo Cheung Kin	**Li Jianbo**
DIRECTOR	*DIRECTOR*

STATEMENT OF FINANCIAL POSITION

At 31st January, 2011

	NOTES	2011 HK$	2010 HK$
Non-current assets			
Property, plant and equipment	17	**237,276**	244,190
Interests in subsidiaries	22	**70,384,178**	68,077,415
Amounts due from subsidiaries	28	**23,031,622**	18,609,622
		93,653,076	86,931,227
Current assets			
Sundry receivables and prepayments		**134,951**	143,980
Amounts due from subsidiaries	28	**875,668**	368,645
Bank balances and cash	25	**1,047,898**	8,765,823
		2,058,517	9,278,448
Current liabilities			
Sundry payables and accruals		**909,299**	963,694
Amount due to a shareholder	27	**4,000,000**	–
		4,909,299	963,694
Net current (liabilities) assets		**(2,850,782)**	8,314,754
Total assets less current liabilities		**90,802,294**	95,245,981
Non-current liability			
Convertible bonds	30	**297,061,555**	257,647,080
Net liabilities		**(206,259,261)**	(162,401,099)
Capital and reserves			
Share capital	32	**131,973,638**	131,973,638
Share premium and reserves	33	**(338,232,899)**	(294,374,737)
Equity attributable to owners of the Company		**(206,259,261)**	(162,401,099)

Lo Cheung Kin	**Li Jianbo**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st January, 2011

	Attributable to owners of the Company							
	Share capital	Share premium	Shareholder's contribution	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1st February, 2009	106,973,638	197,576,221	4,536,895	11,646,522	(209,154,176)	111,579,100	–	111,579,100
Loss for the year	–	–	–	–	(526,521,501)	(526,521,501)	–	(526,521,501)
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	81,872	–	81,872	–	81,872
Total comprehensive income (expense) for the year	–	–	–	81,872	(526,521,501)	(526,439,629)	–	(526,439,629)
Shares issued as consideration for acquisition of subsidiaries *(note 34)*	25,000,000	52,500,000	–	–	–	77,500,000	–	77,500,000
At 31st January, 2010	131,973,638	250,076,221	4,536,895	11,728,394	(735,675,677)	(337,360,529)	–	(337,360,529)
Loss for the year	–	–	–	–	(56,430,239)	(56,430,239)	(1,027,186)	(57,457,425)
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	3,016,400	–	3,016,400	128,181	3,144,581
Total comprehensive income (expense) for the year	–	–	–	3,016,400	(56,430,239)	(53,413,839)	(899,005)	(54,312,844)
At 31st January, 2011	131,973,638	250,076,221	4,536,895	14,744,794	(792,105,916)	(390,774,368)	(899,005)	(391,673,373)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st January, 2011

	NOTE	2011 HK$	2010 HK$
OPERATING ACTIVITIES			
Loss for the year		**(57,457,425)**	(526,521,501)
Adjustments for:			
Taxation charge (credit)		**5,205,610**	(2,988,021)
Depreciation of property, plant and equipment		**1,364,166**	570,109
Amortisation of intangible assets		**90,386**	27,395
Allowance for bad and doubtful debts		**564,826**	–
Interest income		**(30,293)**	(35,741)
Interest expense on borrowings wholly repayable within five years		**211,058**	39,863
Imputed interest expense on amount due to a shareholder		**29,056,010**	6,947,708
Imputed interest expense on convertible bonds		**31,311,099**	6,678,600
Impairment loss on goodwill		**–**	509,234,337
Loss on disposal of property, plant and equipment		**19,306**	2,885
Gain on disposal of investment properties		**(1,697,086)**	–
Change in fair value of investment properties		**(23,286,404)**	21,983,884
Change in fair value of other financial assets designated at fair value through profit and loss		**(562,797)**	–
Change in fair value of derivatives embedded in convertible bonds		**8,103,376**	(22,031,520)
Operating cash flows before movements in working capital		**(7,108,168)**	(6,092,002)
Increase in inventories		**(425,019)**	(664,832)
Decrease (increase) in trade and other receivables and prepayments		**140,806**	(363,194)
Increase (decrease) in trade and other payables and accruals		**1,591,494**	(2,713,889)
NET CASH USED IN OPERATING ACTIVITIES		**(5,800,887)**	(9,833,917)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st January, 2011

	NOTE	**2011** HK$	2010 HK$
INVESTING ACTIVITIES			
Purchase of investment properties		**–**	(4,302,552)
Purchase of property, plant and equipment		**(1,156,401)**	(4,261,439)
Proceeds on disposal of investment properties		**7,914,000**	–
Purchase of other financial assets		**(9,912,163)**	–
Purchase of intangible assets		**(312,835)**	–
Acquisition of subsidiaries, net of cash and cash equivalent acquired	34	**–**	713,232
Interest received		**30,293**	35,741
NET CASH USED IN INVESTING ACTIVITIES		**(3,437,106)**	(7,815,018)
FINANCING ACTIVITIES			
Increase in amount due to a shareholder		**4,000,000**	–
Repayment of borrowings		**(1,337,296)**	(326,467)
Interest paid		**(211,058)**	(39,863)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**2,451,646**	(366,330)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(6,786,347)**	(18,015,265)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**19,696,363**	37,701,724
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**135,960**	9,904
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY			
Bank balances and cash		**13,045,976**	19,696,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2011

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 "Stock Exchange"). 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 Company is an investment holding company. The principal activities of its subsidiaries are set out in note 22.

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group and the Company in light of the fact that the Group incurred a loss for the year attributable to owners of the Company of HK$56,430,239 during the year ended 31st January, 2011 and, as of that date, the Group's total liabilities exceeded its total assets by HK$391,673,373, the Group's current liabilities exceeded its current assets by HK$185,123,549, the Company's total liabilities exceeded its total assets by HK$206,259,261 and the Company's current liabilities exceeded its current assets by HK$2,850,782. The directors of the Company have taken the following actions to mitigate the liquidity issues faced by the Group and the Company:

(i) the substantial shareholder has undertaken to the Company not to demand repayment of the Advance (as defined in note 27) with carrying amount of HK$188,616,745 at 31st January, 2011 on or after its maturity date of 31st December, 2011 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment;

(ii) the substantial shareholder has undertaken to the Company not to demand repayment of the 2nd Advance (as defined in note 27) with carrying amount of HK$4,000,000 at 31st January, 2011 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment; and

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

(iii) the holders of convertible bonds have undertaken to the Company not to demand redemption of any amount of convertible bonds which remains outstanding on the maturity date unless the Group has or has raised sufficient funds to redeem the outstanding amount of the convertible bonds and still be able to meet in full its financial obligations after the redemption.

The directors of the Company consider that taking into account of the above, the cash requirements of the Group for the next twelve months from the end of the reporting period and the Group's ability to obtain external financing from banks by pledging the investment properties of the Group, if required, the Group and the Company will have sufficient working capital to meet in full their financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (revised)	Business combinations
HKAS 27 (revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendment)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

Hong Kong Interpretation 5 "Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause"

Hong Kong Interpretation 5 "Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause" ("HK INT 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK INT 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application. The application of HK INT 5 has not affected the classification of bank borrowings of the Group as at 31st January, 2010 and 2011.

The application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (revised in 2009)	Related party disclosures[6]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments[2]

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

[1] Effective for annual periods beginning on or after 1st July, 2010 or 1st January, 2011, as appropriate.

[2] Effective for annual periods beginning on or after 1st July, 2010.

[3] Effective for annual periods beginning on or after 1st July, 2011.

[4] Effective for annual periods beginning on or after 1st January, 2013.

[5] Effective for annual periods beginning on or after 1st January, 2012.

[6] Effective for annual periods beginning on or after 1st January, 2011.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

HKFRS 9 is effective for annual periods beginning on or after 1st January, 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31st January, 2014 and that the application of the new Standard might affect the classification and measurement of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Other than as described above, the directors of the Company anticipate that the application of the other new and revised standards, Amendments and Interpretations will have no material impact on the results and the financial position of the Group or the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

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 statement of comprehensive income from the effective date of acquisition and 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 in line with those used by other members of the Group.

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

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1st February, 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Business combinations

Business combinations that took place prior to 1st February, 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit 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 profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill 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 statement of financial position at cost less identified impairment loss. Income from investments in subsidiaries is accounted for on the basis of dividends received and receivable.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

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

Revenue from the sale of goods is recognised when goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values 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 and 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 profit or loss in the period in which the item is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 profit or loss 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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

4. 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 the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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 Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, 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 in other comprehensive income and accumulated in equity (the translation reserve).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 added to the cost of those assets until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 or 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 into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

A financial asset is designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from subsidiaries and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets classified as loans and receivables

Financial assets classified as loans and receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio and other observable changes in national or local economic conditions that correlate with default on receivables.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets classified as loans and receivables (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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 instruments

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 Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities including trade and other payables and accruals, borrowings and amounts due to a director and a shareholder are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

Convertible bonds issued by the Group that contain both liability and embedded derivatives (conversion option and early redemption option at the discretion of the issuer that is not closely related to the host liability component) are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and embedded derivatives are recognised at fair value.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion option and early redemption option are measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and embedded derivatives in proportion to their relative fair values. Transaction costs relating to the embedded derivatives is charged to profit or loss immediately. 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 bonds using the effective interest method.

Equity instruments

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, 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 in other comprehensive income and accumulated 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.

Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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, 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of investment properties and financial assets designated at FVTPL

At the end of the reporting period, the Group's investment properties and financial assets designated at FVTPL are stated at fair value of HK$88,452,406 and HK$10,853,056, respectively (2010: HK$68,153,445 and nil), based on the valuation performed by an independent qualified professional valuer. The fair value has been determined based on the market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates, reversionary income potential and comparable sales transactions. In relying on the valuation, management has exercised their judgment and is satisfied that the method of valuation is reflective of the current market conditions.

Fair value of derivatives embedded in convertible bonds

The management of the Group uses their judgments in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivatives embedded in convertible bonds, assumptions are made based on quoted market rates adjusted for specific features of the derivatives (see note 30). If the inputs and estimates applied in the model are different, the carrying amount of these derivatives will change. The carrying value of the derivatives embedded in convertible bonds at 31st January, 2011 was HK$93,805,923 (2010: HK$85,702,547).

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 present value. During the year ended 31st January, 2010, the Group recognised an impairment loss of HK$509,234,337. Details of the value in use calculation are set out in note 19.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of cash and cash equivalents, borrowings, convertible bonds, amount due to a shareholder, amount due to a director and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through issuance of new shares as well as the addition of new borrowings.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP		**THE COMPANY**	
	2011	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
Financial assets				
Designated as at FVTPL	**10,853,056**	–	**–**	–
Loans and receivables (including cash and cash equivalents)	**16,688,036**	23,902,209	**2,058,517**	9,278,448
Financial liabilities				
Amortised cost	**409,788,685**	344,573,864	**208,164,931**	172,908,227
Derivatives embedded in convertible bonds	**93,805,923**	85,702,547	**93,805,923**	85,702,547

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include other financial assets, trade and other receivables, bank balances and cash, trade and other payables and accruals, borrowings, convertible bonds and amounts due to a director and a shareholder. The Company's major financial instruments include sundry receivables, amounts due from subsidiaries, bank balances and cash, sundry payables and accruals, amount due to a shareholder and convertible bonds. 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.

Currency risk

The Group's revenue are denominated and settled in RMB or Japanese Yen ("JPY"). In addition, the Group incurred most of the expenditures for operating purposes as well as capital expenditures in RMB or JPY. Hence, the directors of the Company considered that the Group's exposure to foreign currency exchange risk arising from its operating activities is insignificant as majority of the Group's operating activities are denominated in functional currency of the respective group entities.

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
Assets				
HK$	**2,755,563**	8,828,744	**1,045,298**	8,765,823
Liabilities				
HK$	**207,255,632**	171,944,533	**207,255,632**	171,944,533

The Group and the Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Currency risk (continued)

Sensitivity analysis

The following table details the Group's and Company's sensitivity to a 5% (2010: 5%) increase and decrease in HK$ against the functional currency of the relevant group entities. 5% (2010: 5%) is the sensitivity rate used that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% (2010: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where relevant currencies strengthen 5% (2010: 5%) against the functional currency of the relevant group entities. For a 5% (2010: 5%) weakening of relevant currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the result and the balances below would be positive.

	Profit or loss			
	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
HK$	**(10,225,003)**	(8,156,000)	**(10,310,517)**	(8,159,000)

This is mainly attributable to the exposure on HK$ bank balance and the liability component of convertible bonds and certain amount due to a shareholder at year end in the Group and the Company.

Interest rate risk

The Group's fair value interest rate risk relates primary to fixed-rate bank borrowings (see note 29 for details). The Group has not used any derivatives to hedge against the risk as the directors consider the Group's exposure to fair value interest rate risk is not significant.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Interest rate risk (continued)

The Group is exposed to cash flow interest rate risk in relation to bank deposits that carrying interest at variables rates. The Group does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The directors consider the Group's exposure to cash flow interest rate risk of bank deposits is not significant, hence no sensitivity analysis is presented for the year ended 31st January, 2010 and 2011.

Other price risk

During the year ended 31st January, 2011, the Group was required to estimate the fair value of the conversion option embedded in convertible bonds (see note 30) at the end of the reporting period with changes in fair value to be recognised in the profit or loss as long as the convertible bonds were outstanding. The fair value adjustment would be affected either positively or negatively, amongst others, by the changes in market interest rate, the Company's share market price and share price volatility.

Sensitivity analysis

The sensitivity analyses below had been determined based on the exposure to the Company's share price risk at the reporting date only. If the Company's share price had been 5% higher/lower and all other variables were held constant, the Group's post-tax loss for the year (as a result of changes in fair value of conversion option component of convertible bonds) would increase/decrease by approximately HK$16,250,000 during the year ended 31st January, 2011.

In directors' opinion, the sensitivity analyses are unrepresentative of the inherent price risk as the pricing model used in the fair value valuation of the conversion option component of convertible bonds involve multiple variables. The variables used to estimate the fair value of the embedded conversion option held by the holder are interdependent.

For the year ended 31st January, 2010, if the input of share price to the valuation model of the derivatives embedded in the convertible bonds had been 5% higher/lower while all other variables were held constant, there would be no reasonably possible changes on the fair values of the derivatives embedded in convertible bonds.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Group's credit risk are primarily attributable to trade and other receivables and bank balances. The Company's credit risk are primarily attributable to sundry receivables, amounts due from subsidiaries and bank balances.

The Group and Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st January, 2011 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated and the Company's statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team 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 and other debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimise the credit risk of the Company on the amounts due from subsidiaries, the management of the Company closely monitored the recoverability of the amounts due. In this regards, the directors of the Company consider that the Company's credit risk on it is significantly reduced.

The Group and Company's bank balances are deposited with banks in Hong Kong, Japan and the People's Republic of China (excluding Hong Kong) ("PRC"). The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

The Group has concentration of credit risk as 21% of the total trade debtors as at 31st January, 2011 (2010: 35%) was due from the Group's five largest customers within the sales of dye-sublimation printed products operating segment. In order to minimise the credit risk of those receivables, the management of the Group closely monitored the recoverability of the amounts due. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

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 and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

As mentioned in note 2, the directors have given careful consideration to the future liquidity of the Group in light of its net current liabilities and net liabilities as at 31st January, 2011 and certain actions have been taken by the directors to ensure that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity tables

THE GROUP

	Weighted average effective interest rate % per annum	Less than 1 month HK$	1-3 months HK$	4-12 months HK$	1-5 years HK$	Total undiscounted cash flows HK$	Total carrying amounts at 31.1.2011 HK$
2011							
Non-derivative financial liabilities							
Trade and other payables and accruals	–	3,948,447	4,424,609	–	–	8,373,056	8,373,056
Amount due to a shareholder	–	4,957,977	–	–	–	4,957,977	4,957,977
Amount due to a shareholder	18.21%	–	–	219,285,077	–	219,285,077	188,616,745
Amount due to a director	–	–	52,239	–	–	52,239	52,239
Borrowings	2.89%	–	307,247	913,723	3,542,706	4,763,676	4,533,036
Liability component of convertible bonds	18.21%	–	–	–	273,000,000	273,000,000	203,255,632
		8,906,424	4,784,095	220,198,800	276,542,706	510,432,025	409,788,685

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate	Less than 1 month	1-3 months	4-12 months	1-5 years	Total undiscounted cash flows	Total carrying amounts at 31.1.2010
	% per annum	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2010							
Non-derivative financial liabilities							
Trade and other payables and accruals	–	1,592,018	3,228,010	1,961,534	–	6,781,562	6,781,562
Amount due to a shareholder–current	–	957,977	–	–	–	957,977	957,977
Amount due to a shareholder– non-current	18.21%	–	–	–	219,285,077	219,285,077	159,560,735
Amount due to a director	–	–	52,239	–	–	52,239	52,239
Borrowings	2.85%	–	328,916	980,610	4,306,665	5,616,191	5,276,818
Liability component of convertible bonds	18.21%	–	–	–	273,000,000	273,000,000	171,944,533
		2,549,995	3,609,165	2,942,144	496,591,742	505,693,046	344,573,864

7. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

THE COMPANY

	Weighted average effective interest rate % per annum	Less than 1 month HK$	1-3 months HK$	4-12 months HK$	1-5 years HK$	Total undiscounted cash flows HK$	Total carrying amounts at 31.1.2011 HK$
2011							
Non-derivative financial liabilities							
Sundry payables and accruals	–	–	909,299	–	–	909,299	909,299
Amount due to a shareholder	18.21%	4,000,000	–	–	–	4,000,000	4,000,000
Liability component of convertible bonds	18.21%	–	–	–	273,000,000	273,000,000	203,255,632
		4,000,000	909,299	–	273,000,000	277,909,299	208,164,931

	Weighted average effective interest rate % per annum	Less than 1 month HK$	1-3 months HK$	4-12 months HK$	1-5 years HK$	Total undiscounted cash flows HK$	Total carrying amounts at 31.1.2010 HK$
2010							
Non-derivative financial liabilities							
Sundry payables and accruals	–	–	963,694	–	–	963,694	963,694
Liability component of convertible bonds	18.21%	–	–	–	273,000,000	273,000,000	171,944,533
		–	963,694	–	273,000,000	273,963,694	172,908,227

7. FINANCIAL INSTRUMENTS (continued)

Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities (excluding derivatives embedded in convertible bonds) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices or rates from observable market transactions as inputs.

- The fair values of the conversion option and early redemption option embedded in the convertible bonds are estimated using Binomial Model, as set out in note 30.

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

Fair value measurements recognised in the consolidated and Company's statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

7. FINANCIAL INSTRUMENTS (continued)

Fair value (continued)

Derivatives embedded in convertible bonds and other financial assets designated at FVTPL are grouped into Level 3. The reconciliation of fair value measurements of derivatives embedded in convertible bonds and other financial assets designated at FVTPL are set out in notes 30 and 21, respectively. The increase in fair value of HK$8,103,376 (2010: decrease of HK$22,031,520) relating to derivatives embedded in convertible bonds held at the end of the reporting period is included in "Change in fair value of derivatives embedded in convertible bonds" in the consolidated statement of comprehensive income. The increase in fair value of HK$562,797 (2010: nil) relating to other financial assets designated at FVTPL held at the end of the reporting period is included in "Change in fair value of other financial assets designated at fair value through profit or loss" in the consolidated statement of comprehensive income.

8. REVENUE AND SEGMENT INFORMATION

Revenue represents property rental, hotel management fee and revenue from sales of dye-sublimation printed products received and receivables during the year. An analysis of revenue is set out as below.

information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of performance focuses on the business divisions. The Group is currently organised into three business divisions, which also constitute the operating segments of the Group – (i) property investment; (ii) hotel management and (iii) sales of dye-sublimation printed products.

An operating segment regarding the property management was discontinued in the current year. The segment information reported below does not include amounts for the discontinued operation which are described in more detail in note 11.

8. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31st January, 2011

Continuing operations

	Property investment HK$	Hotel management HK$	Sales of dye-sublimation printed products HK$	Consolidated HK$
REVENUE				
Segment revenue – external sales	1,795,853	279,208	22,663,204	24,738,265
RESULTS				
Segment results	25,200,300	(689,576)	(4,025,424)	20,485,300
Unallocated income				407,598
Unallocated corporate expenses				(4,629,222)
Imputed interest expense on amount due to a shareholder				(29,056,010)
Imputed interest expense on convertible bonds				(31,311,099)
Change in fair value of derivatives embedded in convertible bonds				(8,103,376)
Loss before taxation from continuing operations				(52,206,809)

8. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31st January, 2010

Continuing operations

	Property investment *HK$*	Hotel management *HK$*	Sales of dye-sublimation printed products *HK$*	Consolidated *HK$*
REVENUE				
Segment revenue – external sales	2,473,790	621,223	6,609,514	9,704,527
RESULTS				
Segment results	(21,326,109)	30,734	(510,246,833)	(531,542,208)
Unallocated income				103,253
Unallocated corporate expenses				(6,118,652)
Imputed interest expense on amount due to a shareholder				(6,947,708)
Imputed interest expense on convertible bonds				(6,678,600)
Change in fair value of derivatives embedded in convertible bonds				22,031,520
Loss before taxation from continuing operations				(529,152,395)

There was no inter-segment sales for both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment results represent the results generated by each segment without allocation of corporate administrative expenses including directors' salaries, other income, imputed interest expenses on amount due to a shareholder and imputed interest expenses on convertible bonds. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

8. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

As at 31st January, 2011

Continuing operations

	Property investment	Hotel management	Sales of dye-sublimation printed products	Consolidated
	HK$	*HK$*	*HK$*	*HK$*
SEGMENT ASSETS				
Segment assets	99,799,278	566,865	9,755,209	110,121,352
Property, plant and equipment (for corporate)				4,058,473
Other receivables and prepayments (for corporate)				134,151
Bank balances and cash (for corporate)				11,891,722
Consolidated assets				126,205,698
SEGMENT LIABILITIES				
Segment liabilities	15,775,439	1,107	10,494,439	26,270,985
Other payables and accruals (for corporate)				909,779
Amount due to a shareholder				193,574,722
Amount due to a director				52,239
Convertible bonds				297,061,555
Liabilities relating to discontinued operation				9,791
Consolidated liabilities				517,879,071

8. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

As at 31st January, 2010

Continuing operations

	Property investment *HK$*	Hotel management *HK$*	Sales of dye-sublimation printed products *HK$*	Consolidated *HK$*
SEGMENT ASSETS				
Segment assets	68,618,559	15,602	10,794,055	79,428,216
Property, plant and equipment (for corporate)				4,200,054
Other receivables and prepayments (for corporate)				143,980
Bank balances and cash (for corporate)				17,771,768
Consolidated assets				101,544,018
SEGMENT LIABILITIES				
Segment liabilities	9,759,395	6,506	9,647,695	19,413,596
Other payables and accruals (for corporate)				1,263,500
Amount due to a shareholder				160,518,712
Amount due to a director				52,239
Convertible bonds				257,647,080
Liabilities relating to discontinued operation				9,420
Consolidated liabilities				438,904,547

8. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments, other than corporate assets of the Group.

- All liabilities are allocated to reportable segments, other than liabilities not directly related to operation of segments such as other payables and accruals for corporate, amount due to a shareholder, amount due to a director, convertible bonds and liabilities relating to discontinued operation.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31st January, 2011

Continuing operations

	Property investment HK$	Hotel management HK$	Sales of dye-sublimation printed products HK$	Total HK$
Additions of property, plant and equipment	65,773	620,430	379,431	1,065,634
Additions of intangible assets	–	–	312,835	312,835
Additions of other financial assets	9,912,163	–	–	9,912,163
Allowance for bad and doubtful debts	–	–	564,826	564,826
Amortisation of intangible assets	–	–	90,386	90,386
Depreciation of property, plant and equipment	222,755	60,700	843,514	1,126,969
Change in fair value of investment properties	(23,286,404)	–	–	(23,286,404)
Change in fair value of other financial assets designated at FVTPL	(562,797)	–	–	(562,797)
Gain on disposal of investment properties	(1,697,086)	–	–	(1,697,086)

8. REVENUE AND SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31st January, 2010

Continuing operations

	Property investment	Hotel management	Sales of dye-sublimation printed products	Total
	HK$	*HK$*	*HK$*	*HK$*
Additions of property, plant and equipment	54,749	9,477	–	64,226
Amortisation of intangible assets	–	–	27,395	27,395
Depreciation of property, plant and equipment	145,927	1,819	185,477	333,223
Change in fair value of investment properties	21,983,884	–	–	21,983,884
Impairment loss on goodwill	–	–	509,234,337	509,234,337

8. REVENUE AND SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are located in Japan and PRC.

The Group's revenue from continuing operations from external customers by geographic location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	Year ended 31.1.2011	Year ended 31.1.2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*
PRC	**2,075,061**	3,095,013	**104,108,977**	72,556,579
Hong Kong	**–**	–	**237,276**	244,190
Japan	**22,663,204**	6,609,514	**3,075,895**	3,028,699
	24,738,265	9,704,527	**107,422,148**	75,829,468

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2011	2010
	HK$	*HK$*
Customer A – Sales of dye-sublimation printed products	**3,958,599**	1,777,880
Customer B – Sales of dye-sublimation printed products	**3,151,183**	1,060,958
Customer C – Property investment	**–**	1,036,547

9. FINANCE COSTS

	2011	2010
	HK$	*HK$*
Continuing operations		
Interest expenses on borrowings wholly repayable within five years	**211,058**	39,863
Imputed interest expense on amount due to a shareholder	**29,056,010**	6,947,708
Imputed interest expense on convertible bonds	**31,311,099**	6,678,600
	60,578,167	13,666,171

10. TAXATION (CHARGE) CREDIT

	2011	2010
	HK$	*HK$*
Continuing operations		
Current tax charge:		
PRC	**(31,970)**	(74,543)
Deferred tax:		
Current year *(note 31)*	**(5,173,640)**	3,062,564
Taxation attributable to the Group	**(5,205,610)**	2,988,021

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. Taxation arising in PRC is calculated at the rates prevailing in the relevant jurisdictions.

10. TAXATION (CHARGE) CREDIT (continued)

Income tax arising in Japan is calculated at an effective corporate tax rate of 42%, comprising the aggregate of national tax, inhabitants tax and enterprise tax for a corporation with share capital exceeding JPY100 million. No provision for Japan corporate tax is provided in the consolidated statement of comprehensive income for both years, since the Group incurred tax losses in Japan for both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2011	2010
	HK$	*HK$*
Loss before taxation	**(52,206,809)**	(529,152,395)
Taxation at tax rate of 25% (2010: 25%)	**(13,051,702)**	(132,288,099)
Tax effect of expenses not deductible for tax purpose	**17,693,066**	133,316,669
Tax effect of income not taxable for tax purpose	**(1,459,529)**	(5,525,795)
Tax effect of tax losses not recognised	**2,299,689**	1,325,237
Tax effect of different tax rates of group entities operating in other jurisdiction	**(275,914)**	183,967
Taxation for the year	**5,205,610**	(2,988,021)

Details of movements during the year in the deferred taxation are set out in note 31 to the consolidated financial statements.

11. DISCONTINUED OPERATION

During the year, the Group discontinued the property management operation after the expiry of the property management contract.

The loss from the discontinued operation, which represented the loss of the property management operation for the year is HK$45,006 (2010: HK$357,127).

The results of the property management operation for the year was as follows:

	2011	2010
	HK$	*HK$*
Revenue	**13,151**	103,456
Cost of sales	**(47,693)**	(384,178)
Gross loss	**(34,542)**	(280,722)
Administrative expenses	**(10,464)**	(76,405)
Loss for the year attributable to owners of the Company	**(45,006)**	(357,127)

There was no significant net assets of the property management operation at the date of discontinuance of its operation. The net cash flows attributable to the operating, investing and financing activities of the property management operation was not significant for both years.

12. LOSS FOR THE YEAR

	2011	2010
	HK$	*HK$*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**973,500**	1,000,000
Cost of inventories recognised as an expense	**7,808,556**	3,031,032
Depreciation of property, plant and equipment	**1,364,166**	570,109
Amortisation of intangible assets (included in cost of sales)	**90,386**	27,395
Directors' emoluments *(note 13)*	**2,040,658**	1,324,628
Allowance for bad and doubtful debts	**564,826**	–
Gross rents from investment properties under operating leases	**(1,795,853)**	(2,473,790)
Less: outgoings	**56,939**	270,087
Net rental income	**(1,738,914)**	(2,203,703)
Loss on disposal of property, plant and equipment	**19,306**	2,885
Other staff costs (including contribution to retirement benefits schemes of HK$830,625 (2010: HK$217,533))	**8,655,184**	2,982,085
Operating lease rentals in respect of:		
Premises	**911,077**	250,192
Equipment	**375,710**	89,221
Interest income	**(30,293)**	(35,741)

13. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 8 (2010: 7) directors were as follows:

For the year ended 31st January, 2011

	Lo Cheung Kin	Li Jianbo	Huang Haiping	Song Xiaoling	Chau On Ta Yuen	See Tak Wah	Wong Cheong	Ngai Sai Chuen	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Fees	**618,329**	**258,329**	**360,000**	**300,000**	**80,000**	**120,000**	**120,000**	**120,000**	**1,976,658**
Other emoluments									
Salaries and other benefits	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Contributions to retirement benefits schemes	**12,000**	**6,000**	**12,000**	**12,000**	**4,000**	**6,000**	**6,000**	**6,000**	**64,000**
Total emoluments	**630,329**	**264,329**	**372,000**	**312,000**	**84,000**	**126,000**	**126,000**	**126,000**	**2,040,658**

For the year ended 31st January, 2010

	Lo Cheung Kin	Li Jianbo	Huang Haiping	Song Xiaoling	Chau On Ta Yuen	See Tak Wah	Wong Cheong	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Fees	388,338	204,290	204,000	126,000	120,000	120,000	120,000	1,282,628
Other emoluments								
Salaries and other benefits	–	–	–	–	–	–	–	–
Contributions to retirement benefits schemes	7,500	–	10,200	6,300	6,000	6,000	6,000	42,000
Total emoluments	395,838	204,290	214,200	132,300	126,000	126,000	126,000	1,324,628

13. 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.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2010: four) was directors of the Company whose emolument is included in the disclosures above. The emoluments of the remaining four (2010: one) individuals were as follows:

	2011	2010
	HK$	*HK$*
Salaries and allowances	**1,996,895**	196,000
Contributions to retirement benefits schemes	**266,562**	7,800
	2,263,457	203,800

Their emoluments were within HK$1,000,000 for both years.

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

14. DIVIDEND

No dividend was paid or proposed during 2011 (2010: nil), nor has any dividend been proposed since the end of the reporting period (2010: nil).

15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

Continuing and discontinued operations

	2011	2010
	HK$	HK$
The Group's loss for the year attributable to owners of the Company	(56,430,239)	(526,521,501)
Number of shares		
Weighted average number of shares	131,973,638	111,935,426

Continuing operations

	2011	2010
	HK$	HK$
The Group's loss for the year attributable to owners of the Company	(56,430,239)	(526,521,501)
Less: the Group's loss for the year from discontinued operation	45,006	357,127
Loss for the year for the purpose of basic and diluted loss per share from continuing operations	(56,385,233)	(526,164,374)
Number of shares		
Weighted average number of shares	131,973,638	111,935,426

The calculation of diluted loss per share for both years does not assume the conversion of convertible bonds into ordinary shares of the Company because the assumed conversion would reduce the loss per share.

15. LOSS PER SHARE (continued)

Discontinued operation

The loss for the year from discontinued operation attributable to the owners of the Company is HK$45,006 (2010: HK$357,127). The basic and diluted loss per share from discontinued operation attributable to the owners of the Company are HK0.03 cents and HK0.03 cents, respectively (2010: HK0.32 cents and HK0.32 cents, respectively). The denominators used are the same as those detailed above for the basic and diluted loss per share from continuing and discontinued operations.

16. INVESTMENT PROPERTIES

	THE GROUP
	HK$
FAIR VALUE	
At 1st February, 2009	85,749,294
Additions	4,302,552
Decrease in fair value recognised in profit or loss	(21,983,884)
Exchange adjustments	85,483
At 31st January, 2010	68,153,445
Disposals	(6,216,914)
Increase in fair value recognised in profit or loss	23,286,404
Exchange adjustments	3,229,471
At 31st January, 2011	88,452,406

The fair value of the Group's investment properties with carrying amount of HK$88,452,406 at 31st January, 2011 (2010: HK$68,153,445) has been arrived at on the basis of a valuation carried out as at that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. Messrs DTZ Debenham Tie Leung Limited are members of the Institute of Valuers. The valuation was arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the property.

The investment properties were situated outside Hong Kong and 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 classified and accounted for as investment properties and are measured using the fair value model.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building	Leasehold improvements	Plant and machinery	Air-conditioning system	Furniture, fixtures and office equipment	Computer system	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
THE GROUP								
COST								
At 1st February, 2009	–	–	–	38,000	188,461	203,590	869,181	1,299,232
Additions	3,625,442	325,242	–	–	74,244	–	236,511	4,261,439
Acquired on acquisition of subsidiaries *(note 34)*	–	132,961	1,755,164	–	222,142	430,482	–	2,540,749
Disposals	–	–	–	–	(28,846)	–	–	(28,846)
Exchange adjustments	(2,757)	–	–	–	102	–	885	(1,770)
At 31st January, 2010	3,622,685	458,203	1,755,164	38,000	456,103	634,072	1,106,577	8,070,804
Additions	90,013	–	275,382	–	209,385	59,874	521,747	1,156,401
Disposals	–	–	–	–	(21,470)	–	–	(21,470)
Exchange adjustments	142,788	27,361	197,414	–	30,712	48,419	22,730	469,424
At 31st January, 2011	3,855,486	485,564	2,227,960	38,000	674,730	742,365	1,651,054	9,675,159
DEPRECIATION								
At 1st February, 2009	–	–	–	37,204	115,674	199,424	171,544	523,846
Provided for the year	122,266	118,498	115,345	89	45,753	37,178	130,980	570,109
Eliminated on disposals	–	–	–	–	(25,961)	–	–	(25,961)
Exchange adjustments	–	–	–	–	39	–	175	214
At 31st January, 2010	122,266	118,498	115,345	37,293	135,505	236,602	302,699	1,068,208
Provided for the year	188,015	161,634	538,467	89	132,269	159,926	183,766	1,364,166
Eliminated on disposals	–	–	–	–	(2,164)	–	–	(2,164)
Exchange adjustments	9,209	10,975	42,855	–	9,763	12,881	9,184	94,867
At 31st January, 2011	319,490	291,107	696,667	37,382	275,373	409,409	495,649	2,525,077
CARRYING VALUES								
At 31st January, 2011	3,535,996	194,457	1,531,293	618	399,357	332,956	1,155,405	7,150,082
At 31st January, 2010	3,500,419	339,705	1,639,819	707	320,598	397,470	803,878	7,002,596

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Air-conditioning system	Furniture, fixtures and office equipment	Computer system	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY					
COST					
At 1st February, 2009	38,000	99,130	203,590	–	340,720
Additions	–	–	–	236,511	236,511
At 31st January, 2010	38,000	99,130	203,590	236,511	577,231
Additions	–	–	760	–	760
At 31st January, 2011	38,000	99,130	204,350	236,511	577,991
DEPRECIATION					
At 1st February, 2009	37,204	88,743	199,424	–	325,371
Provided for the year	89	2,597	1,042	3,942	7,670
At 31st January, 2010	37,293	91,340	200,466	3,942	333,041
Provided for the year	89	2,597	1,046	3,942	7,674
At 31st January, 2011	37,382	93,937	201,512	7,884	340,715
CARRYING VALUES					
At 31st January, 2011	618	5,193	2,838	228,627	237,276
At 31st January, 2010	707	7,790	3,124	232,569	244,190

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The leasehold land and building of the Group with carrying amount of HK$3,535,996 (2010: HK$3,500,419) was situated outside Hong Kong and held on medium-term lease. The directors of the Company considered that the leasehold land and building elements cannot be separately identified.

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

Leasehold land and building	Over the shorter of the remaining term of the lease or 20 years
Leasehold improvements	Over the shorter of $33^1/_3$% or the term of the lease
Plant and machinery	20%
Air-conditioning system	10%
Furniture, fixtures and office equipment	20%
Computer system	20%
Motor vehicles	20%

18. GOODWILL

	THE GROUP
	HK$
COST AND CARRYING VALUE	
At 1st February, 2009	–
Acquisition of subsidiaries *(note 34)*	509,234,337
Impairment loss recognised in the year	(509,234,337)
At 31st January, 2010 and 2011	–

Particulars regarding impairment testing on goodwill are disclosed in note 19.

19. IMPAIRMENT TESTING ON GOODWILL

During the year ended 31st January, 2010, the Group acquired 100% equity interest in United Achieve (as defined in note 22). United Achieve is an investment holding company and has 72.12% equity interest in Viswell (as defined in note 22). Viswell is an investment holding company which in turn holds 100% of the registered capital of Rakupuri (as defined in note 22) that is engaged in the sale of dye-sublimation printed products. Details of the acquisition are set out in note 34.

Management considered that the subsidiary, Rakupuri, represents a separate cash generating unit ("CGU") for the purpose of impairment testing.

During the year ended 31st January, 2010, the Group recognised an impairment loss of HK$509,234,337 in relation to goodwill allocated to Rakupuri, a subsidiary of United Achieve, for impairment testing purpose.

The goodwill arising from the acquisition of United Achieve and its subsidiaries (the "United Achieve Group") represented the excess of the cost of acquisition over the Group's interest in the provisional fair value of the identifiable assets and liabilities of the United Achieve Group. The Group has performed an impairment assessment on the carrying amount of the CGU (including goodwill) based on value in use calculations.

At 31st January, 2010, the Group prepared cash flows forecasts derived from the most recent financial budgets approved by management for the next four years. The CGU's cashflows beyond the 4-year period were extrapolated using a steady 3% growth rate. The financial budgets and growth rates were estimated according to the stage of operation with reference to the development curve of the industry. The rate used to discount the forecast cash flows for the CGU was 17.7%.

The key assumptions for the value in use calculations were those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the relevant periods. Management estimated discount rates using pre-tax rates that reflected the market assessments of the time value of money and the risks specific to the CGU. The growth rates were based on the estimates made by the management on the industry. Changes in selling prices and direct costs were based on past practices and expectations of future changes in the market.

19. IMPAIRMENT TESTING ON GOODWILL (continued)

Management expected the operation scale of the CGU after the Acquisition (as defined in note 27) would be further expanded by incorporating the resources of the Group. However, such expectations were not incorporated as assumptions in preparing the cash flow forecasts for impairment testing purposes at 31st January, 2010 as they were not clearly supported and therefore not included in the value in use calculations. Since the carrying amount of the CGU (including goodwill) was significantly above its recoverable amount, the Group fully impaired the amount of goodwill of HK$509,234,337 during the year ended 31st January, 2010.

20. INTANGIBLE ASSETS

	THE GROUP			
	Patent	**Trademark**	**License**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
COST				
At 1st February, 2009	–	–	–	–
Acquisition of subsidiaries *(note 34)*	604,897	65,295	30,630	700,822
At 31st January, 2010	604,897	65,295	30,630	700,822
Addition	283,083	29,752	–	312,835
Exchange adjustments	91,838	10,388	5,512	107,738
At 31st January, 2011	979,818	105,435	36,142	1,121,395
AMORTISATION				
At 1st February, 2009	–	–	–	–
Charge for the year	25,516	1,879	–	27,395
At 31st January, 2010	25,516	1,879	–	27,395
Charge for the year	79,926	10,460	–	90,386
Exchange adjustments	31,108	3,835	2,067	37,010
At 31st January, 2011	136,550	16,174	2,067	154,791
CARRYING VALUE				
At 31st January, 2011	843,268	89,261	34,075	966,604
At 31st January, 2010	579,381	63,416	30,630	673,427

Intangible assets have definite useful lives and are amortised on a straight-line basis over eight to ten years.

21. OTHER FINANCIAL ASSETS

	THE GROUP
	HK$
FAIR VALUE	
At 1st February, 2009 and 2010	–
Addition	9,912,163
Increase in fair value	562,797
Exchange adjustments	378,096
At 31st January, 2011	10,853,056

The amount at 31st January, 2011 represents investments in two private entities incorporated in the PRC which are designated on initial recognition as financial assets at FVTPL. Under the terms of the investments, the Group is entitled to occupy, use or obtain the income derived from certain properties located in the PRC held by these two private entities.

The fair value of the investments in these two private entities of HK$10,853,056 at 31st January, 2011 has been arrived at on the basis of valuation of the properties held by these two private entities carried out on that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by direct comparison approach by making reference to comparable sales transactions available in the relevant market of the properties held by these two private entities. The resulting increase in fair value of the investments of HK$562,797 has been recognised directly in the consolidated statement of comprehensive income.

22. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2011	2010
	HK$	*HK$*
Unlisted shares, at cost	**420,884,178**	418,577,415
Less: Impairment losses recognised	**(350,500,000)**	(350,500,000)
	70,384,178	68,077,415

22. INTERESTS IN SUBSIDIARIES (continued)

Details of the Company's subsidiaries at 31st January, 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares/ capital held	Proportion of nominal value of issued share capital/ registered capital held by the Company				Paid up issued share capital/ registered capital	Principal activities
			Directly		Indirectly			
			2011	2010	**2011**	2010		
Jiacheng (Fujian) Investments Co., Ltd. (Wholly foreign-owned Enterprise ("WFOE"))	PRC	Paid in capital	**100%**	100%	**-**	–	US$500,000	Property investment and property management
Vast Glory Investment Limited	Hong Kong	Ordinary	**100%**	100%	**-**	–	HK$1	Investment holding
Vast Glory (Fujian) Hotel Management Limited ("WFOE")	PRC	Paid in capital	**-**	–	**100%**	100%	HK$5,600,000	Hotel management
Faith Stand (China) Limited	Hong Kong/ PRC	Ordinary	**100%**	100%	**-**	–	HK$1	Property investment
United Achieve International Limited ("United Achieve")	BVI	Ordinary	**100%**	100%	**-**	–	US$50,000	Investment holding
Viswell International Limited ("Viswell")	BVI	Ordinary	**-**	–	**72.12%**	72.12%	US$5,471	Investment holding
Rakupuri Inc. ("Rakupuri")	Japan	Ordinary	**-**	–	**72.12%**	72.12%	JPY187,960,000	Manufacturing and sale of dye-sublimation printed products

22. INTERESTS IN SUBSIDIARIES (continued)

During the year ended 31st January, 2010, the Company recognised an impairment loss of HK$350,500,000 to fully write down the investment in United Achieve by reference to the financial performance and financial position of the United Achieve Group.

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

23. INVENTORIES

	THE GROUP	
	2011	2010
	HK$	*HK$*
Raw materials	**1,185,075**	1,130,906
Work in progress	**128,822**	102,967
Finished goods	**693,999**	349,004
	2,007,896	1,582,877

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP	
	2011	2010
	HK$	*HK$*
Trade receivables	**4,142,200**	4,401,045
Less: Allowance for bad and doubtful debts	**(1,503,995)**	(939,169)
	2,638,205	3,461,876
Other receivables and prepayments	**1,091,473**	973,434
	3,729,678	4,435,310

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

The following is an aged analysis of trade debtors net of allowance for bad and doubtful debts presented based on the invoice date at the end of the reporting period:

	2011	2010
	HK$	*HK$*
0 – 90 days	**2,023,749**	2,794,123
91 – 180 days	**76,841**	223,445
181 – 365 days	**537,615**	444,308
	2,638,205	3,461,876

The Group allows a general credit period of one month to its tenants and no specific credit terms granted to the trade customers for sale of dye-sublimation printed products in which invoice is due for payment on presentation.

As at 31st January, 2011 and 2010, the whole amount of trade debtors was related to the sale of dye-sublimation printed products and were all past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these trade receivables is 94 days as at 31st January, 2011 (2010: 80 days).

24. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (continued)

Movement in the allowance for bad and doubtful debts for trade receivables

	2011	2010
	HK$	*HK$*
Balance at beginning of the year	**939,169**	–
Impairment loss recognised on receivables	**564,826**	–
Acquisition of subsidiaries	**–**	939,169
Balance at end of the year	**1,503,995**	939,169

Included in the allowance for doubtful debts of HK$1,503,995 (2010: HK$939,169) are individually impaired trade debtors, which were long outstanding overdue. The Group has provided fully for these debts. In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade receivable from the date of invoice up to the statement of financial position date. The trade debtors past due but not impaired for were either subsequently settled or with no historical default of payments by the respective customers. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

25. BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

The bank balances of the Group are mainly denominated in RMB, HK$ and JPY, while the bank balances of the Company are denominated in HK$. The balances carried interest at interest rates which range from 0.01% to 0.40% per annum (2010: 0.001% to 0.36% per annum). Included in the bank balances and cash of the Group is amount denominated in RMB of HK$9,082,555 (2010: HK$8,943,000), which is not freely convertible into other currencies.

The bank balances of the Group of HK$2,755,563 (2010: HK$8,829,000) was denominated in HK$, the currency other than the functional currency of the respective group entity.

The bank balances of the Company of HK$1,045,298 (2010: HK$8,766,000) was denominated in HK$, the currency other than the functional currency of the Company.

26. TRADE AND OTHER PAYABLES AND ACCRUALS

	THE GROUP	
	2011	2010
	HK$	*HK$*
Trade payables	**2,208,248**	2,960,637
Other payables and accruals	**3,442,407**	2,068,249
Tax payables other than income tax	**1,743,528**	1,663,793
Advance payments from customers	**978,873**	88,883
	8,373,056	6,781,562

The following is an aged analysis of trade payables presented based on the invoice date at the reporting date:

	2011	2010
	HK$	*HK$*
0 – 90 days	**2,158,454**	2,857,794
91 – 180 days	**–**	10,322
181 -365 days	**–**	1,050
> 365 days	**49,794**	91,471
	2,208,248	2,960,637

As at 31st January, 2011 and 2010, the whole amount of trade payables was related to the sale of dye-sublimation printed products. There is no specific credit terms for payment granted by the suppliers in which invoice is due on presentation. The Group has financial risk management policies in place to ensure that all payables are settled to meet the terms for payment.

27. AMOUNT DUE TO A SHAREHOLDER

THE GROUP

As at 31st January, 2011, the amount due to a shareholder of HK$193,574,722 (2010: HK$160,518,712) included an amount of HK$189,574,722 (2010: HK$160,518,712) due to one of the vendors of United Achieve (the "Vendor") who became a substantial shareholder of the Company upon the acquisition of United Achieve. This amount due to the Vendor was part of the identifiable net liabilities of United Achieve Group at the date of acquisition (see note 34). As at 31st January, 2011, the remaining carrying amount of amount due to a shareholder of HK$4,000,000 ("2nd Advance") was borrowed by the Company during the year ended 31st January, 2011 to support the Group's operations.

An amount of HK$4,957,977 (2010: HK$957,977) included in the amount due to a shareholder is unsecured, non-interest bearing and repayable on demand and accordingly, it is included in current liabilities in the consolidated statement of financial position as at 31st January, 2011.

The remaining balance of HK$188,616,745 (2010: HK$159,560,735), which has a repayable term due within one year as at 31st January, 2011 (2010: repayable after one year), is included in current liability in the consolidated statement of financial position as at 31st January, 2011 (2010: non-current liability) and recognised based on the effective interest method with an effective interest rate of 18.21% per annum. The principal amount of this portion of amount due to a shareholder is HK$219,285,077 (2010: HK$219,285,077) and it is unsecured and non-interest bearing.

Pursuant to the letters dated 5th October, 2009 from the Vendor, the Vendor has undertaken that he would not demand for repayment of the advance of HK$219,285,077 (the "Advance") to United Achieve from the date of completion of the acquisition of United Achieve (the "Acquisition") under the sale and purchase agreement dated 14th September, 2009 (the "Agreement") to 31st December, 2011. The Acquisition was completed on 11th November, 2009 (see note 34).

Pursuant to another letter dated 19th May, 2010, the Vendor has further undertaken not to demand repayment of the Advance until such time as the Group has sufficient funds to repay the Advance and still be able to meet in full its other financial obligations after the repayment.

27. AMOUNT DUE TO A SHAREHOLDER (continued)

THE GROUP (continued)

Pursuant to another letter dated 27th January, 2011, the Vendor has undertaken not to demand repayment of the 2nd Advance until such time as the Group has sufficient funds to repay the 2nd Advance and still be able to meet in full its other financial obligations after the repayment.

The 2nd Advance with carrying amount of HK$4,000,000 at 31st January, 2011 was denominated in HK$, the currency other than the functional currency of the respective group entity.

THE COMPANY

The amount due to a shareholder was the carrying amount of the 2nd Advance with the terms and conditions as described above and denominated in HK$, the currency other than the functional currency of the Company.

28. AMOUNTS DUE FROM/TO SUBSIDIARIES AND A DIRECTOR

THE GROUP

The amount due to a director is unsecured, non-interest bearing and repayable on demand.

THE COMPANY

The amounts due from subsidiaries are unsecured and bear interest at 1.5% per annum (2010: bear interest at 1.5% per annum). HK$23,031,622 (2010: HK$18,609,622) of the amount is expected to be repayable after one year and shown under non-current assets. The remaining balance is expected to be repayable within twelve months and shown under current assets. The non-current portion is carried at amortised cost using an effective interest rate of 10%. In the current year, an impairment loss of HK$1,800,000 (2010: HK$7,294,400) was recognised by reference to the financial performance and financial position of the relevant subsidiaries.

29. BORROWINGS

	THE GROUP	
	2011	2010
	HK$	*HK$*
Borrowings comprise the following:		
Unsecured bank loans	**4,533,036**	5,276,818
Carrying amount repayable:*		
Within one year	**1,114,952**	1,180,719
More than one year, but not exceeding two years	**1,843,799**	1,847,160
More than two years but not more than five years	**1,574,285**	2,248,939
	4,533,036	5,276,818
Less: Amounts due within one year shown under current liabilities	**(1,114,952)**	(1,180,719)
	3,418,084	4,096,099

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The above are fixed-rate borrowings, bear interests ranging from 2.45% to 3.00% (2010: 2.45% to 3.00%) per annum.

The above bank loans were granted by the banks under the guarantees given by a non-controlling shareholder of a subsidiary.

30. CONVERTIBLE BONDS

THE GROUP AND THE COMPANY

As set out in note 34, the Company issued, as partial settlement for the Acquisition, two zero coupon convertible bonds which have an aggregate principal amount of HK$273,000,000 on 11th November, 2009 to the vendors (the "Vendors"), with maturity date on the third anniversary of the date of the issue of the convertible bonds.

The convertible bonds do not accrue any interest and may be assignable or transferable subject to the prior notification to the Company.

The convertible bonds are denominated in Hong Kong dollars and can be converted into ordinary shares of the Company at HK$1.68 per share at any time from the issue date until the maturity date, provided that no conversion of the convertible bonds can take place for a period of six months commencing from the date of issue of the convertible bonds and the number of ordinary shares to be issued and allotted to the vendors upon the exercise of the conversion rights attached to the convertible bonds and, if applicable, together with any ordinary shares already owned or agreed to be acquired by the Vendors and/or parties acting in concert with it cannot represent 30% or more of the then issued ordinary share capital of the Company.

The conversion price of HK$1.68 is subject to certain anti-dilution adjustments and certain events such as changes in the share capital of the Company including consolidation or sub-division of shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company at substantial discount to market value.

The convertible bonds mature on 10th November, 2012 and can be redeemed at par at the discretion of the issuer in whole or in part anytime before the maturity date by serving at least thirty days' prior written notice to the bondholders. Unless previously converted or lapsed or redeemed by the Company, the Company will redeem the convertible bonds on the maturity date at its then outstanding principal amount.

The convertible bonds contain liability component and conversion option and the issuer's early redemption option components.

30. CONVERTIBLE BONDS (continued)

The fair value of the liability component on initial recognition was calculated based on the present value of the principal amount. The discount rate used in the calculation is 18.21% per annum which represents the cost of debt applicable to the Group at the issue date. In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The effective interest rate of the liability component is 18.21% per annum.

The embedded conversion option represents the bondholders' option to convert the convertible bonds into ordinary shares of the Company. However, since the conversion will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, the conversion option is treated as a derivative and is measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss. The issuer's early redemption option is not closely related to the host liability and is measured at fair value at the end of each reporting periods with changes in fair value recognised in profit or loss.

Pursuant to the letters dated 19th May, 2010, the Vendors under the Agreement have undertaken not to demand redemption of any amount of convertible bonds which remains outstanding on the maturity date unless as the Group and the Company have sufficient funds to redeem the remaining outstanding amount of the convertible bonds and still be able to meet in full their other financial obligations after the redemption.

The movement of the liability and derivatives components of the convertible bonds during the year is set out below:

	Liability	**Derivatives embedded in convertible bonds**	**Total**
	HK$	*HK$*	*HK$*
At 1st February, 2009	–	–	–
Issued upon the acquisition of subsidiaries *(note 34)*	165,265,933	107,734,067	273,000,000
Change in fair value	–	(22,031,520)	(22,031,520)
Imputed interest recognised	6,678,600	–	6,678,600
At 31st January, 2010	171,944,533	85,702,547	257,647,080
Change in fair value	–	8,103,376	8,103,376
Imputed interest recognised	31,311,099	–	31,311,099
At 31st January, 2011	203,255,632	93,805,923	297,061,555

30. CONVERTIBLE BONDS (continued)

The fair value of the conversion option is calculated using the Binomial Model. The inputs into the model were as follows:

	At 31.1.2011	At 31.1.2010
Share price	**HK$2.00**	HK$3.00
Conversion price	**HK$1.68**	HK$1.68
Expected volatility *(note a)*	**74.79%**	122.17%
Expected life *(note b)*	**1.78 years**	2.78 years
Risk free rate *(note c)*	**0.422%**	0.887%
Expected dividend yield *(note d)*	**0%**	0%

Notes:

(a) Expected volatility were determined by calculating the historical volatility of the Company's share price.

(b) Expected life was the expected remaining life of the option.

(c) The risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes.

(d) The expected dividend yield was based on the historical dividend payment record of the Company.

The fair value of the issuer's early redemption option held by the Company is determined as the difference between the fair values of the convertible bonds with and without the redemption option under the Binomial Model.

31. DEFERRED TAXATION

THE GROUP

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

	Investment properties
	HK$
At 31st January, 2009	10,938,703
Exchange differences	11,038
Credit to profit or loss	(3,062,564)
At 31st January, 2010	7,887,177
Exchange differences	431,516
Charge to profit or loss	5,173,640
At 31st January, 2011	13,492,333

At the end of the reporting period, estimated unused tax losses of approximately HK$55,185,000 (2010: HK$46,753,000) are available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to the unpredictability of future profit stream. The estimated tax losses of approximately HK$25,666,000 (2010: HK$22,104,000) will expire after seven years from the years of assessment to which they relate which range from 2011 to 2018. The remaining tax losses may be carried forward indefinitely.

THE COMPANY

At the end of the reporting period, estimated unused tax losses of approximately HK$28,962,000 (2010: HK$24,092,000) are available for offset against future profits. No deferred tax asset has been recognised in respect of the unrecognised estimated tax losses due to the unpredictability of future profit stream. The tax losses may be carried forward indefinitely.

32. SHARE CAPITAL

	Number of shares		Amount of Share capital	
	2011	2010	**2011**	2010
			HK$	*HK$*
Authorised:				
Ordinary shares of HK$1.00 each				
At beginning of year and end of year	**5,000,000,000**	5,000,000,000	**5,000,000,000**	5,000,000,000
Issued and fully paid:				
Ordinary shares of HK$1.00 each				
At beginning of year	**131,973,638**	106,973,638	**131,973,638**	106,973,638
Issue of shares as consideration for acquisition of subsidiaries *(note 34)*	**–**	25,000,000	**–**	25,000,000
At end of year	**131,973,638**	131,973,638	**131,973,638**	131,973,638

Note: On 11th November, 2009, 25,000,000 ordinary shares of the Company with par value of HK$1.00 each were issued as part of the consideration for the acquisition of United Achieve (note 34).

The shares issued during the year ended 31st January, 2010 rank pari passu in all respects with other shares in issue.

33. SHARE PREMIUM AND RESERVES

	Share premium account	Shareholder's contribution	Translation reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY					
At 1st February, 2009	197,576,221	3,317,997	1,175,388	(201,251,676)	817,930
Shares issued as consideration for acquisition of subsidiaries *(note 34)*	52,500,000	–	–	–	52,500,000
Loss for the year	–	–	–	(347,692,667)	(347,692,667)
At 31st January, 2010	250,076,221	3,317,997	1,175,388	(548,944,343)	(294,374,737)
Loss for the year	–	–	–	(44,385,312)	(44,385,312)
Exchange difference arising on translation of functional currency to presentation currency	–	–	527,150	–	527,150
At 31st January, 2011	250,076,221	3,317,997	1,702,538	(593,329,655)	(338,232,899)

As at 31st January, 2011 and 2010, the Company has no reserves available for distribution to shareholders.

34. ACQUISITION OF SUBSIDIARIES

On 11th November, 2009, the Group acquired the entire share capital of United Achieve. The total consideration had been settled by (i) allotment and issue of 25,000,000 ordinary shares of the Company and (ii) issue of convertible bonds with principle amount of HK$273 million (see note 30). The transaction had been accounted for using the purchase method of accounting.

34. ACQUISITION OF SUBSIDIARIES (continued)

The net liabilities acquired in the transaction were as follows:

	Acquiree's carrying amount and fair value
	HK$
Net liabilities acquired:	
Property, plant and equipment	2,540,749
Intangible assets	700,822
Inventories	918,045
Trade and other receivables and prepayments	3,699,917
Bank balances and cash	713,232
Trade and other payables and accruals	(8,132,813)
Amount due to a shareholder	(153,571,004)
Borrowings	(5,603,285)
	(158,734,337)
Goodwill	509,234,337
Total consideration	350,500,000
Satisfied by:	
Convertible bonds *(note 30)*	273,000,000
Allotment of ordinary shares of the Company	77,500,000
	350,500,000
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	713,232

34. ACQUISITION OF SUBSIDIARIES (continued)

United Achieve is an investment holding company which in turn holds 72.12% of the registered capital of Viswell. Viswell is an investment holding company which in turn holds 100% of the registered capital of Rakupuri. Rakupuri is principally engaged in the manufacture and sale of dye-sublimation printed products.

The goodwill arising on the Acquisition was mainly attributable to the anticipated profitability as expected by management of the Group for the business of the manufacture and sale of dye-sublimation printed products after taking into consideration of the effects of incorporating the resources of the Group after the Acquisition to further expand the existing business of United Achieve Group.

United Achieve and its subsidiaries contributed HK$6,609,514 to the revenue and had a loss of HK$969,064 included in the Group's loss before tax for the period between the date of acquisition and 31st January, 2010.

If the acquisition had been completed on 1st February, 2009, total Group's revenue for the year ended 31st January, 2010 would have been HK$22,119,511, and loss for the year ended 31st January, 2010 attributable to owners of the Company, including an impairment of goodwill of HK$509,234,337, would have been HK$529,299,927. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and profit for the year of the Group that actually would have been achieved had the acquisition been completed on 1st February, 2009, nor is it intended to be projection of future results.

The basis for determination of the fair value of the convertible bonds is set out in note 30.

35. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income with a maximum monthly contribution of HK$1,000 per person. Contributions are charged to consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31st January, 2011 and 2010.

The subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

Employees in Japan are members of the state-managed retirement benefits scheme operated by the Japan local government. The Group is required to contribute certain pre-fixed amounts of contribution, according to the level of income for each employee to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect of the retirement benefits scheme is the required contributions under the retirement benefits scheme.

During the year, the total amounts contributed by the Group to the schemes and cost charged to the consolidated statement of comprehensive income of HK$894,625 (2010: HK$259,533) represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

36. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of rented premises and equipment which fall due as follows:

	2011 HK$	2010 HK$
Within one year	**622,049**	439,914
In the second to fifth years inclusive	**57,060**	476,681
	679,109	916,595

Operating lease payments represent rentals payable by the Group for certain of its office premises and equipment. Leases are negotiated for a lease term of 1-2 years with fixed rental at initial recognition.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011 HK$	2010 HK$
Within one year	**5,274,014**	2,644,288
In the second to fifth year inclusive	**12,270,502**	2,629,893
Over five year	**228,862**	658,219
	17,773,378	5,932,400

The properties are expected to generate rental yields of 2.03% (2010: 3.63%) per annum on an ongoing basis. All the properties held have committed tenants for the next 1-7 years.

37. RELATED PARTY TRANSACTION

Details of the Group's outstanding balances with related parties are set out in the consolidated statement of financial position on pages 27 and 28. Details of the terms of the balances are set out in notes 27 and 28, respectively.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2011	2010
	HK$	*HK$*
Short-term benefits	**3,533,552**	1,111,085
Post-employment benefits	**308,563**	60,010
	3,842,115	1,171,095

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

FINANCIAL SUMMARY

	Year ended 31 January,				
	2007	2008	2009	2010	**2011**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
Revenue from continuing operations	2,796,661	4,630,522	4,495,674	9,704,527	**24,738,265**
Profit (loss) for the year attributable to:					
Owners of the Company	24,711,158	4,303,857	(8,291,125)	(526,521,501)	**(56,430,239)**
Non-controlling interests	–	–	–	–	**(1,027,186)**
	24,711,158	4,303,851	(8,291,125)	(526,521,501)	**(57,457,425)**

	At 31 January,				
	2007	2008	2009	2010	**2011**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
Total assets	105,968,235	131,938,922	124,598,603	101,544,018	**126,205,698**
Total liabilities	(19,270,552)	(16,434,521)	(13,019,503)	(438,904,547)	**(517,879,071)**
Total equity	86,697,683	115,504,401	111,579,100	(337,360,529)	**(391,673,373)**
Non-controlling interests	–	–	–	–	**899,005**
Attributable to owners of the Company	86,697,683	115,504,401	111,579,100	(337,360,529)	**(390,774,368)**