Buildmore International Limited

Annual Report 2012

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

Lo Cheung Kin
(Chairman of the Nomination Committee)

See Tak Wah

Wong Cheong

REMUNERATION COMMITTEE

Wong Cheong
(Chairman of the Remuneration Committee)

See Tak Wah

Li Jianbo

AUDITOR

Crowe Horwath (HK) CPA Limited

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

On behalf of the board of directors (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 2012 (the "Year").

FINANCIAL RESULTS

In respect of the results of the Group for the Year, the audited profit attributable to the owners of the Company was HK$29,055,000 (2011: Loss of HK$46,725,000 (revised)). Basic earnings per share was HK$0.22 (2011: basic loss per share of HK$0.35 (revised)).

BUSINESS REVIEW AND PROSPECTS

During the Year, the Group's operations are being categorised into three divisions: property investment; hotel management and sales of dye sublimation printed products. The Group's property investment and hotel management divisions were mainly located at Fujian Province, the People's Republic of China (the "PRC") and the sales of dye sublimation printed products division 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 couple of years, as a result of the implementation of government policies, the property leasing business of Jiacheng and Faith Stand China have been improving.

Last year, Jiacheng Fujian invested in 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 (Jiaxin (Fujian) Opto-Electronic Technology Co., Ltd.*). 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 the western side of the Taiwan Strait. Owing to the concrete measures laid down by the Central Government to promote the construction and development of this economic zone, fair value gain of approximately HK$726,000 from these investments has been recorded for the Year.

Thanks to the efforts of the hotel management team, during the Year, Vast Glory (Fujian) Hotel Management Limited ("Vast Glory Fujian"), concluded a hotel management contract with an independent third party to provide hotel management service for a hotel. This hotel is under construction and is located at Pingtan Island, Fujian, the fifth largest island in China. It is expected that the construction will be completed by mid 2013 and will generate steady revenue for the Group by then.

* 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.

Looking forward, as the PRC Central Government has laid down concrete development plans 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 continue to explore potential business opportunities which may generate greater return to the shareholders.

Rakupuri Inc. ("Rakupuri") is engaged in the manufacture and sale of dye-sublimation printed products. During the Year, Rakupuri was honoured to obtain the approval from the Ministry of Economy, Trade and Industry of Japan for a research and development project in respect of counterfeiting technology.

Rakupuri recorded a loss for the Year. Due to the devastating disasters which swept through the Northeast region of Japan in March 2011, the local economy of Japan remains in a tough environment. With reorganization, strengthened management and suitable inputs, the management of Rakupuri intends to drive Rakupuri to deliver better results. The management of the Group will closely monitor the business development of Rakupuri and implement corresponding measures 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 profit attributable to owners of the Company of approximately HK$29,055,000 (2011: approximately HK$46,725,000 (revised)). This is mainly attributed to a gain on change in fair value of derivatives embedded in convertible bonds of approximately HK$92,703,000 (2011: loss of HK$8,103,000, approximately), imputed interest expenses on amount due to a shareholder of approximately HK$30,668,000 (2011: approximately HK$29,056,000) and imputed interest expenses on convertible bonds of approximately HK$37,015,000 (2011: approximately HK$31,311,000).

As at 31 January 2012, the Group had available bank balances and cash of approximately HK$829,000, RMB3,512,000 and JPY10,362,000 (2011: approximately HK$2,809,000, RMB7,745,000 and JPY12,137,000), representing a capital liquidity ratio (bank balances and cash divided by current liabilities) of 0.01 (2011: 0.06).

As at 31 January 2012, the Group's debts to assets ratio was 3.68 (2011: 3.18). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included an amount due to a shareholder of approximately HK$226,243,000 (2011: approximately HK$193,575,000), an amount due to a director of approximately HK$2,052,000 (2011: approximately HK$52,000), borrowings of approximately HK$4,086,000 (2011: approximately HK$4,533,000), the liability component of the convertible bonds of approximately HK$240,271,000 (2011: approximately HK$203,256,000) and obligations under finance leases of approximately HK$422,000 (2011: nil) over the amount of total assets of approximately HK$128,080,000 (2011: approximately HK$126,206,000).

During the Year, the Group's business operations were principally in the PRC and Japan, and the main operational currencies are HK$, RMB and JPY. The exchange rate fluctuation between RMB and HK$ and JPY and HK$ has no material adverse impact to the Group throughout the Year. 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 31 January 2012, the total number of employees of the Group (excluding directors of the Company) was 44 (2011: 40). 23 of them worked in the PRC, 19 worked in Japan, while 2 worked in Hong Kong (2011: 25 of them worked in the PRC, 13 worked in Japan, while 2 worked in Hong Kong).

During the Year, the Group paid employees' emoluments (including emoluments for directors and employees) amounting to HK$2,877,000 (2011: HK$2,984,000), RMB1,517,000 (2011: RMB992,000) and JPY51,510,000 (2011: JPY72,898,000). The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong, Japan and the PRC and with reference to market trend, as well as individual competence and performance of the staff. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance, 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, 27 April 2012

EXECUTIVE DIRECTORS

Mr. Lo Cheung Kin, aged 65, the Chairman of the Company, was appointed as an executive director of the Company on 30 September 1998. He also acts as the chairman of the Company's nomination committee and 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 60, was appointed as an executive director and the Chief Executive Officer of the Company on 1 February 2007. 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 51, was appointed as an executive director of the Company on 20 October 2006. He also acts as a member of the Company's remuneration 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 59, was appointed as an executive director of the Company on 24 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. See Tak Wah, aged 49, was appointed as an independent non-executive director of the Company on 30 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 57, was appointed as an independent non-executive director of the Company on 20 October 2006. He also acts as the chairman of the Company's remuneration committee and 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 61, was appointed as an independent non-executive director of the Company on 1 February 2010. He also acts as a member of the Company's audit committee. 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 40, was appointed as the company secretary of the Company on 28 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 PRACTICES

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. One of the independent non-executive directors of the Company, has not been appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company. As such the Board considers that sufficient measures have been taken to ensure the Company's corporate governance practices are no less exacting than those in the CG Code.

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

The biographical details of the current directors are set out on pages 6 to 7 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.

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.

Directors' training is an ongoing process. During the Year, directors received regular updates on changes and developments of the Group's business and to the legislative and regulatory environments in which the Company operates. All directors are also encouraged to attend relevant training courses at the Company's expense.

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 in 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.

The members of the Nomination Committee are as follows:

Mr. Lo Cheung Kin	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 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:–

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

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

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

	No. of meetings attended/No. of meetings held				
Directors	Board meetings	Audit Committee meetings	Nomination Committee meeting	Remuneration Committee meeting	General meeting
Executive directors					
Mr. Lo Cheung Kin	4/4	N/A	N/A	N/A	1/1
Madam Huang Haiping	4/4	N/A	N/A	1/1	1/1
Mr. Li Jianbo	4/4	N/A	1/1	N/A	1/1
Madam Song Xiaoling	4/4	N/A	N/A	N/A	1/1
Independent non-executive directors					
Mr. See Tak Wah	3/4	3/3	1/1	1/1	0/1
Mr. Wong Cheong	4/4	3/3	1/1	N/A	1/1
Mr. Ngai Sai Chuen	3/4	3/3	N/A	1/1	0/1

AUDITOR'S REMUNERATION

The Company's external auditor is Crowe Horwath (HK) CPA Limited. The remuneration paid/payable to Crowe Horwath (HK) CPA Limited in respect of audit services and non-audit services for the year ended 31 January 2012 amounted to approximately HK$645,000 and HK$20,000 respectively.

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 22 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.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's constitutional documents. Details of such rights to demand a poll and the poll procedures are included in all related circulars to shareholders and will be explained during the proceedings of meetings. There was not any significant changes to the Company's constitutional documents during the Year.

Poll results will be posted on the website of the Company and the Stock Exchange on the same day of the shareholders' meeting.

The general meeting of the Company provides a forum for communication between the shareholders and the Board. The Chairman of the Board, as well as the Chairmen of the Audit Committee, Nomination Committee and Remuneration Committee or in their absence, other members of the respective committees, normally attend the annual general meeting and other relevant shareholders' meetings to answer at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including election of individual directors.

The Company continues to enhance communication and relations with its investors. Enquiries from investors are dealt with in an informative and timely manner.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 January 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 January 2012 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 29 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 29 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 41% of the Group's revenue. The aggregate purchases, attributable to the Group's five largest suppliers were approximately 95% of total purchases of the Group. The largest customer and supplier accounted for approximately 11% and 35% 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 15 and 14 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

In accordance with Article 81 of the Company's Articles of Association, Mr. Lo Cheung Kin, Mr. Li Jianbo and Mr. See Tak Wah will retire by rotation at the forthcoming annual general meeting and, being eligible, Mr. Lo Cheung Kin and Mr. Li Jianbo will offer themselves for re-election. Mr. See Tak Wah has decided not to stand for re-election due to his personal commitments.

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 31 January 2012, 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 31 January 2012, 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 31 January 2012, 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 31 January 2012, 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 9 to 15.

RESTATEMENTS DUE TO CORRECTION OF PRIOR YEAR'S ERRORS

The details of restatements due to correction of prior year's errors are set out in note 3 to the consolidated financial statements.

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 31 January 2012.

INDEPENDENT AUDITOR

The financial statements have been audited by Crowe Horwath (HK) CPA Limited ("CHHK"). During the year, Deloitte Touche Tohmatsu resigned as auditors of the Company and CHHK were appointed by the Board to fill the casual vacancy so arising. Save as disclosed herein, there have been no changes of auditors in the past three years. A resolution for the re-appointment of CHHK as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

LO CHEUNG KIN
Chairman

Hong Kong, 27 April 2012

INDEPENDENT AUDITOR'S REPORT

Crowe Horwath™

國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

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 121, which comprise the consolidated and Company's statements of financial position as at 31 January 2012, 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. This report is made 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.

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 qualified audit opinion.

Basis for Qualified Opinion

We were appointed as auditors of the Company on 17 June 2011 and thus did not observe the counting of the physical inventories at the beginning of the year. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at 31 January 2011. Since opening inventories enter into the determination of the profit and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the profit for the year reported in the consolidated statement of comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 January 2012, and of the Group's profit 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(b)(i) to the consolidated financial statements which indicates that, as of 31 January 2012, the Group's total liabilities exceeded its total assets by HK$371,354,796, the Group's current liabilities exceeded its current assets by HK$470,399,018, the Company's total liabilities exceeded its total assets by HK$155,765,197 and the Company's current liabilities exceeded its current assets by HK$248,120,855. These conditions, along with other matters as set forth in note 2(b)(i) 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.

Other Matter

The consolidated financial statements of the Company for the year ended 31 January 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 29 April 2011.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 27 April 2012

Yau Hok Hung
Practising Certificate Number P04911

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2012

	NOTE	**2012** ***HK$***	2011 *HK$* *(restated)*
Continuing operations			
Turnover	5	**30,079,684**	24,738,265
Cost of sales		**(18,250,111)**	(15,487,289)
Gross profit		**11,829,573**	9,250,976
Other revenue	6	**2,706,574**	407,598
Other net income	6	**103,594,057**	27,284,951
Selling and distribution costs		**(3,258,147)**	(3,882,574)
General and administrative expenses		**(18,278,652)**	(14,984,020)
Finance costs	7(a)	**(67,868,822)**	(60,578,167)
Profit/(loss) before taxation	7	**28,724,583**	(42,501,236)
Taxation charge	8	**(185,021)**	(5,205,610)
Profit/(loss) for the year from continuing operations		**28,539,562**	(47,706,846)
Discontinued operation			
Loss for the year from discontinued operation	9	**–**	(45,006)
Profit/(loss) for the year		**28,539,562**	(47,751,852)
Other comprehensive income			
Exchange difference arising on translation of functional currency to presentation currency		**(8,220,985)**	(6,560,992)
Total comprehensive income/(expense) for the year		**20,318,577**	(54,312,844)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2012

	NOTE	2012 HK$	2011 HK$ (restated)
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company	12	**29,055,029**	(46,724,666)
Non-controlling interests		**(515,467)**	(1,027,186)
		28,539,562	(47,751,852)
Total comprehensive income/(expense) for the year attributable to:			
Equity shareholders of the Company		**21,227,535**	(53,413,839)
Non-controlling interests		**(908,958)**	(899,005)
		20,318,577	(54,312,844)
Earnings/(loss) per share	13		
From continuing and discontinued operations			
Basic		**0.22**	(0.35)
Diluted		**(0.13)**	(0.35)
From continuing operations			
Basic		**0.22**	(0.35)
Diluted		**(0.13)**	(0.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2012

	NOTE	2012 HK$	2011 HK$
Non-current assets			
Investment properties	14	**92,180,969**	88,452,406
Property, plant and equipment	15	**6,852,205**	7,150,082
Intangible assets	16	**5,138,923**	966,604
Other financial assets	17	**12,048,193**	10,853,056
		116,220,290	107,422,148
Current assets			
Inventories	19	**1,649,925**	2,007,896
Trade and other receivables	20	**4,010,357**	3,729,678
Cash and cash equivalents	21	**6,198,989**	13,045,976
		11,859,271	18,783,550
Current liabilities			
Trade and other payables	22	**10,195,026**	8,373,056
Amount due to a shareholder	24	**226,243,054**	193,574,722
Amount due to a director	25	**2,052,239**	52,239
Borrowings – due within one year	26	**1,438,220**	1,114,952
Obligations under finance leases	23	**81,951**	–
Convertible bonds	27	**241,374,113**	–
Tax liabilities		**873,686**	792,130
		482,258,289	203,907,099
Net current liabilities		**(470,399,018)**	(185,123,549)
Total assets less current liabilities		**(354,178,728)**	(77,701,401)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2012

	NOTE	**2012** HK$	2011 HK$
Non-current liabilities			
Borrowings – due after one year	26	**2,647,934**	3,418,084
Obligations under finance leases	23	**340,284**	–
Convertible bonds	27	**–**	297,061,555
Deferred taxation	28	**14,187,850**	13,492,333
		17,176,068	313,971,972
Net liabilities		**(371,354,796)**	(391,673,373)
Capital and reserves			
Share capital	29(c)	**131,973,638**	131,973,638
Share premium and reserves		**(501,520,471)**	(522,748,006)
Equity attributable to equity shareholders of the Company		**(369,546,833)**	(390,774,368)
Non-controlling interests		**(1,807,963)**	(899,005)
Total deficit		**(371,354,796)**	(391,673,373)

The consolidated financial statements on pages 25 to 121 were approved and authorised for issue by the Board of Directors on 27 April 2012 and are signed on its behalf by:

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

STATEMENT OF FINANCIAL POSITION

At 31 January 2012

	NOTE	2012 HK$	2011 HK$
Non-current assets			
Property, plant and equipment	15	**186,095**	237,276
Investments in subsidiaries	18	**70,259,941**	70,384,178
Amounts due from subsidiaries	25	**21,909,622**	23,031,622
		92,355,658	93,653,076
Current assets			
Sundry receivables and prepayments		**665**	134,951
Amounts due from subsidiaries	25	**1,414,812**	875,668
Cash and cash equivalents	21	**376,325**	1,047,898
		1,791,802	2,058,517
Current liabilities			
Sundry payables and accruals		**538,544**	909,299
Amount due to a shareholder	24	**6,000,000**	4,000,000
Amount due to a director	25	**2,000,000**	–
Convertible bonds	27	**241,374,113**	–
		249,912,657	4,909,299
Net current liabilities		**(248,120,855)**	(2,850,782)
Total assets less current liabilities		**(155,765,197)**	90,802,294
Non-current liability			
Convertible bonds	27	**–**	297,061,555
Net liabilities		**(155,765,197)**	(206,259,261)
Capital and reserves	29(a)		
Share capital		**131,973,638**	131,973,638
Share premium and reserves		**(287,738,835)**	(338,232,899)
Total deficit		**(155,765,197)**	(206,259,261)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2012

	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$*
Balance at 1 February 2010	131,973,638	250,076,221	4,536,895	11,728,394	(735,675,677)	(337,360,529)	–	(337,360,529)
Change in equity for 2010/11:								
Loss for the year (restated)	–	–	–	–	(46,724,666)	(46,724,666)	(1,027,186)	(47,751,852)
Exchange difference arising on translation of functional currency to presentation currency (restated)	–	–	–	(6,689,173)	–	(6,689,173)	128,181	(6,560,992)
Total comprehensive expense for the year (restated)	–	–	–	(6,689,173)	(46,724,666)	(53,413,839)	(899,005)	(54,312,844)
Balance at 31 January 2011 (restated)	131,973,638	250,076,221	4,536,895	5,039,221	(782,400,343)	(390,774,368)	(899,005)	(391,673,373)
Balance at 31 January 2011 (as previously reported)	131,973,638	250,076,221	4,536,895	14,744,794	(792,105,916)	(390,774,368)	(899,005)	(391,673,373)
Prior year's adjustments (note 3)	–	–	–	(9,705,573)	9,705,573	–	–	–
As restated	131,973,638	250,076,221	4,536,895	5,039,221	(782,400,343)	(390,774,368)	(899,005)	(391,673,373)
Change in equity for 2011/12:								
Profit for the year	–	–	–	–	29,055,029	29,055,029	(515,467)	28,539,562
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	(7,827,494)	–	(7,827,494)	(393,491)	(8,220,985)
Total comprehensive income/(expense) for the year	–	–	–	(7,827,494)	29,055,029	21,227,535	(908,958)	20,318,577
Balance at 31 January 2012	131,973,638	250,076,221	4,536,895	(2,788,273)	(753,345,314)	(369,546,833)	(1,807,963)	(371,354,796)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 January 2012

	2012	2011
	HK$	*HK$*
		(restated)
OPERATING ACTIVITIES		
Profit/(loss) for the year	**28,539,562**	(47,751,852)
Adjustments for:		
Taxation charge	**185,021**	5,205,610
Depreciation of property, plant and equipment	**1,975,292**	1,364,166
Amortisation of intangible assets	**224,153**	90,386
Impairment loss on trade receivables	**2,432**	564,826
Impairment loss of other receivables, deposits and prepayments	**132,918**	–
Impairment loss of intangible assets	**1,212,916**	–
Interest income	**(110,367)**	(30,293)
Interest expense on borrowings wholly repayable within five years	**161,194**	211,058
Finance charges on obligations under finance leases	**24,122**	–
Imputed interest expense on amount due to a shareholder	**30,668,332**	29,056,010
Imputed interest expense on convertible bonds	**37,015,174**	31,311,099
Loss on disposal of property, plant and equipment	**588**	19,306
Gain on disposal of investment properties	**–**	(1,697,086)
Valuation loss/(gain) on investment properties	**2,188,131**	(23,286,404)
Gain on change in fair value of other financial assets designated as at fair value through profit and loss	**(726,231)**	(562,797)
(Gain)/loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	**(92,702,616)**	8,103,376
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	**(2,458,294)**	(3,513,047)
Foreign exchange gain on liability component of the convertible bonds	**(9,007,395)**	(7,342,806)
Foreign exchange (gain)/loss	**(874,393)**	1,150,280
Operating cash flows before movements in working capital	**(3,549,461)**	(7,108,168)
Decrease/(increase) in inventories	**495,567**	(425,019)
(Increase) decrease in trade and other receivables and prepayments	**(172,492)**	140,806
Increase in trade and other payables and accruals	**1,377,037**	1,591,494
NET CASH USED IN OPERATING ACTIVITIES	**(1,849,349)**	(5,800,887)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 January 2012

	2012	2011
	HK$	*HK$*
		(restated)
INVESTING ACTIVITIES		
Payment for additions of investment properties	**(2,214,383)**	–
Purchase of property, plant and equipment	**(566,980)**	(1,156,401)
Proceeds on disposal of investment properties	**–**	7,914,000
Purchase of other financial assets	**–**	(9,912,163)
Purchase of intangible assets	**(5,494,099)**	(312,835)
Interest received	**110,367**	30,293
NET CASH USED IN INVESTING ACTIVITIES	**(8,165,095)**	(3,437,106)
FINANCING ACTIVITIES		
Advance from a shareholder	**2,000,000**	4,000,000
Advance from a director	**2,000,000**	–
Capital element of finance lease rentals paid	**(410,207)**	–
Interest element of finance lease rentals paid	**(24,122)**	–
Repayment of borrowings	**(757,519)**	(1,337,296)
Interest paid	**(161,194)**	(211,058)
NET CASH FROM FINANCING ACTIVITIES	**2,646,958**	2,451,646
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,367,486)**	(6,786,347)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**13,045,976**	19,696,363
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**520,499**	135,960
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	**6,198,989**	13,045,976

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 18.

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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statements of compliance

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation of the consolidated financial statements

The consolidated financial statements for the year ended 31 January 2012 comprise the Company and its subsidiaries.

(i) Going concern

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, as of 31 January 2012, the Group's total liabilities exceeded its total assets by HK$371,354,796, the Group's current liabilities exceeded its current assets by HK$470,399,018, the Company's total liabilities exceeded its total assets by HK$155,765,197 and the Company's current liabilities exceeded its current assets by HK$248,120,855. 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 of the Company has undertaken to the Company not to demand repayment of the Advance (as defined in note 24) with carrying amount of HK$219,285,077 at 31 January 2012 after its maturity date of 31 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 of the Company has undertaken to the Company not to demand repayment of the 2nd Advance (as defined in note 24) and the 3rd Advance (as defined in note 24) with carrying amount of HK$4,000,000 and HK$2,000,000 respectively at 31 January 2012 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;

(iii) A director of the Company has undertaken to the Company not to demand repayment of the amount due to the director with carrying amount of HK$2,000,000 at 31 January 2012 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;

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation of the consolidated financial statements (continued)

(i) Going concern (continued)

(iv) the holders of convertible bonds have undertaken to the Company not to demand redemption of any amount of the 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; and

(v) Mr. Lui Ming Ho and Mr. Wong Kin Ping (both of them are substantial shareholders of the Company) and Mr. Lo Cheung Kin (the chairman and executive director of the Company) have undertaken to the Company to provide continuing financial support to the Group so as to enable the Group to continue its day-to-day operations as a viable going concern notwithstanding any present or future financial difficulties experienced by the Group.

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.

(ii) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investment property (see note 2(f));

– financial assets at fair value through profit or loss ("FVTPL") (see note 2(m)); and

– derivatives embedded in convertible bonds (see note 2(n)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation of the consolidated financial statements (continued)

(iii) Use of estimates and judgement

The preparation of financial statements in conformity with HKFRSs issued by the HKICPA requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009) *"Related Party Disclosures"*

- Improvements to HKFRSs (2010)

- HK(IFRIC) – Int 19 *"Extinguishing Financial Liabilities with Equity Instruments"*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HK(IFRIC) – Int 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction.

The impacts of other developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7 *"Financial Instruments: Disclosures*". The disclosures about the Group's financial instruments in note 30 have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(j)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(u)(ii).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment properties (continued)

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(i).

(g) Property, plant and equipment

The property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Leasehold land and building	Over the shorter of the remaining term of the lease or 20 years
Leasehold improvements	Over the shorter of $33\frac{1}{3}\%$ 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%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(j)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives as follows:

Hotel management right	10 years
Patent, trademark and license	8 to 10 years

Both the period and method of amortisation are reviewed annually.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(f)); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets acquired under finance leases

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(g). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(j). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(j) Impairment of assets

(i) Impairment of investments in subsidiaries and other receivables

Investments in subsidiaries and current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events.

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in subsidiaries and other receivables (continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(j)(ii).

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of investments in subsidiaries and trade and other receivables (continued)

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets; and

– goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(j)), except where the effect of discounting would be immaterial in which case the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Financial assets at fair value through profit or loss

A financial asset is designated as at fair value through profit or loss ("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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(r) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Income tax (continued)

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

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.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue recognition (continued)

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(v) Translation of 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 transaction dates. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Translation of foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations denominated in a currency other than the presentation currency 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 in the translation reserve.

On disposal of an operation denominated in a currency other than the presentation currency, the cumulative amount of the exchange differences relating to that operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Discontinued operations (continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CORRECTION OF PRIOR YEAR'S ERRORS

During the course of preparing the Group's financial statements for the year ended 31 January 2012, it has come to the attention of the directors of the Company that the prior year financial statements of the Group and of the Company contained errors.

The following tables disclose the adjustments that have been made in order to rectify the errors stated in note 3(a) to each of the line items in the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows as previously reported for the year ended 31 January 2011.

3. CORRECTION OF PRIOR YEAR'S ERRORS (continued)

The Group

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2011

	2011 (as previously reported) HK$	Adjustments in relation to exchange differences HK$ (Note 3(a))	Reclassification HK$ (Note 34)	Total adjustments HK$	2011 (as restated) HK$
Continuing operations					
Turnover	24,738,265	–	–	–	24,738,265
Cost of sales	(15,487,289)	–	–	–	(15,487,289)
Gross profit	9,250,976	–	–	–	9,250,976
Other revenue	407,598	–	–	–	407,598
Other net income	–	9,705,573	17,579,378	27,284,951	27,284,951
Selling and distribution costs	(3,882,574)	–	–	–	(3,882,574)
General and administrative expenses	(14,847,553)	–	(136,467)	(136,467)	(14,984,020)
Finance costs	(60,578,167)	–	–	–	(60,578,167)
Valuation gain on investment properties	23,286,404	–	(23,286,404)	(23,286,404)	–
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	(8,103,376)	–	8,103,376	8,103,376	–
Gain on change in fair value of other financial assets designated as at fair value through profit or loss	562,797	–	(562,797)	(562,797)	–
Gain on disposal of investment properties	1,697,086	–	(1,697,086)	(1,697,086)	–
Loss before taxation	(52,206,809)	9,705,573	–	9,705,573	(42,501,236)
Taxation charge	(5,205,610)	–	–	–	(5,205,610)
Loss for the year from continuing operations	(57,412,419)	9,705,573	–	9,705,573	(47,706,846)
Discontinued operation					
Loss for the year from discontinued operation	(45,006)	–	–	–	(45,006)
Loss for the year	(57,457,425)	9,705,573	–	9,705,573	(47,751,852)
Other comprehensive income					
Exchange difference arising on translation of functional currency to presentation currency	3,144,581	(9,705,573)	–	(9,705,573)	(6,560,992)
Total comprehensive expense for the year	(54,312,844)	–	–	–	(54,312,844)

3. CORRECTION OF PRIOR YEAR'S ERRORS (continued)

The Group (continued)

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 January 2011

	2011 (as previously reported) *HK$*	Effect of prior year's adjustments in relation to exchange differences *HK$* *(Note 3(a))*	2011 (as restated) *HK$*
Loss for the year attributable to:			
Equity shareholders of the Company	(56,430,239)	9,705,573	(46,724,666)
Non-controlling interests	(1,027,186)	–	(1,027,186)
	(57,457,425)	9,705,573	(47,751,852)
Total comprehensive expenses for the year attributable to:			
Equity shareholders of the Company	(53,413,839)	–	(53,413,839)
Non-controlling interests	(899,005)	–	(899,005)
	(54,312,844)	–	(54,312,844)
Loss per share			
From continuing and discontinued operations			
Basic	(0.43)	0.08	(0.35)
Diluted	(0.43)	0.08	(0.35)
From continuing operations			
Basic	(0.43)	0.08	(0.35)
Diluted	(0.43)	0.08	(0.35)

3. CORRECTION OF PRIOR YEAR'S ERRORS (continued)

The Group (continued)

Consolidated Statement of Changes in Equity

For the year ended 31 January 2011

	2011 (as previously reported) *HK$*	Effect of prior year's adjustments in relation to exchange differences *HK$* *(Note 3(a))*	2011 (as restated) *HK$*
Share capital	131,973,638	–	131,973,638
Share premium	250,076,221	–	250,076,221
Shareholder's contribution	4,536,895	–	4,536,895
Translation reserve	14,744,794	(9,705,573)	5,039,221
Accumulated losses	(792,105,916)	9,705,573	(782,400,343)
Total equity attributable to equity shareholders of the Company	(390,774,368)	–	(390,774,368)
Non-controlling interests	(899,005)	–	(899,005)
Total deficit	(391,673,373)	–	(391,673,373)

3. CORRECTION OF PRIOR YEAR'S ERRORS (continued)

The Group (continued)

Consolidated Statement of Cash Flows

For the year ended 31 January 2011

	2011 (as previously reported) *HK$*	Effect of prior year's adjustments in relation to exchange differences *HK$* *(Note 3(a))*	2011 (as restated) *HK$*
OPERATING ACTIVITIES			
Loss for the year	(57,457,425)	9,705,573	(47,751,852)
Adjustments for:			
Taxation charge	5,205,610	–	5,205,610
Depreciation of property, plant and equipment	1,364,166	–	1,364,166
Amortisation of intangible assets	90,386	–	90,386
Impairment loss on trade receivables	564,826	–	564,826
Interest income	(30,293)	–	(30,293)
Interest expense on borrowings wholly repayable within five years	211,058	–	211,058
Imputed interest expense on amount due to a shareholder	29,056,010	–	29,056,010
Imputed interest expense on convertible bonds	31,311,099	–	31,311,099
Loss on disposal of property, plant and equipment	19,306	–	19,306
Gain on disposal of investment properties	(1,697,086)	–	(1,697,086)
Valuation gain on investment properties	(23,286,404)	–	(23,286,404)
Gain on change in fair value of other financial assets designated as at fair value through profit and loss	(562,797)	–	(562,797)
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	8,103,376	–	8,103,376
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	–	(3,513,047)	(3,513,047)
Foreign exchange gain on liability component of the convertible bonds	–	(7,342,806)	(7,342,806)
Foreign exchange loss	–	1,150,280	1,150,280
Operating cash flows before movements in working capital	(7,108,168)	–	(7,108,168)
Increase in inventories	(425,019)	–	(425,019)
Decrease in trade and other receivables and prepayments	140,806	–	140,806
Increase in trade and other payables and accruals	1,591,494	–	1,591,494
NET CASH USED IN OPERATING ACTIVITIES	(5,800,887)	–	(5,800,887)

3. CORRECTION OF PRIOR YEAR'S ERRORS (continued)

The Group (continued)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 January 2011

	2011 (as previously reported) *HK$*	Effect of prior year's adjustments in relation to exchange differences *HK$* *(Note 3(a))*	2011 (as restated) *HK$*
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(1,156,401)	–	(1,156,401)
Proceeds on disposal of investment properties	7,914,000	–	7,914,000
Purchase of other financial assets	(9,912,163)	–	(9,912,163)
Purchase of intangible assets	(312,835)	–	(312,835)
Interest received	30,293	–	30,293
NET CASH USED IN INVESTING ACTIVITIES	(3,437,106)	–	(3,437,106)
FINANCING ACTIVITIES			
Advance from a shareholder	4,000,000	–	4,000,000
Repayment of borrowings	(1,337,296)	–	(1,337,296)
Interest paid	(211,058)	–	(211,058)
NET CASH FROM FINANCING ACTIVITIES	2,451,646	–	2,451,646
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,786,347)	–	(6,786,347)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	19,696,363	–	19,696,363
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	135,960	–	135,960
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY			
Bank balances and cash	13,045,976	–	13,045,976

3. CORRECTION OF PRIOR YEAR'S ERRORS (continued)

(a) Adjustments in relation to exchange differences

(i) The functional currency of the Company is RMB while the Company keeps books and records in a currency of HKD, which is the presentation currency of the Company and of the Group. It has come to the attention of the directors of the Company that the previous accounting treatments for the translation of monetary assets and liabilities of the Company denominated in foreign currencies were not compliant with HKAS 21 "The Effects of Changes in Foreign Exchange Rates" and the Group's accounting policy set out in note 2(v): certain monetary assets and liabilities of the Company denominated in currencies other than the functional currency of the Company were not translated into RMB (the functional currency of the Company) at the foreign exchange rates ruling at the end of the reporting period, the exchange differences arising from such monetary assets and liabilities denominated in currencies other than the functional currency of the Company were not recognised in the financial statements of the Company for the year ended 31 January 2011. Such exchange differences not recognised during the year ended 31 January 2011 were mainly arisen from the Company's convertible bonds, which is denominated in HKD. Accordingly, the Company has made adjustment for the above exchange differences in respect of the translation of these monetary assets and liabilities denominated in other currencies to the functional currency of the Company in accordance with HKAS 21 and the accounting policy set out in note 2(v).

(ii) As a result of the adjustment described in (i) above, the Group has made adjustment for the exchange differences arising from the translation of the Company's functional currency (RMB) to the presentation currency (HKD) in respect of the results and the statement of financial position items of the Company in accordance with HKAS 21 and the accounting policy set out in note 2(v).

(iii) As a result of the adjustments described in (i) and (ii) above, there was no impact on the statements of financial position of the Group and the Company for the year ended 31 January 2011.

(iv) The directors of the Company is of the opinion that the effect of the adjustments described in (i) and (ii) above has no significant impact on the statements of financial position of the Group and the Company as at 1 February 2010.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

The following are 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.

(a) Impairment of non-current assets

If circumstances indicate that the carrying amount of non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with HKAS 36 "Impairment of Assets". The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. It is difficult to precisely estimate fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sale volume, selling price and the amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and the amount of operating costs. Any changes in these estimates and assumptions could have a significant impact on the carrying amounts of the assets and could result in additional impairment charge or reversal of impairment in the future periods.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(b) Fair value of investment properties and financial assets designated as at FVTPL

At the end of the reporting period, the Group's investment properties and financial assets designated as at FVTPL are stated at fair value of HK$92,180,969 and HK$12,048,193, respectively (2011: HK$88,452,406 and HK$10,853,056), 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.

(c) 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 27). 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 31 January 2012 was HK$1,103,307 (2011: HK$93,805,923).

(d) Income tax

The Group is subject to income tax in various jurisdictions. Significant judgement is required in determining the worldwide provision for income tax. There are transactions during the ordinary course of business, for which calculation of the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

(d) Income tax (continued)

Deferred tax assets in respect of tax losses carried forward are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amount of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and required significant level of judgement exercised by the management. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the result in future years.

5. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are manufacturing and sale of dye-sublimation printed products, property investment and hotel management.

Turnover represents property rental, hotel management fee and revenue from sales of dye-sublimation printed products received and receivables during the year. The amount of each significant category of revenue recognised in turnover during the year is set out as below.

	2012	2011
	HK$	*HK$*
Gross rentals from investment properties	**4,542,170**	1,795,853
Sales of dye-sublimation printed products	**25,537,514**	22,663,204
Hotel management fee income	**–**	279,208
	30,079,684	24,738,265

Further details regarding the Group's principal activities are disclosed in note 5(b).

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments. The Group has presented the following three reportable segments.

– Property investment: this segment leases premises to generate rental income and to gain from the appreciation in properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the People's Republic of China (the "PRC").

– Hotel management: this segment provides management services to hotels. Currently, the Group's activities in this regard are carried out in the PRC.

– Sales of dye-sublimation printed products: this segment engages in the manufacture and sale of the dye-sublimation printed products. These products are manufactured in Japan and sold to customers mainly located in Japan and USA.

An operating segment regarding the property management was discontinued in last year. The segment information reported below does not include amounts for the discontinued operation which are described in more detail in note 9.

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. 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.

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

For the year ended 31 January 2012

Continuing operations

	Property investment HK$	Hotel management HK$	Sales of dye-sublimation printed products HK$	Consolidated HK$
REVENUE				
Segment revenue – external sales	4,542,170	-	25,537,514	30,079,684
RESULTS				
Segment results	(1,095,858)	(819,979)	(2,623,865)	(4,539,702)
Unallocated income				1,262,080
Unallocated corporate expenses				(4,482,594)
Imputed interest expense on amount due to a shareholder				(30,668,332)
Imputed interest expense on convertible bonds				(37,015,174)
Gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds				92,702,616
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency				2,458,294
Foreign exchange gain on liability component of the convertible bonds				9,007,395
Profit before taxation from continuing operations				28,724,583

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment revenue and results (continued)

For the year ended 31 January 2011 (restated)

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				(5,779,502)
Imputed interest expense on amount due to a shareholder				(29,056,010)
Imputed interest expense on convertible bonds				(31,311,099)
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds				(8,103,376)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency				3,513,047
Foreign exchange gain on liability component of the convertible bonds				7,342,806
Loss before taxation from continuing operations				(42,501,236)

There was no inter-segment sales for both years.

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Segment assets and liabilities

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.

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

As at 31 January 2012

Continuing operations

	Property investment *HK$*	Hotel management *HK$*	Sales of dye-sublimation printed products *HK$*	Consolidated *HK$*
SEGMENT ASSETS				
Segment assets	104,652,049	5,621,040	8,785,183	119,058,272
Property, plant and equipment (for corporate)				3,874,590
Other receivables and prepayments (for corporate)				665
Bank balances and cash (for corporate)				5,146,034
Consolidated assets				128,079,561
SEGMENT LIABILITIES				
Segment liabilities	17,169,232	2,435	12,054,740	29,226,407
Other payables and accruals (for corporate)				538,544
Amount due to a shareholder				226,243,054
Amount due to a director				2,052,239
Convertible bonds				241,374,113
Consolidated liabilities				499,434,357

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Segment assets and liabilities (continued)

As at 31 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

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iii) Other segment information

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

For the year ended 31 January 2012

Continuing operations

	Property investment HK$	Hotel management HK$	Sales of dye-sublimation printed products HK$	Total HK$
Additions of property, plant and equipment	207,815	–	1,166,752	1,374,567
Additions of investment properties	2,214,383	–	–	2,214,383
Additions of intangible assets	–	5,059,388	434,711	5,494,099
Government grants	–	–	(2,332,146)	(2,332,146)
Impairment loss on trade receivables	–	–	2,432	2,432
Impairment loss on intangible assets	–	–	1,212,916	1,212,916
Amortisation of intangible assets	–	–	224,153	224,153
Depreciation of property, plant and equipment	250,964	106,961	1,274,634	1,632,559
Valuation loss on investment properties	2,188,131	–	–	2,188,131
Gain on change in fair value of other financial assets designated as at FVTPL	(726,231)	–	–	(726,231)
Research and development costs	–	–	2,324,197	2,324,197

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iii) Other segment information (continued)

For the year ended 31 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
Impairment loss on trade receivables	–	–	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
Valuation gain on investment properties	(23,286,404)	–	–	(23,286,404)
Gain on change in fair value of other financial assets designated as at FVTPL	(562,797)	–	–	(562,797)
Gain on disposal of investment properties	(1,697,086)	–	–	(1,697,086)

5. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iv) Geographical information

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

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

	Revenue from external customers		**Non-current assets (other than financial instruments)**	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
PRC	**4,542,170**	2,075,061	**101,878,815**	93,255,921
Hong Kong	**–**	–	**186,095**	237,276
Japan	**22,096,500**	22,663,204	**2,107,187**	3,075,895
USA	**3,441,014**	–	**–**	–
	30,079,684	24,738,265	**104,172,097**	96,569,092

(v) Information about major customers

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

	2012	2011
	HK$	*HK$*
Customer A – Sales of dye-sublimation printed products	**–**	3,958,599
Customer B – Sales of dye-sublimation printed products	**3,221,639**	3,151,183
Customer C – Sales of dye-sublimation printed products	**3,441,014**	–

6. OTHER REVENUE AND NET INCOME

	2012 HK$	2011 HK$ (restated)
Other revenue		
Total interest income on financial assets not at fair value through profit or loss:		
Interest income from bank	**110,367**	30,293
Government grants (note)	**2,332,146**	–
Sundry income	**264,061**	377,305
	2,706,574	407,598

Note: For the year ended 31 January 2012, the Group successfully applied for funding support from the Ministry of Economy, Trade and Industry of Japan for research and development of anti-counterfeiting technology project. The project was completed during the year, and the total research and development costs incurred for this project was approximately HK$2,324,197 and included in "General and administrative expenses" in the consolidated statement of comprehensive income.

	Note	2012 HK$	2011 HK$ (restated)
Other net income			
Gain/(loss) on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	27	**92,702,616**	(8,103,376)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	27	**2,458,294**	3,513,047
		95,160,910	4,590,329
Valuation (loss)/gain on investment properties	14	**(2,188,131)**	23,286,404
Gain on change in fair value of other financial assets designated as at fair value through profit or loss	17	**726,231**	562,797
Foreign exchange gain on liability component of the convertible bonds	27	**9,007,395**	7,342,806
Other exchange gain/(loss)		**887,652**	(1,013,813)
Gain on disposal of investment properties		**–**	1,697,086
		103,594,057	27,284,951

7. PROFIT/(LOSS) BEFORE TAXATION

	2012 HK$	2011 HK$ (restated)
Profit/(loss) before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Interest expenses on borrowings wholly repayable within five years	**161,194**	211,058
Finance charges on obligations under finance leases	**24,122**	–
Imputed interest expense on amount due to a shareholder	**30,668,332**	29,056,010
Imputed interest expense on convertible bonds	**37,015,174**	31,311,099
	67,868,822	60,578,167
(b) Staff costs (including directors' emoluments)		
Contribution to defined contribution retirement plans	**613,145**	894,625
Salaries, wage and other benefits	**9,180,013**	9,801,217
	9,793,158	10,695,842
(c) Other items		
Auditor's remuneration	**645,000**	973,500
Cost of inventories recognised as an expense	**11,001,918**	7,808,556
Depreciation of property, plant and equipment	**1,975,292**	1,364,166
Amortisation of intangible assets	**224,153**	90,386
Impairment loss		
- trade receivables	**2,432**	564,826
- other receivables, deposits and prepayments	**132,918**	–
- intangible assets (see note 16)	**1,212,916**	–
Gross rents from investment properties under operating leases	**(4,542,170)**	(1,795,853)
Less: direct outgoings	**41,468**	56,939
Net rental income	**(4,500,702)**	(1,738,914)
Loss on disposal of property, plant and equipment	**588**	19,306
Operating lease rentals in respect of:		
Premises	**966,565**	911,077
Equipment	**164,194**	375,710

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012	2011
	HK$	HK$
(a) Taxation charged to profit or loss:		
Current tax – the PRC:		
Provision for the year	**60,212**	31,970
Deferred tax:		
Origination and reversal of temporary differences	**124,809**	5,173,640
	185,021	5,205,610

Pursuant to the income tax laws and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC Corporate Tax at a rate of 25% during the years ended 31 January 2012 and 2011.

No provision for Hong Kong Profits Tax has been made for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

Income tax arising in Japan is calculated at an effective corporate tax rate of 40.69% (2011: 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.

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

(b) Reconciliation between tax expense charged to profit on loss and accounting profit/(loss) at applicable tax rates:

	2012 HK$	2011 HK$ (restated)
Profit/(loss) before taxation	**28,724,583**	(42,501,236)
Taxation at tax rate of 25% (2011: 25%)	**7,181,146**	(10,625,309)
Tax effect of expenses not deductible for tax purpose	**18,537,933**	17,561,279
Tax effect of income not taxable for tax purpose	**(27,029,110)**	(3,754,135)
Tax effect of tax losses not recognised	**1,355,398**	2,299,689
Tax effect of different tax rates of group entities operating in other jurisdiction	**139,654**	(275,914)
Actual tax expense charged to profit or loss	**185,021**	5,205,610

9. DISCONTINUED OPERATION

During the year ended 31 January 2011, 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$ nil (2011: HK$45,006).

The results of the property management operation for the year ended 31 January 2011 was as follows:

	2011
	HK$
Revenue	13,151
Cost of sales	(47,693)
Gross loss	(34,542)
Administrative expenses	(10,464)
Loss for the year attributable to equity shareholders of the Company	(45,006)

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.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

For the year ended 31 January 2012

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	2012 Total
	HK$	*HK$*	*HK$*	*HK$*
Executive directors**				
Lo Cheung Kin	**625,246**	**–**	**12,000**	**637,246**
Li Jianbo	**265,246**	**–**	**6,000**	**271,246**
Huang Haiping	**360,000**	**–**	**12,000**	**372,000**
Song Xiaoling	**300,000**	**–**	**12,000**	**312,000**
Independent non-executive directors				
See Tak Wah	**120,000**	**–**	**6,000**	**126,000**
Wong Cheong	**120,000**	**–**	**6,000**	**126,000**
Ngai Sai Chuen	**120,000**	**–**	**6,000**	**126,000**
	1,910,492	**–**	**60,000**	**1,970,492**

For the year ended 31 January 2011

	Directors' fees	Salaries, allowances and benefits in kind	Retirement scheme contributions	2011 Total
	HK$	*HK$*	*HK$*	*HK$*
Executive directors**				
Lo Cheung Kin	618,329	–	12,000	630,329
Li Jianbo	258,329	–	6,000	264,329
Huang Haiping	360,000	–	12,000	372,000
Song Xiaoling	300,000	–	12,000	312,000
Independent non-executive directors				
Chau On Ta Yuen*	80,000	–	4,000	84,000
See Tak Wah	120,000	–	6,000	126,000
Wong Cheong	120,000	–	6,000	126,000
Ngai Sai Chuen	120,000	–	6,000	126,000
	1,976,658	–	64,000	2,040,658

During the year, no remuneration 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 remuneration during the year.

* Mr. Chau On Ta Yuen resigned as an independent non-executive director with effect from 27 September 2010.

** The chief executives of the Company include all executive directors of the Company.

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2011: one) was a director of the Company whose emolument is disclosed in note 10. The aggregate of the emoluments of the remaining four (2011: four) individuals were as follows:

	2012	2011
	HK$	*HK$*
Salaries and allowances	**2,168,557**	1,996,895
Contributions to retirement benefits schemes	**144,541**	266,562
	2,313,098	2,263,457

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.

12. PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit/(loss) attributable to equity shareholders of the Company includes a profit of HK$61,182,842 (2011: loss of HK$34,679,739 (restated)) which has been dealt with in the financial statements of the Company.

13. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share attributable to the equity shareholders of the Company is based on the following data:

The Group's profit/(loss) for the year attributable to equity shareholders of the Company

	2012	2011
	HK$	*HK$*
		(restated)
Continuing operations	**29,055,029**	(46,679,660)
Discontinued operations	**–**	(45,006)
	29,055,029	(46,724,666)
Number of shares		
Weighted average number of shares	**131,973,638**	131,973,638

The basic loss per share from discontinued operations for the year ended 31 January 2012 was HK$nil (2011: HK0.03 cents).

13. EARNINGS/(LOSS) PER SHARE (continued)

(b) Diluted loss per share

The calculation of diluted loss per share for the year ended 31 January 2012 is based on the loss attributable to ordinary equity shareholders of the Company of HK$38,098,102 and the weighted average number of 294,473,638 ordinary shares, calculated as follows:

(i) Loss attributable to equity shareholders of the Company (diluted)

	2012 HK$
Continuing operation:	
The Group's profit for the year attributable to equity shareholders of the Company	29,055,029
After tax effect of imputed interest expense on convertible bonds	37,015,174
After tax effect of foreign exchange gain on liability component of the convertible bonds	(9,007,395)
After tax effect of gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into functional currency	(2,458,294)
After tax effect of gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in the convertible bonds	(92,702,616)
The Group's loss for the year attributable to equity shareholders of the Company (diluted)	(38,098,102)

(ii) Weighted average number of ordinary shares (diluted)

	2012
Weighted average number of ordinary shares (basic) at 31 January	131,973,638
Effect of conversion of convertible notes	162,500,000
Weighted average number of ordinary shares (diluted) at 31 January	294,473,638

Diluted loss per share for the year ended 31 January 2011 from continuing and discontinued operations were the same as basic loss per share because the conversion of the Company's outstanding convertible bonds were anti-dilutive.

14. INVESTMENT PROPERTIES

	THE GROUP
	HK$
FAIR VALUE	
At 1 February 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 31 January 2011	88,452,406
Additions	2,214,383
Decrease in fair value recognised in profit or loss	(2,188,131)
Exchange adjustments	3,702,311
At 31 January 2012	92,180,969

The fair value of the Group's investment properties with carrying amount of HK$92,180,969 at 31 January 2012 (2011: HK$88,452,406) 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.

15. 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 1 February 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 31 January 2011	3,855,486	485,564	2,227,960	38,000	674,730	742,365	1,651,054	9,675,159
Additions	–	–	1,050,451	–	324,116	–	–	1,374,567
Disposals	–	–	–	–	(5,884)	–	–	(5,884)
Exchange adjustments	162,525	23,916	152,676	–	32,309	36,869	70,601	478,896
At 31 January 2012	4,018,011	509,480	3,431,087	38,000	1,025,271	779,234	1,721,655	11,522,738
DEPRECIATION								
At 1 February 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 31 January 2011	319,490	291,107	696,667	37,382	275,373	409,409	495,649	2,525,077
Provided for the year	197,792	136,792	993,440	89	151,401	180,202	315,576	1,975,292
Eliminated on disposals	–	–	–	–	(5,296)	–	–	(5,296)
Exchange adjustments	16,570	16,429	77,955	–	14,749	19,691	30,066	175,460
At 31 January 2012	533,852	444,328	1,768,062	37,471	436,227	609,302	841,291	4,670,533
CARRYING VALUES								
At 31 January 2012	3,484,159	65,152	1,663,025	529	589,044	169,932	880,364	6,852,205
At 31 January 2011	3,535,996	194,457	1,531,293	618	399,357	332,956	1,155,405	7,150,082

15. 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 1 February 2010	38,000	99,130	203,590	236,511	577,231
Additions	–	–	760	–	760
At 31 January 2011 and 31 January 2012	38,000	99,130	204,350	236,511	577,991
DEPRECIATION					
At 1 February 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 31 January 2011	37,382	93,937	201,512	7,884	340,715
Provided for the year	89	2,597	1,194	47,301	51,181
At 31 January 2012	37,471	96,534	202,706	55,185	391,896
CARRYING VALUES					
At 31 January 2012	529	2,596	1,644	181,326	186,095
At 31 January 2011	618	5,193	2,838	228,627	237,276

The leasehold land and building of the Group with carrying amount of HK$3,484,159 (2011: HK$3,535,996) 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.

During the year, additions to plant and machinery of the Group financed by new finance leases were HK$807,587 (2011: nil). At the end of the reporting period, the net book value of plant and machinery held under finance leases of the Group was HK$417,076 (2011: nil).

16. INTANGIBLE ASSETS

	THE GROUP				
	Hotel management right	**Patent**	**Trademark**	**License**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(note (i))				
COST					
At 1 February 2010	–	604,897	65,295	30,630	700,822
Additions	–	283,083	29,752	–	312,835
Exchange adjustments	–	91,838	10,388	5,512	107,738
At 31 January 2011	–	979,818	105,435	36,142	1,121,395
Additions	5,059,388	283,490	151,221	–	5,494,099
Exchange adjustments	79,535	90,267	13,678	3,737	187,217
At 31 January 2012	5,138,923	1,353,575	270,334	39,879	6,802,711
AMORTISATION AND ACCUMULATED IMPAIRMENT LOSS					
At 1 February 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 31 January 2011	–	136,550	16,174	2,067	154,791
Charge for the year	–	203,647	20,506	–	224,153
Impairment loss recognised for the year *(see note (ii) below)*	–	954,303	223,276	35,337	1,212,916
Exchange adjustments	–	59,075	10,378	2,475	71,928
At 31 January 2012	–	1,353,575	270,334	39,879	1,663,788
CARRYING VALUES					
At 31 January 2012	5,138,923	–	–	–	5,138,923
At 31 January 2011	–	843,268	89,261	34,075	966,604

The amortisation charge for the year is included in "General and administrative expenses" in the consolidated statement of comprehensive income.

16. INTANGIBLE ASSETS (continued)

Notes:

(i) During the year ended 31 January 2012, the Group entered into a hotel management contract with an independent third party (the "Grantor") to acquire a 10-years hotel management right with a consideration of RMB4,180,000 (equivalent to approximately HK$5,059,388). Pursuant to the hotel management contract, the Grantor granted a 10-years hotel management right in a hotel (the "Hotel"), which is under construction as at 31 January 2012 and owned by the Grantor, to the Group and the Group is entitled to receive 2% of the turnover generated by the Hotel as management income for 10 years from the date of completion of the construction of the Hotel. This Hotel is under construction and located at Pingtan Island, Fujian, the PRC. It is expected that the construction of the Hotel will be completed in the middle of 2013 and will generate revenue for the Group afterward. As the hotel management right was not available for use during the year ended and as at 31 January 2012, the right was not amortised during the year.

(ii) During the year ended 31 January 2012, the management of the Group considered that the Group was not able to utilise the patent, trademark and license to penetrate into foreign markets as planned. The Group assessed the recoverable amounts of those patent, trademark and license, and as a result the recoverable amounts of the patent, trademark and license became insignificant and the carrying amount of the patent, trademark and license was written down by HK$1,212,916 (included in "General and administrative expenses"). The estimates of recoverable amount was based on the value in use of these intangible assets.

17. OTHER FINANCIAL ASSETS

	THE GROUP
	HK$
FAIR VALUE	
At 1 February 2010	–
Addition	9,912,163
Increase in fair value	562,797
Exchange adjustments	378,096
At 31 January 2011	10,853,056
Increase in fair value	726,231
Exchange adjustments	468,906
At 31 January 2012	12,048,193

The amount at 31 January 2012 and 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$12,048,193 at 31 January 2012 (2011: HK$10,853,056) 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$726,231 (2011: HK$562,797) is included directly in "Other net income" in the consolidated statement of comprehensive income.

18. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2012	2011
	HK$	*HK$*
Unlisted shares, at cost	**423,037,941**	420,884,178
Less: Impairment losses	**(352,778,000)**	(350,500,000)
	70,259,941	70,384,178

Details of the Company's subsidiaries at 31 January 2012 and 2011 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			
			2012	2011	**2012**	2011		
Jiacheng (Fujian) Investments Co., Ltd. (Wholly foreign-owned Enterprise ("WFOE"))	PRC	Paid in capital	**100%**	100%	**-**	–	US$500,000	Property investment
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$10	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

18. INVESTMENTS IN SUBSIDIARIES (continued)

Certain subsidiaries sustained losses this year which caused the Company to perform an assessment of the recoverable amounts of investments in subsidiaries. The estimates of recoverable amounts were based on the net assets of the subsidiaries, determined by reference to the financial performance and financial position of the subsidiaries. Based on this assessment, impairment loss amounted to HK$2,278,000 (2011: nil) was recognised in the profit or loss for the year and the carrying amount of the investments in subsidiaries was written down by HK$352,778,000 (2011: HK$350,500,000) at the end of the reporting period.

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

19. INVENTORIES

(a) Inventories in the statement of financial position comprise:

	THE GROUP	
	2012	2011
	HK$	*HK$*
Raw materials	**1,231,411**	1,185,075
Work in progress	**–**	128,822
Finished goods	**418,514**	693,999
	1,649,925	2,007,896

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	THE GROUP	
	2012	2011
	HK$	*HK$*
Carrying amount of inventories sold	**11,001,918**	7,808,556

20. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2012	2011
	HK$	*HK$*
Trade debtors	**4,622,787**	4,142,200
Less: Allowance for bad and doubtful debts	**(1,609,565)**	(1,503,995)
	3,013,222	2,638,205
Other receivables, deposits and prepayments	**997,135**	1,091,473
	4,010,357	3,729,678

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis presented based on the invoice date as of the end of the reporting period:

	2012	2011
	HK$	*HK$*
0 – 90 days	**2,648,911**	2,023,749
91 – 180 days	**129,592**	76,841
181 – 365 days	**30,699**	537,615
Over 365 days	**204,020**	–
	3,013,222	2,638,205

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 31 January 2012 and 2011, the whole amount of trade debtors was related to the sale of dye-sublimation printed products.

20. TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 2(j)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follow:

	2012	2011
	HK$	*HK$*
Balance at beginning of the year	**1,503,995**	939,169
Impairment loss recognised	**2,432**	564,826
Exchange adjustments	**103,138**	–
Balance at end of the year	**1,609,565**	1,503,995

Included in the allowance for doubtful debts of HK$1,609,565 (2011: HK$1,503,995) are individually impaired trade debtors, which were long outstanding and 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 debtor 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.

20. TRADE AND OTHER RECEIVABLES (continued)

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	THE GROUP	
	2012	2011
	HK$	*HK$*
Neither past due nor impaired	**–**	–
Less than 1 month past due	**1,853,103**	1,123,986
1 to 3 months past due	**795,808**	899,763
Over 3 months past due	**364,311**	614,456
	3,013,222	2,638,205
	3,013,222	2,638,205

The whole amount of trade debtors that were past due but not impaired relate to a number of independent customers that were subsequently settled and/or have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
Cash and cash equivalents comprise:				
Bank balances and cash	**6,198,989**	13,045,976	**376,325**	1,047,898

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 (2011: 0.01% to 0.40% per annum). Included in the bank balances and cash of the Group is amount denominated in RMB of HK$4,316,763 (2011: HK$9,082,555), which is not freely convertible into other currencies.

21. CASH AND CASH EQUIVALENTS (continued)

The bank balances of the Group of HK$778,962 (2011: HK$2,755,563) was denominated in HK$, the currency other than the functional currency of the respective group entity.

The bank balances of the Company of HK$376,325 (2011: HK$1,045,298) was denominated in HK$, the currency other than the functional currency of the Company.

22. TRADE AND OTHER PAYABLES

	THE GROUP	
	2012	2011
	HK$	*HK$*
Trade payables	**3,767,813**	2,208,248
Other payables and accruals	**5,218,106**	3,442,407
Tax payables other than income tax	**1,178,111**	1,743,528
Advance payments from customers	**30,996**	978,873
	10,195,026	8,373,056

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

	2012	2011
	HK$	*HK$*
0 – 90 days	**3,351,397**	2,158,454
91 – 180 days	**47,295**	–
181 -365 days	**258,255**	–
Over 365 days	**110,866**	49,794
	3,767,813	2,208,248

As at 31 January 2012 and 2011, 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.

23. OBLIGATIONS UNDER FINANCE LEASES

At 31 January 2012, the Group had obligations under finance leases repayable as follows:

	THE GROUP 2012 Present value of the minimum lease payments HK$	THE GROUP 2012 Total minimum lease payments HK$
Within one year	81,951	88,285
More than one year, but not exceeding two years	83,181	88,285
More than two years but not more than five years	257,103	264,854
	340,284	353,139
	422,235	441,424
Less: Total future interest expenses		(19,189)
Present value of lease obligations		422,235

24. AMOUNT DUE TO A SHAREHOLDER

THE GROUP

As at 31 January 2012, the amount due to a shareholder of HK$226,243,054 (2011: HK$193,574,722) included an amount of HK$220,243,054 (2011: HK$189,574,722) 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 and its subsidiaries at the date of acquisition on 11 November 2009. As at 31 January 2012, the remaining carrying amount of amount due to a shareholder of HK$4,000,000 ("2nd Advance") (2011: HK$4,000,000) and HK$2,000,000 ("3rd Advance") (2011: nil) were borrowed by the Company during the year ended 31 January 2011 and 31 January 2012, respectively, to support the Group's operations.

An amount of HK$6,957,977 (2011: HK$4,957,977) 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 31 January 2012.

The remaining balance of HK$219,285,077 (2011: HK$188,616,745), which is repayable on demand as at 31 January 2012 (2011: repayable within one year), is included in current liabilities in the consolidated statement of financial position as at 31 January 2012 (2011: current liabilities) and recognised based on the effective interest method with an effective interest rate of 18.21% per annum before its maturity date of 31 December 2011. After its maturity date, this balance is unsecured, non-interest bearing and repayable on demand. The principal amount of this portion of amount due to a shareholder is HK$219,285,077 (2011: HK$219,285,077) and it is unsecured and non-interest bearing.

Pursuant to the letter dated 5 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 14 September 2009 (the "Agreement") to 31 December 2011.

Pursuant to another letter dated 19 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.

24. AMOUNT DUE TO A SHAREHOLDER (continued)

THE GROUP (continued)

Pursuant to letters dated 27 January 2011 and 27 June 2011, the Vendor has undertaken not to demand for repayment of the 2nd Advance and the 3rd Advance until such time as the Group has sufficient funds to repay the 2nd Advance and the 3rd Advance and still be able to meet in full its other financial obligations after the repayment.

The 2nd Advance and the 3rd Advance with carrying amount of HK$4,000,000 and HK$2,000,000, respectively, at 31 January 2012 was denominated in HK$, 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 and the 3rd Advance with the terms and conditions as described above and denominated in HK$, the currency other than the functional currency of the Company.

25. AMOUNTS DUE FROM/TO SUBSIDIARIES AND A DIRECTOR

THE GROUP AND THE COMPANY

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

Pursuant to the letter dated 20 June 2011 from the director, the director has undertaken that he would not demand for repayment of the advance of HK$2,000,000 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 other financial obligations after the repayment.

THE COMPANY

The amounts due from subsidiaries are unsecured and bear interest at 1.5% per annum (2011: bear interest at 1.5% per annum). HK$21,909,622 (2011: HK$23,031,622) 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, the directors of the Company assessed the recoverable amounts of the amounts due from subsidiaries. They considered that certain subsidiaries incurred losses for the years and there were indication of impairment on the carrying amounts of the amounts due from subsidiaries and an impairment loss of HK$1,122,000 (2011: HK$1,800,000) was recognised in the profit or loss for the current year and the carrying amounts of the amounts due from subsidiaries were written down by HK$10,216,400 (2011: HK$9,094,400) at the end of the reporting period, which were determined by reference to the financial performance and financial position of the relevant subsidiaries.

26. BORROWINGS

	THE GROUP	
	2012	2011
	HK$	*HK$*
Borrowings comprise the following:		
Unsecured bank loans	**4,086,154**	4,533,036
Carrying amount repayable:*		
Within one year	**1,438,220**	1,114,952
More than one year, but not exceeding two years	**965,767**	939,968
More than two years but not more than five years	**970,848**	1,503,341
After five years	**711,319**	974,775
	4,086,154	4,533,036
Less: Amounts due within one year shown under current liabilities	**(1,438,220)**	(1,114,952)
	2,647,934	3,418,084

* 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 1.50% to 3.00% (2011: 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.

27. CONVERTIBLE BONDS

THE GROUP AND THE COMPANY

The Company issued two zero coupon convertible bonds which have an aggregate principal amount of HK$273,000,000 on 11 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 10 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.

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.

27. CONVERTIBLE BONDS (continued)

Pursuant to the letters dated 19 May 2010, the Vendors under the Agreement have undertaken not to demand redemption of any amount of the 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 1 February 2010	171,944,533	85,702,547	257,647,080
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	–	8,103,376	8,103,376
Imputed interest recognised	31,311,099	–	31,311,099
At 31 January 2011 (as previously reported)	203,255,632	93,805,923	297,061,555
Prior year adjustments:			
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	–	(3,513,047)	(3,513,047)
Foreign Exchange gain on liability component of the convertible bonds	(7,342,806)	–	(7,342,806)
Exchange adjustments arising on translation of functional currency to presentation currency and charged to translation reserve	7,342,806	3,513,047	10,855,853
At 31 January 2011 (as restated)	203,255,632	93,805,923	297,061,555
Gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	–	(92,702,616)	(92,702,616)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	–	(2,458,294)	(2,458,294)
Imputed interest recognised	37,015,174	–	37,015,174
Foreign Exchange gain on liability component of the convertible bonds	(9,007,395)	–	(9,007,395)
Exchange adjustments arising on translation of functional currency to presentation currency and charged to translation reserve	9,007,395	2,458,294	11,465,689
At 31 January 2012	240,270,806	1,103,307	241,374,113

27. 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 31.1.2012	At 31.1.2011
Share price	**HK$0.80**	HK$2.00
Conversion price	**HK$1.68**	HK$1.68
Expected volatility *(note a)*	**60.65%**	74.79%
Expected life *(note b)*	**0.78 years**	1.78 years
Risk free rate *(note c)*	**0.211%**	0.422%
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.

28. 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 1 February 2010	7,887,177
Exchange differences	431,516
Charged to profit or loss	5,173,640
At 31 January 2011	13,492,333
Exchange differences	570,708
Charged to profit or loss	124,809
At 31 January 2012	14,187,850

At the end of the reporting period, estimated unused tax losses of approximately HK$56,546,386 (2011: HK$55,185,000) 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$27,325,124 (2011: HK$25,666,000) will expire after seven years from the years of assessment to which they relate which range from 2012 to 2019. 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$28,874,039 (2011: HK$28,962,000) 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.

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Share premium account	Shareholder's contribution	Translation reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY						
At 1 February 2010	131,973,638	250,076,221	3,317,997	1,175,388	(548,944,343)	(162,401,099)
Loss for the year (restated)	–	–	–	–	(34,679,739)	(34,679,739)
Exchange difference arising on translation of functional currency to presentation currency (restated)	–	–	–	(9,178,423)	–	(9,178,423)
At 31 January 2011 (restated)	131,973,638	250,076,221	3,317,997	(8,003,035)	(583,624,082)	(206,259,261)
At 31 January 2011 (as previously reported)	131,973,638	250,076,221	3,317,997	1,702,538	(593,329,655)	(206,259,261)
Prior year adjustments (note 3)	–	–	–	(9,705,573)	9,705,573	–
As restated	131,973,638	250,076,221	3,317,997	(8,003,035)	(583,624,082)	(206,259,261)
Profit for the year	–	–	–	–	61,182,842	61,182,842
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	(10,688,778)	–	(10,688,778)
At 31 January 2012	131,973,638	250,076,221	3,317,997	(18,691,813)	(522,441,240)	(155,765,197)

As at 31 January 2012 and 2011, the Company has no reserves available for distribution to shareholders.

29. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividend

No dividend was paid or proposed during the year ended 31 January 2012 (2011: nil), nor has any dividend been proposed since the end of the reporting period (2011: nil).

(c) Share capital

	Number of shares		Amount of Share capital	
	2012	2011	**2012**	2011
			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 and end of year	**131,973,638**	131,973,638	**131,973,638**	131,973,638

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 48B of Hong Kong Companies Ordinance.

(ii) Translation reserve

The translation reserve comprises all exchange differences arising from the translation of the financial statements of the entities within the Group to the presentation currency. The reserve is dealt with in accordance with the accounting policies set out in note 2(v).

(iii) Shareholder's contribution

The shareholder's contribution represented the shortfall of the cost of acquisitions of subsidiaries from a substantial shareholder of the Company below the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities measured as at the acquisition date.

(e) Capital 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, obligations under finance leases, 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.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	HK$	*HK$*	**HK$**	*HK$*
Financial assets				
(a) Financial assets designated as at FVTPL	**12,048,193**	10,853,056	**–**	–
(b) Loans and receivables:				
Trade and other receivables (excluding prepayments)	**3,644,845**	3,297,190	**243**	134,440
Amounts due from subsidiaries				
– current	**–**	–	**1,414,812**	875,668
– non-current	**–**	–	**21,909,622**	23,031,622
Cash and cash equivalents	**6,198,989**	13,045,976	**376,325**	1,047,898
Financial liabilities				
(a) At amortised costs:				
Trade and other payables	**10,195,026**	8,373,056	**538,544**	909,299
Amount due to a shareholder	**226,243,054**	193,574,722	**6,000,000**	4,000,000
Amount due to a director	**2,052,239**	52,239	**2,000,000**	–
Borrowings				
– due within one year	**1,438,220**	1,114,952	**–**	–
– due after one year	**2,647,934**	3,418,084	**–**	–
Obligations under finance leases				
– current	**81,951**	–	**–**	–
– non-current	**340,284**	–	**–**	–
Liability component of convertible bonds	**240,270,806**	203,255,632	**240,270,806**	203,255,632
(b) At fair value:				
Derivatives embedded in convertible bonds	**1,103,307**	93,805,923	**1,103,307**	93,805,923

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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, obligations under finance leases, 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, amount due to a director 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**	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Assets				
HK$	**779,205**	2,890,002	**23,701,002**	25,087,028
Liabilities				
HK$	**248,809,350**	208,164,931	**248,809,350**	208,164,931

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.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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% (2011: 5%) increase and decrease in HK$ against the functional currency of the relevant group entities. 5% (2011: 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% (2011: 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% (2011: 5%) against the functional currency of the relevant group entities. For a 5% (2011: 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	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
HK$	**(12,401,507)**	(10,263,746)	**(11,255,417)**	(9,153,895)

This is mainly attributable to the exposure on HK$ bank balances, amount due from subsidiaries, trade and other receivables, trade and other payables, the liability component of convertible bonds, amount due to a director and certain amount due to a shareholder at year end in the Group and the Company.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

Financial risk management objectives and policies (continued)

Interest rate risk

The Group's fair value interest rate risk relates primary to fixed-rate bank borrowings (see note 26 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.

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 31 January 2011 and 2012.

Other price risk

During the year ended 31 January 2012, the Group was required to estimate the fair value of the conversion option embedded in convertible bonds (see note 27) 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 and all other variables were held constant, the Group's post-tax profit for the year (as a result of changes in fair value of conversion option component of convertible bonds) would decrease by approximately HK$2,240,000 during the year ended 31 January 2012. If the input of share price to the valuation model of the derivatives embedded in the convertible bonds had been 5% lower while all other variables were held constant, there would be no material change on the fair values of the derivatives embedded in convertible bonds during the year ended 31 January 2012.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

Financial risk management objectives and policies (continued)

Other price risk (continued)

For the year ended 31 January 2011, 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.

In the 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.

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 31 January 2012 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 regard, 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 PRC. The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

The Group has concentration of credit risk as 28% of the total trade debtors as at 31 January 2012 (2011: 21%) 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.

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 amount due to a shareholder and convertible bonds as significant sources of liquidity.

As mentioned in note 2(b)(i), 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 31 January 2012 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.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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	Within 1 year or on demand *HK$*	More than 1 year but less than 2 years *HK$*	More than 2 years but within 5 years *HK$*	More than 5 years *HK$*	Total undiscounted cash flows *HK$*	Total carrying amounts at 31.1.2012 *HK$*
2012							
Non-derivative financial liabilities							
Trade and other payables	–	10,195,026	–	–	–	10,195,026	10,195,026
Amount due to a shareholder	–	226,243,054	–	–	–	226,243,054	226,243,054
Amount due to a director	–	2,052,239	–	–	–	2,052,239	2,052,239
Borrowings	2.91%	1,529,592	1,029,405	1,075,148	735,417	4,369,562	4,086,154
Obligations under finance leases	1.5%	88,285	88,285	264,854	–	441,424	422,235
Liability component of convertible bonds	18.21%	273,000,000	–	–	–	273,000,000	240,270,806
		513,108,196	1,117,690	1,340,002	735,417	516,301,305	483,269,514

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but within 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts at 31.1.2011
	% per annum	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2011							
Non-derivative financial liabilities							
Trade and other payables	–	8,373,056	–	–	–	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%	1,229,380	1,025,481	1,660,352	997,484	4,912,697	4,533,036
Liability component of convertible bonds	18.21%	–	273,000,000	–	–	273,000,000	203,255,632
		233,897,729	274,025,481	1,660,352	997,484	510,581,046	409,788,685

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

THE COMPANY

	Weighted average effective interest rate	Within 1 year or an demand	More than 1 year but less than 2 years	Total undiscounted cash flows	Total carrying amounts at 31.1.2012
	% per annum	*HK$*	*HK$*	*HK$*	*HK$*
2012					
Non-derivative financial liabilities					
Sundry payables and accruals	–	538,544	–	538,544	538,544
Amount due to a shareholder	–	6,000,000	–	6,000,000	6,000,000
Amount due to a director	–	2,000,000	–	2,000,000	2,000,000
Liability component of convertible bonds	18.21%	273,000,000	–	273,000,000	240,270,806
		281,538,544	–	281,538,544	248,809,350

	Weighted average effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	Total undiscounted cash flows	Total carrying amounts at 31.1.2011
	% per annum	*HK$*	*HK$*	*HK$*	*HK$*
2011					
Non-derivative financial liabilities					
Sundry payables and accruals	–	909,299	–	909,299	909,299
Amount due to a shareholder	–	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
		4,909,299	273,000,000	277,909,299	208,164,931

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (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 27.

Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 7 "Financial Instruments: Disclosures", with the fair value of each financial instrument categorized in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- 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).

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

Fair value (continued)

	THE GROUP		THE COMPANY	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
	Level 3	Level 3	**Level 3**	Level 3
Assets				
Other financial assets designated as at FVTPL	**12,048,193**	10,853,056	**–**	–
Liabilities				
Derivatives embattled in convertible bonds	**1,103,307**	93,805,923	**1,103,307**	93,805,923

The reconciliation of fair value measurements of derivatives embedded in convertible bonds and other financial assets designated as at FVTPL are set out in notes 27 and 17, respectively. During the years ended 31 January 2012 and 2011, there were no transfers into or out of Level 3 category. The gains or losses arising from the remeasurement of the derivates embedded in convertible bonds and other financial assets designated as at FVTPL are included in "Other net income" in the consolidated statement of comprehensive income..

Fair value of financial instruments carried at other than fair value

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.

31. 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 profit or loss 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 31 January 2012 and 2011.

31. RETIREMENT BENEFITS SCHEMES (continued)

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 profit or loss of HK$613,145 (2011: HK$894,625) represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

32. 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:

	2012	2011
	HK$	*HK$*
Within one year	**24,516**	622,049
In the second to fifth years inclusive	**13,180**	57,060
	37,696	679,109

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.

32. OPERATING LEASES (continued)

The Group as lessor (continued)

At the end of the reporting period, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2012	2011
	HK$	*HK$*
Within one year	**761,904**	776,248
In the second to fifth year inclusive	**547,787**	1,101,378
	1,309,691	1,877,626

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 6 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

33. RELATED PARTY TRANSACTION

Details of the Group's outstanding balances with related parties are set out in the consolidated statement of financial position. Details of the terms of the balances are set out in notes 24 and 25.

Compensation of key management personnel

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

	2012	2011
	HK$	*HK$*
Short-term benefits	**4,160,911**	3,533,552
Post-employment benefits	**249,345**	308,563
	4,410,256	3,842,115

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

34. COMPARATIVE FIGURES

As a result of the correction of prior years' errors, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed. Further details of these corrections are disclosed in note 3.

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 JANUARY 2012

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards and interpretations which are not yet effective for the year ended 31 January 2012 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 7 "Financial Instruments: Disclosures"	
— Transfers of Financial Assets	1 July 2011
Amendments to HKFRS 7 "Financial Instruments: Disclosures"	
— Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to HKFRS 7 "Financial Instruments: Disclosures"	
— Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
Amendments to HKAS 32 "Financial Instruments: Presentation"	
— Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to HKAS 12 "Income Taxes"	
— Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to HKAS 1 "Presentation of Financial Statements"	
— Presentation of Items of Other Comprehensive Income	1 July 2012

35. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 JANUARY 2012 (continued)

	Effective for accounting periods beginning on or after
HKFRS 9 "Financial Instruments"	1 January 2015
HKFRS 10 "Consolidated Financial Statements"	1 January 2013
HKFRS 11 "Joint Arrangements"	1 January 2013
HKFRS 12 "Disclosure of Interests in Other Entities"	1 January 2013
HKFRS 13 "Fair Value Measurement"	1 January 2013
HKAS 19 (as revised in 2011) "Employee Benefits"	1 January 2013
HKAS 27 (as revised in 2011) "Separate Financial Statements"	1 January 2013
HKAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures"	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

FINANCIAL SUMMARY

	Year ended 31 January,				
	2008	2009	2010	2011	**2012**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
				(restated)	
Revenue	4,630,522	4,495,674	9,807,983	24,738,265	**30,079,684**
Profit (loss) for the year attributable to:					
Owners of the Company	4,303,857	(8,291,125)	(526,521,501)	(47,751,852)	**28,539,562**
Non-controlling interest	–	–	–	(1,027,186)	**(515,467)**
	4,303,851	(8,291,125)	(526,521,501)	(46,724,666)	**29,055,029**

	At 31 January,				
	2008	2009	2010	2011	**2012**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
Total assets	131,938,922	124,598,603	101,544,018	126,205,698	**128,079,561**
Total liabilities	(16,434,521)	(13,019,503)	(438,904,547)	(517,879,071)	**(499,434,357)**
Total equity	115,504,401	111,579,100	(337,360,529)	(391,673,373)	**(371,354,796)**
Non-controlling interest	–	–	–	899,005	**1,807,963**
Attributable to owners of the Company	115,504,401	111,579,100	(337,360,529)	(390,774,368)	**(369,546,833)**