GR PROPERTIES
國銳地產

2014
ANNUAL REPORT

GR PROPERTIES LIMITED
國銳地產有限公司

Stock Code :108

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Wei Chunxian *(Chairman)*

Liu Shuhua *(Chief Executive Officer)*

Sun Zhongmin

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tung Woon Cheung Eric

Wong Kai Tung Simon

Mak Kwong Yiu

SECRETARY

Tung Wing Yee Winnie

AUDIT COMMITTEE

Tung Woon Cheung Eric
(Chairman of the Audit Committee)

Wong Kai Tung Simon

Mak Kwong Yiu

NOMINATION COMMITTEE

Wei Chunxian
(Chairman of the Nomination Committee)

Tung Woon Cheung Eric

Mak Kwong Yiu

REMUNERATION COMMITTEE

Mak Kwong Yiu
(Chairman of the Remuneration Committee)

Tung Woon Cheung Eric

Wong Kai Tung Simon

AUTHORISED REPRESENTATIVES

Liu Shuhua

Tung Wing Yee Winnie

AUDITOR

Crowe Horwath (HK) CPA Limited

LEGAL ADVISER

Deacons

REGISTRAR

Tricor Standard Limited
Level 22
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183 Queen's Road East
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REGISTERED OFFICE

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Wheelock House
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Central
Hong Kong

STOCK CODE

108

WEBSITE

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CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present, as the new Chairman of the Board of Directors (the "Board") of GR Properties Limited (formerly known as "Buildmore International Limited") (the "Company", together with its subsidiaries, the "Group"), the annual report for the year ended 31 January 2014.

Financial Results and Dividends

For the year ended 31 January 2014, the Group recorded revenue of HK$5,892,000 (2013: HK$5,141,000), representing an increase of 14.6% compared to that of the year ended 31 January 2013. The increase was mainly attributed to the improvement in the property rental market in Fujian Province, the People's Republic of China (the "PRC"), where the investment properties of the Group are located. The loss attributable to equity shareholders of the Company amounted to HK$33,491,000 (2013: Profit of HK$2,463,000). The loss for the year was mainly due to the impact of imputed interest expenses on convertible bonds, which was a non-cash item and no adverse impact to the Group's cash position is expected.

As part of the capital management policy of the Group, the Board has resolved not to propose any dividend for the year ended 31 January 2014.

Review and Outlook

The Subscription and related transactions

On 29 October 2013, the Company entered into a subscription agreement (the "Subscription Agreement") with Wintime Company Limited as subscriber ("Wintime" or the "Subscriber") pursuant to which the Subscriber conditionally agreed to subscribe in cash for and the Company conditionally agreed to allot and issue a total of 395,920,914 subscription shares at the subscription price of HK$1.00 per subscription share (the "Subscription"). The aggregate cash consideration for the Subscription is HK$395,920,914.

Details of Wintime are set out on page 9 of this annual report.

Pursuant to and as conditions of the Subscription Agreement, the Company has taken the following steps:

- On 29 October 2013, the Group entered into a repayment and wavier agreement (the "Repayment and Waiver Agreement") with two shareholders and a director. Pursuant to which the Group conditionally agreed to repay the amounts due to the two shareholders in the aggregate amount of HK$78,800,000 and one of the two shareholders conditionally agreed to waive the remaining portion of the outstanding loans in the amount of HK$153,485,077 owed by the Group after the repayment (the "Repayment and Waiver"). Pursuant to the Repayment and Waiver Agreement, the Company conditionally agreed to repay in full the outstanding loans owed by the Company to a director in the aggregate amount of HK$3,200,000.

- On 29 October 2013, the Group entered into a sale and purchase agreement (the "Disposal Agreement") to dispose of approximately 72.1% equity interest in Viswell International Limited ("Viswell") and Viswell's wholly owned subsidiary, Rakupuri Inc ("Rakupuri", together with Visell, the "Viswell Group") (the "Disposal"). Pursuant to the Disposal Agreement, the purchaser conditionally agreed to acquire and the Group conditionally agreed to dispose of the Group's approximately 72.1% equity interest in Viswell and shareholder's loan to Viswell Group at a total consideration of HK$5,904,654.

- On 17 February 2014, the Company fully redeemed the aggregate outstanding principal amount of the convertible bonds amounted to HK$273,000,000 funded by the proceeds from the Subscription (the "Redemption").

The Subscription, the Redemption, the Repayment and Waiver, and the Disposal were completed on 17 February 2014, which significantly reduced the Group's indebtedness by approximately HK$508,500,000 and restored the Group to a positive net assets position.

Major business of the Group

During the year ended 31 January 2014, the Group's operations were 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 in Fujian Province in the PRC and the manufacture and sales of dye-sublimation printed products division was principally located in Japan.

In respect of the property investment division, the Group had generated its revenue mainly by leasing out properties held in Fuzhou City, PRC to independent tenants. In respect of the hotel management division, the Group had concluded a hotel management contract with an independent third party to provide hotel management service for a hotel located at Pingtan Island, Fujian, which is under construction. The expected commencement date of operation of the hotel is the third quarter of 2015.

The Group was also engaged in the manufacture and sales of dye-sublimation printed products through Rakupuri. Due to, inter alia, the fact that the Company could not foresee any particular change in factors that could potentially stimulate the growth of Rakupuri in the coming years and that completion of the Disposal (which involves, inter alia, the disposal of Rakupuri) was a condition for the Subscriber to provide the Company with additional capital through the Subscription, Rakupuri was disposed of upon completion of the Disposal.

Looking forward to 2014, with the disposal of the Group's business in the manufacture and sales of dye-sublimation printed products, the property investment division and hotel management division will become the core business of the Group. It is the intention of the Company to continue the existing property investment and hotel management businesses of the Group. The Board will also closely monitor the market conditions and explore business opportunity which will lead to the growth of the Group and create greater value to the shareholders. The Group will also strive for maintaining a solid and sound financial position.

Corporate Governance

The Group acknowledges the need and importance of corporate governance as one of the key elements in enhancing shareholder value. The Group is committed to improving its corporate governance policies in compliance with regulatory requirements and in accordance with recommended practices from the regulatory authorities. As at the date of this report, the Company had formed the Audit Committee, Remuneration Committee and the Nomination Committee at the Board level, to provide assistance, advice and recommendations on the relevant matters that aim to ensure protection of the Group and the interest of the Company's shareholders as a whole.

Appreciation

Last but not least, I would like to take this opportunity to express my heartfelt gratitude to the fellow members of the Board, and on behalf of the Board, the management and entire staff of the Group for their hard work and contribution in the past year. Furthermore, I would like to extend my sincerest appreciation to the investors and shareholders of the Company for their continuing confidence and support in the Group over the years. We will keep up our efforts and capture any mature business opportunity to generate encouraging returns and long-term value to our shareholders. I am confident that the Group will grow and excel with your long-lasting support. I look forward to sharing with you more positive developments in the years to come.

Yours faithfully

WEI CHUNXIAN
Chairman

Hong Kong, 30 April 2014

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

	2014	2013
	HK$'000	*HK$'000*
		(restated)
Turnover	**5,892**	5,141
(Loss)/profit attributable to equity shareholders		
– Continuing operations	**(34,306)**	714
– Discontinued operation	**815**	1,750
Basic (loss)/earnings per share		
– Continuing operations	**(HK$0.260)**	HK$0.005
– Discontinued operation	**HK$0.006**	HK$0.014

BUSINESS REVIEW

During the year ended 31 January 2014, the Group's operations are being categorised into three divisions: property investment; hotel management and manufacture and sales of dye-sublimation printed products. The Group's property investment and hotel management divisions were mainly located in Fujian Province, the PRC and the manufacture and sales of dye-sublimation printed products division was principally located in Japan.

Property investment

In respect of the property investment division, the Group has generated its revenue mainly by leasing out properties held in Fuzhou City of Fujian Province in the PRC to independent tenants through 福建佳成置業發展有限公司 (Jiacheng (Fujian) Investments Co., Ltd. *) ("Jiacheng Fujian") and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company. The property leasing business of Jiacheng Fujian and Faith Stand China have been improving in the recent years.

Jiacheng Fujian also made investments 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 engaged in property development in 海西高新技術產業園區 (New & High Technology Industry Zone*) located in Fuzhou City of Fujian Province. The Central People's Government of the PRC (the "Central People's Government") had laid down concrete measures to promote the construction and encourage the development of this economic zone.

* *For identification only*

Hotel management

保成（福建）酒店管理有限公司 (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 in prior year. This subject hotel, which is under construction, is located at Pingtan Island, Fujian, the fifth largest island in China. The expected commencement date of operation of the hotel is the third quarter of 2015. The Company believes that upon the commencement of operations of the subject hotel, the hotel management business of the Group will generate steady revenue for the Group.

As the Central People's Government has laid down concrete development plans for the coastal area in Fujian Province, Fujian Province ushers in better development opportunities. This will certainly be beneficial to the development of real estate industry and hotel industry in Fujian Province.

Sales of dye-sublimation printed products

Rakupuri was engaged in the manufacture and sales of dye-sublimation printed products. Despite the fact that Rakupuri had successfully delivered profitable results for two consecutive years, having considered that (i) it had failed to successfully implement a number of important business expansion plans for its sublimely dyeing and zipper businesses as envisaged; (ii) the Company could not foresee any particular change in factors that could potentially stimulate the growth of Rakupuri in the coming years; and (iii) completion of the Disposal (which involves, inter alia, the disposal of Rakupuri) was a condition for the Subscriber to provide the Company with additional capital through the Subscription, Rakupuri was disposed of upon completion of the Disposal. Upon completion of the Disposal, results from this division have been classified as discontinued operation, in accordance with the applicable accounting standard, for the year ended 31 January 2014.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group recorded a loss attributable to owners of the Company of approximately HK$33,491,000 (2013: profit of HK$2,463,000, approximately). The loss for the year is mainly due to the impact of imputed interest expenses on convertible bonds.

As at 31 January 2014, excluding the Viswell Group, the Group had available bank balances and cash of approximately HK$209,000 and RMB1,815,000 (2013: approximately HK$108,000, RMB1,262,000 and JPY13,677,000), representing a capital liquidity ratio (bank balances and cash divided by current liabilities) of 0.005 (2013: 0.012).

* *For identification only*

As at 31 January 2014, excluding the Viswell Group, the Group's debts to assets ratio was 4.02 (2013: 3.21). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included amounts due to shareholders of approximately HK$233,785,000 (2013: approximately HK$229,243,000), an amount due to a director of approximately HK$3,200,000 (2013: approximately HK$3,252,000), borrowings of HK$nil (2013: approximately HK$2,202,000), obligations under finance leases of HK$nil (2013: HK$1,041,000) and the liability component of the convertible bonds of approximately HK$271,217,000 (2013: approximately HK$185,317,000) over the amount of total assets of approximately HK$126,536,000 (2013: approximately HK$130,990,000).

During the year, the Group's business operations were principally in the PRC and Japan, and the main operational currencies are HK$, RMB and JPY. The exchange rate fluctuations between RMB and HK$ and JPY and HK$ have 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 2014, the total number of employees of the Group (excluding directors of the Company) was 44 (2013: 43). 23 of them worked in the PRC, 19 worked in Japan, while 2 worked in Hong Kong (2013: 23 of them worked in the PRC, 18 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$2,730,000 (2013: HK$2,738,000), RMB2,136,000 (2013: RMB1,660,000) and JPY95,565,000 (2013: JPY71,037,000). 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.

DIVIDEND

The Board resolved not to declare any dividend for the year ended 31 January 2014 (2013: Nil).

EVENTS AFTER THE REPORTING PERIOD

Completion of the Subscription, the Redemption, the Repayment and Wavier and the Disposal

On 12 February 2014, the shareholders passed a resolution at the extraordinary general meeting in approving the Subscription Agreement, the Repayment and Waiver Agreement, the Disposal Agreement and the Redemption.

On 17 February 2014, the Subscription, the Redemption, the Repayment and Waiver and the Disposal were completed. Accordingly, the Company alloted 395,920,914 shares at HK$1.00 per share to the Subscriber, i.e. Wintime Company Limited, fully redeemed the convertible bonds in the aggregate outstanding principal amount of HK$273,000,000 and repaid the amounts due to two shareholders in the aggregate amount of HK$78,800,000 and to a director in the amount of HK$3,200,000 respectively.

The Subscriber is an exempted company incorporated in the British Virgin Islands with limited liability and principally engaged in investment holding. The Subscriber is wholly owned by Mr. Wei Chunxian ("Mr. Wei"), who is a director and controlling shareholder of 北京國銳控股有限公司 (Beijing Guorui Holdings Company Limited*), a company established under the laws of the PRC ("Beijing Guorui"). Mr. Wei has become the Chairman and controlling shareholder of the Company upon completion of the Subscription. Beijing Guorui was established in Beijing. Through its subsidiaries, Beijing Guorui is principally engaged in property development and investment in Beijing and is specialized in boutique developments and commercial complex developments.

Change of Company name

Pursuant to the special resolution of the extraordinary general meeting held on 24 March 2014, the name of the Company was changed from "Buildmore International Limited 建懋國際有限公司" to "GR Properties Limited 國銳地產有限公司". The change of name was registered with the Registrar of Companies of Hong Kong on 7 April 2014.

The trading in securities of the Company on the Stock Exchange under the new stock short name was effected on 15 April 2014.

FUTURE PROSPECT

Upon completion of the Subscription, the Redemption, the Disposal and the Repayment and Waiver, the liquidity position of the Group has improved.

Looking ahead, financial year commenced on 1 February 2014 is a challenging year. It is the intention of the Company to continue the existing property investment and hotel management businesses of the Group. The Company will review the existing businesses, operations and/or direction of the Group from time to time and may implement changes with regard to such review. In addition, the management of the Group will closely monitor the market and seize the opportunities to adopt appropriate measures and strategies to strive for the best returns to the shareholders.

* *For identification only*

DIRECTORS' PROFILE

EXECUTIVE DIRECTORS

Mr. Wei Chunxian, aged 50, was appointed as an Executive Director and the Chairman of the Company on 17 February 2014. He also acts as the Chairman of the Nomination Committee of the Company.

Mr. Wei graduated from the Department of Architecture, Beijing University of Civil Engineering and Architecture (北京建築工程學院) in 1985 and was conferred a Bachelor of Engineering degree in architecture. Thereafter, Mr. Wei obtained the senior engineer qualification in 1995. Mr. Wei has more than 10 years of management experience in the real estate sector, and is currently a director of Beijing Guorui Holdings Company Limited (北京國鋭控股有限公司) who is primarily responsible for its product planning and market strategies. Save as disclosed herein, Mr. Wei did not hold in the past three years any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wei is a director and the beneficial owner of Wintime, the controlling shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company. Save as disclosed herein, Mr. Wei does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company within the meaning of the Listing Rules.

Mr. Sun Zhongmin, aged 47, was appointed as an Executive Director of the Company on 17 February 2014.

Mr. Sun has been involved in the real estate sector since 1992. He has been engaged in preliminary work of real estate projects and is conversant with the procedures for various formalities and the relevant requirements. Mr. Sun is currently a director of Beijing Guorui Holdings Company Limited (北京國鋭控股有限公司). Save as disclosed herein, Mr. Sun did not hold in the past three years any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Sun does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company within the meaning of the Listing Rules.

Ms. Liu Shuhua, aged 37, was appointed as an Executive Director and Chief Executive Officer of the Company on 17 February 2014. Ms. Liu is also a director of five subsidiaries of the Company, namely Jiacheng (Fujian) Investments Company Limited (福建佳成置業發展有限公司) and Vast Glory (Fujian) Hotel Management Limited (保成(福建)酒店管理有限公司) (each a PRC subsidiary of the Company), Faith Stand (China) Limited and Vast Glory Investment Limited (each a Hong Kong subsidiary of the Company), and United Achieve International Limited (a British Virgin Islands subsidiary of the Company).

Ms. Liu graduated from the Central University of Finance and Economics (中央財經大學) in 1998 and was conferred a Bachelor of Economics degree in accountancy. Thereafter, Ms. Liu obtained the intermediate accountant qualification in 2004. Ms. Liu has been engaged in financial field for more than 10 years, including financial management work in real estate development enterprises. She is currently the financial director of Beijing Guorui Holdings Company Limited (北京國銳控股有限公司). Save as disclosed herein, Ms. Liu did not hold in the past three years any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Liu does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company within the meaning of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tung Woon Cheung Eric, aged 43, was appointed as an Independent Non-executive Director of the Company on 17 February 2014. He also acts as the Chairman of the audit committee and a member of each of the Company's Remuneration Committee and Nomination Committee.

Mr. Tung graduated from York University, Toronto, Canada with a bachelor's honours degree in administrative studies. Being an experienced Hong Kong certified public accountant and a U.S. certified public accountant (practising), he has gathered many years of experience in the financial and capital markets. Mr. Tung is the assistant president and general manager of the finance department of Beijing Enterprises Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 392), an executive director, the chief financial officer and company secretary of Beijing Enterprises Water Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 371), an independent non-executive director of South China Financial Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 619), as well as the company secretary of Biosino Bio-Technology and Science Incorporation (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8247). Save as disclosed herein, Mr. Tung did not hold in the past three years any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Tung does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company within the meaning of the Listing Rules.

Mr. Wong Kai Tung Simon, aged 47, was appointed as an Independent Non-executive Director of the Company on 17 February 2014. He also acts a member of each of the Company's Audit Committee and Remuneration Committee.

Mr. Wong obtained a Bachelor of Arts degree and a Graduate Diploma in Management Consulting and Change from The University of Hong Kong in 1990 and 2008 respectively, and thereafter an Executive MBA degree from Tsinghua University (清華大學) in 2013. Mr. Wong is a Certified Management Consultant (CMC) recognised by the Institute of Management Consultants of Hong Kong, and has over 20 years of experience in the corporate and investment banking sectors in Asia. From September 2011 to September 2012, Mr. Wong was the general manager of the Mergers and Acquisitions Department and the Head of Investor Relations of Brightoil Petroleum (Holdings) Limited (a company listed on the Main Board of the Stock Exchange, stock code: 0933). Mr. Wong is the founder of, and is currently a partner of, Tawau Capital Partners Limited, and he is concurrently an independent non-executive director of Vision Fame International Holding Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1315). Save as disclosed herein, Mr. Wong did not hold in the past three years any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wong does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company within the meaning of the Listing Rules.

Mr. Mak Kwong Yiu, aged 39, was appointed as an Independent Non-executive Director of the Company on 17 February 2014. He also acts as the Chairman of the Remuneration Committee and a member of each of the Company's Audit Committee and Nomination Committee.

Mr. Mak graduated from the Hong Kong University of Science and Technology with a Bachelor of Business Administration degree in Finance in 1996 and a Master of Business Administration degree in 2004. Mr. Mak earned the Chartered Financial Analyst designation in 2000 and has been a U.S. certified public accountant since 2002 and a member of the Hong Kong Institute of Certified Public Accountants since 2003. Mr. Mak is currently an executive director and the chief financial officer of Convoy Financial Services Holdings Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 1019). Mr. Mak is also an independent non-executive director of Lerado Group (Holding) Company Limited (a company listed on the Main Board of the Stock Exchange, Stock code: 1225). Mr. Mak acted as an executive director of Computech Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 8081) in the past three years and up to 28 April 2014. Save as disclosed herein, Mr. Mak did not hold in the past three years any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Mak does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company within the meaning of the Listing Rules.

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 provisions set out in the Corporate Governance Code (the "CG Code") as stated in Appendix 14 of the Listing Rules throughout the year.

In respect of code provision A.6.7 of the CG Code, one of the Independent Non-executive Directors did not attend the annual general meeting of the Company held on 21 June 2013 due to his other business commitments.

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.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

On 17 February 2014, the Company allotted 395,920,914 shares to Wintime Company Limited. After the allotment, Wintime Company Limited owns 75% of the entire issued share capital of the Company and became the controlling shareholder (as defined in the Listing Rules). On the even date, the following reshuffle of the Board became effective,

- Mr. Wei Chunxian appointed as Executive Director and Chairman of the Board;
- Mr. Sun Zhongmin appointed as Executive Director;
- Ms. Liu Shuhua appointed as Executive Director and Chief Executive Officer;
- Mr. Tung Woon Cheung Eric appointed as Independent Non-executive Director;
- Mr. Wong Kai Tung Simon appointed as Independent Non-executive Director;
- Mr. Mak Kwong Yiu appointed as Independent Non-executive Director;
- Mr. Lo Cheung Kin resigned as Executive Director and Chairman of the Board;
- Ms. Huang Haiping resigned as Executive Director and Chief Executive Officer;
- Mr. Li Jianbo resigned as Executive Director;
- Ms. Song Xiaoling resigned as Executive Director;
- Mr. Lam Yiu Por resigned as Independent Non-executive Director;
- Mr. Wong Cheong resigned as Independent Non-executive Director; and
- Mr. Ngai Sai Chuen resigned as Independent Non-executive Director.

The biographical details of the current Directors are set out on pages 10 to 12 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. All Independent Non-executive Directors have 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 independence 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, who were in the Board during the year, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the 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 through committees established by the Board.

Regular Board meetings are held at least four times a year to approve the annual and interim results, and to review the business operation and the internal control system of the Group. 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. All the said minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A 2.1 of the CG Code stipulates that the roles of the chairman and the chief executive of an issuer should be separate and should not be performed by the same individual. With effect from 17 February 2014, Mr. Wei Chunxian and Ms. Liu Shuhua have been appointed as Chairman and Chief Executive Officer (the "CEO") of the Company to replace Mr. Lo Cheung Kin and Ms. Huang Haiping, respectively. 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 authorised 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.

CORPORATE GOVERNANCE REPORT

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 deals 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.

During the year, the Audit Committee consisted of 3 independent non-executive directors, Mr. Lam Yiu Por as Chairman with Mr. Wong Cheong and Mr. Ngai Sai Chuen as members.

On 17 February 2014, Mr. Lam Yiu Por, Mr. Wong Cheong and Mr. Ngai Sai Chuen resigned. Mr. Tung Woon Cheung Eric was appointed as Chairman, whilst Mr. Wong Kai Tung Simon and Mr. Mak Kwong Yiu were appointed as members of the Audit Committee, respectively, on the even date.

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) 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.

All members of the Auditor Committee possess in-depth experience in their profession. The Chairman of the Audit Committee, Mr. Tung Woon Cheung Eric, possesses appropriate qualification in finance and accounting and meets the requirements of Rule 3.21 of the Listing Rules.

NOMINATION COMMITTEE

The Board set up the Nomination Committee in March, 2007 with specific written terms of reference (which have been revised subsequently to cope with changes) which clearly deals 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.

In respect of code provisions A.5.1 of the CG Code, the Nomination Committee of the Company is chaired by the Chairman of the Board and comprises a majority of Independent Non-executive Directors.

During the year, the Nomination Committee was chaired by Mr. Lo Cheung Kin with Mr. Lam Yiu Por and Mr. Wong Cheong as members.

On 17 February 2014, Mr. Lo Cheung Kin, Mr. Lam Yiu Por and Mr. Wong Cheong resigned. Mr. Wei Chunxian was appointed as Chairman, whilst Mr. Tung Woon Cheung Eric and Mr. Mak Kwong Yiu were appointed as members of the Nomination Committee, respectively, on the even date.

REMUNERATION COMMITTEE

The Board set up the Remuneration Committee in May 2005 with specific written terms of reference (which have been revised subsequently to cope with changes) which clearly deals 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.

In accordance with Rule 3.25 of the Listing Rules, the Remuneration Committee is chaired by an Independent Non-executive Director and comprising a majority of Independent Non-executive Directors.

During the year, the Remuneration Committee was chaired by Mr. Wong Cheong with Mr. Lam Yiu Por and Mr. Li Jianbo as members.

CORPORATE GOVERNANCE REPORT

On 17 February 2014, Mr. Wong Cheong, Mr. Lam Yiu Por and Mr. Li Jianbo resigned. Mr. Mak Kwong Yiu was appointed as Chairman, whilst Mr. Tung Woon Cheung Eric and Mr. Wong Kai Tung Simon were appointed as members of the Remuneration Committee, respectively, on the even date.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

A record of the directors' attendance of the Board meetings, Audit Committee meetings, Nomination Committee meeting, Remuneration Committee meeting and General meetings during the year are set out as follows:

	No. of meetings attended/ No. of meetings held during the tenure of the directors				
Directors	**Board meetings**	**Audit Committee meetings**	**Nomination Committee meeting**	**Remuneration Committee meeting**	**General meetings**
Executive Directors					
Mr. Lo Cheung Kin	5/(5)	N/A	1/(1)	N/A	1/(1)
Ms. Huang Haiping	5/(5)	N/A	N/A	N/A	1/(1)
Mr. Li Jianbo	5/(5)	N/A	N/A	0/(0)	1/(1)
Ms. Song Xiaoling	5/(5)	N/A	N/A	N/A	1/(1)
Independent Non-executive Directors					
Mr. Lam Yiu Por	5/(5)	2/(2)	1/(1)	0/(0)	1/(1)
Mr. Wong Cheong	5/(5)	2/(2)	1/(1)	0/(0)	1/(1)
Mr. Ngai Sai Chuen	4/(5)	2/(2)	N/A	N/A	0/(1)

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code which has come into effect from 1 April 2012, all directors and company secretary should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

Reading materials on relevant topics have been issued to directors where appropriate. All directors are encouraged to attend relevant training courses. The Company organised seminars conducted by external professionals for the directors on inside information and provided reading materials on regulatory update to the directors for their reference and studying. Newly appointed directors have received formal and tailored induction and training on their appointments, so as to ensure that they have appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

During the year, all directors and the company secretary confirmed that they have complied with the CG Code.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its directors and officers.

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 in connection with the interim financial information and a very substantial disposal transaction for the year ended 31 January 2014 amounted to approximately HK$660,000 (2013: HK$660,000) and HK$1,552,500 (2013: HK$50,000) 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 27 to 28 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.

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 shareholders' queries 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.

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 January 2014.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

CHANGE OF COMPANY NAME

Pursuant to the special resolution of the extraordinary general meeting held on 24 March 2014, the name of the Company was changed from "Buildmore International Limited 建懋國際有限公司" to "GR Properties Limited 國銳地產有限公司". The change of name was registered with the Registrar of Companies of Hong Kong on 7 April 2014. The trading in securities of the Company on the Stock Exchange under the new stock short name was effected on 15 April 2014.

RESULTS

The results of the Group for the year ended 31 January 2014 are set out in the Consolidated Statement of Profit or Loss and the Consolidated Statement of Profit or Loss and other Comprehensive Income on page 29 and 31 respectively.

DIVIDEND

The Board resolved not to declare any dividend for the year ended 31 January 2014 (2013: Nil).

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 28 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 35 and in note 28 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for approximately 66% of the Group's revenue. The aggregate purchases, attributable to the Group's five largest suppliers were approximately 91% of total purchases of the Group. The largest customer and supplier accounted for approximately 50% and 25% of the Group's revenue and purchases, respectively.

DIRECTORS' REPORT

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.

INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the investment properties and property, plant and equipment of the Group are set out in notes 13 and 14 to the consolidated financial statements, respectively. A list of the investment properties held by the Group is set out on page 138.

DIRECTORS

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

Executive Directors:

Mr. Wei Chunxian	(appointed on 17 February 2014)
Mr. Sun Zhongmin	(appointed on 17 February 2014)
Ms. Liu Shuhua	(appointed on 17 February 2014)
Mr. Lo Cheung Kin	(resigned on 17 February 2014)
Ms. Huang Haiping	(resigned on 17 February 2014)
Mr. Li Jianbo	(resigned on 17 February 2014)
Ms. Song Xiaoling	(resigned on 17 February 2014)

Independent Non-executive Directors:

Mr. Tung Woon Cheung Eric	(appointed on 17 February 2014)
Mr. Wong Kai Tung Simon	(appointed on 17 February 2014)
Mr. Mak Kwong Yiu	(appointed on 17 February 2014)
Mr. Lam Yiu Por	(resigned on 17 February 2014)
Mr. Wong Cheong	(resigned on 17 February 2014)
Mr. Ngai Sai Chuen	(resigned on 17 February 2014)

In accordance with Article 77 of the Company's Articles of Association, Mr. Wei Chunxian, Mr. Sun Zhongmin, Ms. Liu Shuhua, Mr. Tung Woon Cheung Eric, Mr. Wong Kai Tung Simon and Mr. Mak Kwong Yiu will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for a period of one year commencing on 17 February 2014 and each of the Independent Non-executive Directors has entered into a letter of appointment with the Company for a period of one year commencing on 17 February 2014.

None of the directors 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 2014, 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 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, 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 2014, 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.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, at 31 January 2014, 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%
Subscriber	Beneficial	395,920,914 Shares (L)	*(Note c)*	300%
Winluck Global Limited	Interest of controlled corporation	395,920,914 Shares (L)	*(Note d)*	300%
Mr. Wei	Interest of controlled corporation	395,920,914 Shares (L)	*(Note d)*	300%

(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.

(c) The Subscriber had conditionally agreed to subscribe for the subscription shares, being 395,920,914 new shares to be issued by the Company to the Subscriber pursuant to the Subscription Agreement.

(d) Upon completion of the Subscription, 395,920,914 shares would be held by the Subscriber, which is a wholly-owned subsidiary of Winluck Global Limited. The entire issued share capital of Winluck Global Limited is beneficially owned by Mr. Wei. Each of Winluck Global Limited and Mr. Wei was deemed to be interested in 395,920,914 shares held by the Subscriber under the SFO.

Save as disclosed above, at 31 January 2014, 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, who were in the Board during the year, an annual confirmation of his independence pursuant to Rule 3.13 of 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.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 January 2014.

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 13 to 20.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events which have been taken place subsequent to the reporting period are set out in note 34 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 2014.

AUDITORS

A resolution to re-appoint Messrs. Crowe Horwath (HK) CPA Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

WEI CHUNXIAN
Chairman

30 April 2014

INDEPENDENT AUDITOR'S REPORT

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

香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF GR PROPERTIES LIMITED 國銳地產有限公司
(formerly known as "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 GR Properties Limited (formerly known as Buildmore International Limited) ("the Company") and its subsidiaries (together "the Group") set out on pages 29 to 136, which comprise the consolidated and company statements of financial position as at 31 January 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 January 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 April 2014

Yau Hok Hung
Practising Certificate Number P04911

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 January 2014

	NOTE	2014 HK$	2013 HK$ (restated)
Continuing operations			
Turnover	4(a)	**5,892,008**	5,141,085
Cost of sales		**(106,194)**	–
Gross profit		**5,785,814**	5,141,085
Other revenue	5	**37,365**	13,781
Other net income	5	**62,591,046**	38,159,363
General and administrative expenses		**(16,614,856)**	(9,558,485)
Profit from operations		**51,799,369**	33,755,744
Finance costs	6(a)	**(85,899,785)**	(32,514,527)
(Loss)/profit before taxation	6	**(34,100,416)**	1,241,217
Income tax	7(a)	**(205,516)**	(527,461)
(Loss)/profit for the year from continuing operations		**(34,305,932)**	713,756
Discontinued operation			
Profit for the year from discontinued operation	8(a)	**1,090,626**	2,372,122
(Loss)/profit for the year		**(33,215,306)**	3,085,878
Attributable to:			
Equity shareholders of the Company	11		
– Continuing operations		**(34,305,932)**	713,756
– Discontinued operation		**815,232**	1,749,709
		(33,490,700)	2,463,465
Non-controlling interests			
– Continuing operations		**–**	–
– Discontinued operation		**275,394**	622,413
		275,394	622,413
(Loss)/profit for the year		**(33,215,306)**	3,085,878

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 January 2014

	NOTE	2014 HK$	2013 HK$ (restated)
(Loss)/earnings per share	12		
Basic			
– Continuing operations		**(0.260)**	0.005
– Discontinued operation		**0.006**	0.014
		(0.254)	0.019
Diluted			
– Continuing operations		**(0.260)**	(0.011)
– Discontinued operation		**0.006**	0.006
		(0.254)	(0.005)

The notes on pages 38 to 136 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 January 2014

	NOTE	2014 HK$	2013 HK$ (restated)
(Loss)/profit for the year		**(33,215,306)**	3,085,878
Other comprehensive (expense)/income for the year, net of nil income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of functional currency to presentation currency		**(4,052,883)**	(986,147)
Total comprehensive (expense)/income for the year		**(37,268,189)**	2,099,731
Attributable to:			
Equity shareholders of the Company			
– Continuing operations		**(38,845,787)**	(1,462,515)
– Discontinued operation		**1,166,436**	2,608,026
		(37,679,351)	1,145,511
Non-controlling interests			
– Continuing operations		**–**	–
– Discontinued operation		**411,162**	954,220
		411,162	954,220
Total comprehensive (expense)/income for the year		**(37,268,189)**	2,099,731

The notes on pages 38 to 136 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2014

	NOTE	2014 HK$	2013 HK$
Non-current assets			
Investment properties	13	**97,512,431**	94,867,854
Property, plant and equipment	14	**4,811,456**	6,719,311
Intangible assets	15	**5,355,432**	5,268,362
Other financial assets	16	**15,617,876**	15,194,531
Deposit for property, plant and equipment		**329,191**	320,268
		123,626,386	122,370,326
Current assets			
Inventories	18	**–**	1,923,173
Trade and other receivables	19	**375,176**	3,858,882
Cash and cash equivalents	20	**2,534,319**	2,837,155
		2,909,495	8,619,210
Assets of a disposal group classified as held for sale	8(c)	**11,907,729**	–
		14,817,224	8,619,210
Current liabilities			
Trade and other payables	21	**9,332,924**	7,943,468
Amounts due to shareholders	23	**233,785,077**	229,243,054
Amount due to a director	24	**3,200,000**	3,252,239
Borrowings – due within one year	25	**–**	803,115
Obligations under finance leases	22	**–**	254,589
Convertible bonds	26	**271,216,941**	–
Tax liabilities		**1,027,244**	948,636
		518,562,186	242,445,101
Liabilities of a disposal group classified as held for sale	8(c)	**11,008,931**	–
		529,571,117	242,445,101
Net current liabilities		**(514,753,893)**	(233,825,891)
Total assets less current liabilities		**(391,127,507)**	(111,455,565)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2014

	NOTE	**2014** **HK$**	2013 HK$
Non-current liabilities			
Borrowings – due after one year	25	**–**	1,398,860
Obligations under finance leases	22	**–**	786,909
Convertible bonds	26	**–**	240,763,836
Deferred taxation	27	**15,395,747**	14,849,895
		15,395,747	257,799,500
NET LIABILITIES		**(406,523,254)**	(369,255,065)
CAPITAL AND RESERVES	28		
Share capital		**131,973,638**	131,973,638
Share premium and reserves		**(538,054,311)**	(500,374,960)
Total equity attributable to equity shareholders of the Company		**(406,080,673)**	(368,401,322)
Non-controlling interests		**(442,581)**	(853,743)
TOTAL DEFICIT		**(406,523,254)**	(369,255,065)

The consolidated financial statements on pages 29 to 136 were approved and authorised for issue by the board of directors on 30 April 2014 and were signed on its behalf by:

Wei Chunxian	**Liu Shuhua**
DIRECTOR	*DIRECTOR*

STATEMENT OF FINANCIAL POSITION

At 31 January 2014

	NOTE	2014 HK$	2013 HK$
Non-current assets			
Property, plant and equipment	14	**3,070**	137,993
Investments in subsidiaries	17	**84,750,798**	81,482,823
Amounts due from subsidiaries	24	**19,831,510**	21,114,510
		104,585,378	102,735,326
Current assets			
Sundry receivables and prepayments		**751**	34,724
Amounts due from subsidiaries	24	**11,593,520**	2,010,081
Cash and cash equivalents	20	**148,411**	46,954
		11,742,682	2,091,759
Current liabilities			
Sundry payables and accruals		**6,492,336**	703,544
Amounts due to shareholders	23	**14,500,000**	9,000,000
Amount due to a director	24	**3,200,000**	3,200,000
Convertible bonds	26	**271,216,941**	–
		295,409,277	12,903,544
Net current liabilities		**(283,666,595)**	(10,811,785)
Total assets less current liabilities		**(179,081,217)**	91,923,541
Non-current liability			
Convertible bonds	26	**–**	240,763,836
NET LIABILITIES		**(179,081,217)**	(148,840,295)
CAPITAL AND RESERVES	28		
Share capital		**131,973,638**	131,973,638
Share premium and reserves		**(311,054,855)**	(280,813,933)
TOTAL DEFICIT		**(179,081,217)**	(148,840,295)

The consolidated financial statements on pages 29 to 136 were approved and authorised for issue by the board of directors on 30 April 2014 and were signed on its behalf by:

Wei Chunxian	**Liu Shuhua**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 January 2014

	Attributable to equity shareholders 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 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)
Change in equity for 2012/13:								
Profit for the year	–	–	–	–	2,463,465	2,463,465	622,413	3,085,878
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	(1,317,954)	–	(1,317,954)	331,807	(986,147)
Total comprehensive income/(expense) for the year	–	–	–	(1,317,954)	2,463,465	1,145,511	954,220	2,099,731
Balance at 31 January 2013	131,973,638	250,076,221	4,536,895	(4,106,227)	(750,881,849)	(368,401,322)	(853,743)	(369,255,065)
Change in equity for 2013/14:								
Loss for the year	–	–	–	–	(33,490,700)	(33,490,700)	275,394	(33,215,306)
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	(4,188,651)	–	(4,188,651)	135,768	(4,052,883)
Total comprehensive income/(expense) for the year	–	–	–	(4,188,651)	(33,490,700)	(37,679,351)	411,162	(37,268,189)
Balance at 31 January 2014	131,973,638	250,076,221	4,536,895	(8,294,878)	(784,372,549)	(406,080,673)	(442,581)	(406,523,254)

The notes on pages 38 to 136 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 January 2014

	2014 *HK$*	2013 *HK$*
OPERATING ACTIVITIES		
(Loss)/profit for the year	**(33,215,306)**	3,085,878
Adjustments for:		
Income tax	**205,516**	527,461
Depreciation of property, plant and equipment	**1,468,914**	1,513,738
Amortisation of intangible assets	**19,655**	29,830
(Reversal)/provision of impairment loss on trade receivables	**(34,594)**	129,687
Impairment loss on other receivables, deposits and prepayments	**34,110**	–
Interest income	**(37,673)**	(14,009)
Interest expense on borrowings wholly repayable within five years	**63,575**	368,877
Finance charges on obligations under finance leases	**10,246**	21,897
Imputed interest expense on convertible bonds	**85,899,785**	32,511,749
(Gain)/loss on disposal of property, plant and equipment	**(3,234)**	378,569
Gain on modification of the terms of convertible bonds	**–**	(36,104,973)
Valuation gain on investment properties	**–**	(1,392,645)
Write down of inventories	**136,344**	135,908
Gain on change in fair value of other financial assets designated as at fair value through profit and loss	**–**	(61,621)
(Gain)/loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	**(55,446,680)**	2,982,947
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	**(867,705)**	(627,489)
Foreign exchange gain on liability component of the convertible bonds	**(6,122,496)**	(2,678,828)
Foreign exchange loss	**21,866**	499,765
Operating cash flows before movements in working capital	**(7,867,677)**	1,306,741
Increase in inventories	**(741,788)**	(687,033)
Increase in trade and other receivables and prepayments	**(1,934,048)**	(647,461)
Increase/(decrease) in trade and other payables and accruals	**8,008,429**	(994,009)
NET CASH USED IN OPERATING ACTIVITIES	**(2,535,084)**	(1,021,762)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 January 2014

	NOTE	2014 HK$	2013 HK$
INVESTING ACTIVITIES			
Payment of deposit for property, plant and equipment		**–**	(320,268)
Proceeds from sale of property, plant and equipment		**462,295**	–
Purchase of property, plant and equipment		**(2,173,702)**	(1,046,607)
Payment for additions of other financial assets		**–**	(2,883,886)
Purchase of intangible assets		**–**	(95,456)
Interest received		**37,673**	14,009
NET CASH USED IN INVESTING ACTIVITIES		**(1,673,734)**	(4,332,208)
FINANCING ACTIVITIES			
Proceeds from new bank loans		**943,460**	–
Advance from shareholders		**5,500,000**	3,000,000
(Repayment to)/advance from a director		**(52,239)**	1,200,000
Capital element of finance lease rentals paid		**(625,734)**	(283,338)
Interest element of finance lease rentals paid		**(10,246)**	(21,897)
Repayment of borrowings		**(840,308)**	(1,351,020)
Interest paid		**(63,575)**	(368,877)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**4,851,358**	2,174,868
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**642,540**	(3,179,102)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**2,837,155**	6,198,989
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(56,909)**	(182,732)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20	**3,422,786**	2,837,155

The notes on pages 38 to 136 form part of these financial statements.

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 17.

Items included in the financial statements of the Company and each of its subsidiaries (together "the Group") are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). 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 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 financial statements

The consolidated financial statements for the year ended 31 January 2014 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 2014, the Group's total liabilities exceeded its total assets by HK$406,523,254, the Group's current liabilities exceeded its current assets by HK$514,753,893, the Company's total liabilities exceeded its total assets by HK$179,081,217 and the Company's current liabilities exceeded its current assets by HK$283,666,595. The directors of the Company prepared the financial statements for the year ended 31 January 2014 on a going concern basis based on the following:

(1) On 29 October 2013, the Company entered into a subscription agreement (the "Subscription Agreement") with a subscriber (the "Subscriber") pursuant to which the Subscriber conditionally agreed to subscribe in cash for and the Company conditionally agreed to allot and issue a total of 395,920,914 subscription shares at the subscription price of HK$1.00 per subscription share (the "Subscription"). The aggregate cash consideration for the Subscription is HK$395,920,914. The Subscription has been completed on 17 February 2014 and the Company has received the full amount of the consideration at the same date.

(2) On 29 October 2013, the Group entered into a repayment and wavier agreement (the "Repayment and Waiver Agreement") with two shareholders and a director. Pursuant to the Repayment and Waiver Agreement, the Group conditionally agreed to repay the amounts due to shareholders in the aggregate amount of HK$78,800,000 and one of the two shareholders conditionally agreed to waive the remaining portion of the outstanding loans in the amount of HK$153,485,077 owed by the Group after the repayment (the "Repayment and Waiver"). The amounts of HK$78,800,000 have been repaid to the shareholders by the Company funded by the proceeds from the Subscription on 17 February 2014.

(3) Pursuant to the Repayment and Waiver Agreement, the Company conditionally agreed to repay in full the outstanding loans owed by the Company to a director in the aggregate amount of HK$3,200,000. The amount has been repaid to the director by the Company funded by the proceeds from the Subscription on 17 February 2014.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

(i) Going concern (continued)

(4) On 17 February 2014, the Company fully redeemed the aggregate outstanding principal amount of the convertible bonds amounted to HK$273,000,000 funded by the proceeds from the Subscription (the "Redemption").

(5) On 29 October 2013, the Group entered into a sale and purchase agreement (the "Disposal Agreement") to dispose of its 72.12% equity interest in Viswell International Limited ("Viswell") and Viswell's wholly owned subsidiary, Rakupuri Inc (together the "Viswell Group") (the "Disposal"). Pursuant to the Disposal Agreement, the purchaser conditionally agreed to acquire and the Group conditionally agreed to dispose of the Group's 72.12% equity interest in Viswell and shareholder's loan to Viswell Group at a total consideration of HK$5,904,654. The total consideration shall be satisfied by the purchaser in cash. The Disposal has been completed on 17 February 2014 and the Company has received the full amount of the consideration at the same date.

(6) After receiving the cash consideration from the Subscription and the disposal consideration from the Disposal as mentioned in points (1) and (5) above respectively and repaying the liabilities as mentioned in points (2), (3) and (4) above, the Group significantly reduced its indebtedness by approximately HK$508,500,000 and was restored to a positive net assets position. Moreover, there was approximately HK$40,800,000 remaining net proceeds available for use (after deducting expenses directly attributable thereto) as the general working capital of the Group.

The details of the above transaction were set out in the Company's circular dated 24 January 2014.

In the opinion of the directors of the Company, after taking careful consideration on the aforesaid factors, the Group and the Company will have sufficient working capital to finance their operations and remain as a going concern in the foreseeable future. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements 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 financial statements (continued)

(ii) Basis of measurement (continued)

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(x)(i)).

(iii) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs 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 3.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs 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:

- Amendments to HKAS 1 *"Presentation of Financial Statements" — Presentation of items of other comprehensive income*
- HKFRS 10 *"Consolidated Financial Statements"*
- HKFRS 12 *"Disclosure of Interests in Other Entities"*
- HKFRS 13 *"Fair Value Measurement"*

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

- *Annual Improvements to HKFRSs 2009–2011 Cycle*

- Amendments to HKFRS 7 *"Financial Instruments: Disclosures" — Offsetting financial assets and financial liabilities*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of new or amended HKFRSs are discussed below:

Amendments to HKAS 1 "Presentation of Financial Statements" — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

HKFRS 10 "Consolidated Financial Statements"

HKFRS 10 replaces the requirements in HKAS 27 *"Consolidated and Separate Financial Statements"* relating to the preparation of consolidated financial statements and HK(SIC) — Int 12 "Consolidation — Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 February 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. The adoption of HKFRS 12 does not have any material impact on the disclosures of these financial statements.

HKFRS 13 "Fair Value Measurement"

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented. The adoption of the improvements does not have any material impact on these financial statements.

Amendments to HKFRS 7 "Financial Instruments: Disclosures" — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *"Financial Instruments: Presentation"* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies (continued)

Amendments to HKFRS 7 "Financial Instruments: Disclosures" — Offsetting financial assets and financial liabilities (continued)

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7 during the periods presented.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

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, transactions and cash flows 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.

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 profit or loss and the consolidated statement of profit or loss and other 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 joint venture.

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) (see note 2(x)).

(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)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill (continued)

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 measured 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).

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Intangible assets (other than goodwill) (continued)

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	3 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leased assets (continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets

(i) Impairment of trade and other receivables

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; and

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(i) Impairment of trade and other receivables (continued)

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

– 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(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;

– goodwill; and

– investment in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, 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 of disposal 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).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– 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 of disposal (if measurable), or value in use (if determinable).

– 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories (continued)

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.

(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.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, 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)

(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) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Non-current assets held for sale and discontinued operations (continued)

(i) Non-current assets held for sale (continued)

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, financial assets (other than investments in subsidiaries) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operation

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 coordinated 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 (see (i) above), if earlier. It also occurs if the operation is abandoned.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Non-current assets held for sale and discontinued operation (continued)

(ii) Discontinued operation (continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Related parties (continued)

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

(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).

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. 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 of disposal 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.

3. 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$97,512,431 and HK$15,617,876 respectively (2013: HK$94,867,854 and HK$15,194,531), 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 26). 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 2014 was HK$Nil (2013: HK$55,446,680).

(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.

3. 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.

4. TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are property investment and hotel management after the Group's manufacturing and sales of dye-sublimation printed products has been classified as discontinued operation as set out in note 8.

Turnover from continuing operations represents property rental received and receivables during the year. Turnover from discontinued operation represents 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.

	2014	2013
	HK$	*HK$*
		(restated)
Continuing operations:		
Gross rentals from investment properties	**5,892,008**	5,141,085
Discontinued operation:		
Sales of dye-sublimation printed products	**35,892,769**	35,317,269

Further details regarding the Group's principal activities are disclosed in note 4(b).

4. 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, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

– 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.

Discontinued operation:

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

4. 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 and imputed interest expense on convertible bonds. This is the measure reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocations and performance assessment.

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

For the year ended 31 January 2014

	Continuing operations			Discontinued operation	
	Property investment HK$	Hotel management HK$	Sub-total HK$	Sales of dye-sublimation printed products HK$	Total HK$
REVENUE					
Segment revenue – external sales	5,892,008	-	5,892,008	35,892,769	41,784,777
RESULTS					
Segment results	1,298,112	(727,592)	570,520	1,587,289	2,157,809
Unallocated income			195,369	182,550	377,919
Unallocated corporate expenses			(11,403,401)	(679,213)	(12,082,614)
Imputed interest expense on convertible bonds			(85,899,785)	-	(85,899,785)
Gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds			55,446,680	-	55,446,680
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency			867,705	-	867,705
Foreign exchange gain on liability component of the convertible bonds			6,122,496	-	6,122,496
(Loss)/profit before taxation			(34,100,416)	1,090,626	(33,009,790)

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment revenue and results (continued)

For the year ended 31 January 2013 (restated)

	Continuing operations			Discontinued operation	
	Property investment	Hotel management	Sub-total	Sales of dye-sublimation printed products	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
REVENUE					
Segment revenue – external sales	5,141,085	–	5,141,085	35,317,269	40,458,354
RESULTS					
Segment results	2,554,397	(850,732)	1,703,665	3,164,624	4,868,289
Unallocated income			297,207	211,671	508,878
Unallocated corporate expenses			(4,676,249)	(1,004,173)	(5,680,422)
Imputed interest expense on convertible bonds			(32,511,749)	–	(32,511,749)
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds			(2,982,947)	–	(2,982,947)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency			627,489	–	627,489
Foreign exchange gain on liability component of the convertible bonds			2,678,828	–	2,678,828
Gain on modification of the terms of convertible bonds			36,104,973	–	36,104,973
Profit before taxation			1,241,217	2,372,122	3,613,339

There was no inter-segment sales for both years.

4. 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, amounts due to shareholders, amount due to a director and convertible bonds.

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

As at 31 January 2014

	Continuing operations			Discontinued operation	
	Property investment *HK$*	Hotel management *HK$*	Sub-total *HK$*	Sales of dye-sublimation printed products *HK$*	Total *HK$*
SEGMENT ASSETS					
Segment assets	116,598,024	5,820,593	122,418,617	11,907,729	134,326,346
Property, plant and equipment (for corporate)			3,917,927	-	3,917,927
Other receivables and prepayments (for corporate)			807	-	807
Bank balances and cash (for corporate)			198,530	-	198,530
Consolidated assets			126,535,881	11,907,729	138,443,610
SEGMENT LIABILITIES					
Segment liabilities	19,263,540	38	19,263,578	11,008,931	30,272,509
Other payables and accruals (for corporate)			6,492,337	-	6,492,337
Amounts due to shareholders			233,785,077	-	233,785,077
Amount due to a director			3,200,000	-	3,200,000
Convertible bonds			271,216,941	-	271,216,941
Consolidated liabilities			533,957,933	11,008,931	544,966,864

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Segment assets and liabilities (continued)

As at 31 January 2013

	Continuing operations		Discontinued operation	
	Property investment	Hotel management	Sales of dye-sublimation printed products	Total
	HK$	*HK$*	*HK$*	*HK$*
SEGMENT ASSETS				
Segment assets	111,572,121	5,620,227	8,501,241	125,693,589
Property, plant and equipment (for corporate)				3,579,836
Other receivables and prepayments (for corporate)				34,725
Bank balances and cash (for corporate)				1,681,386
Consolidated assets				130,989,536
SEGMENT LIABILITIES				
Segment liabilities	18,053,095	37	8,228,796	26,281,928
Other payables and accruals (for corporate)				703,544
Amounts due to shareholders				229,243,054
Amount due to a director				3,252,239
Convertible bonds				240,763,836
Consolidated liabilities				500,244,601

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iii) Other segment information

Amounts included in the measure of segment results or segment assets:

For the year ended 31 January 2014

	Continuing operations			Discontinued operation	
	Property investment	Hotel management	Sub-total	Sales of dye-sublimation printed products	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Additions of property, plant and equipment	150,550	13,389	163,939	2,885,423	3,049,362
(Gain)/loss on disposal of property, plant and equipment	-	3,839	3,839	(7,073)	(3,234)
Reversal of impairment loss on trade receivables	-	-	-	(34,594)	(34,594)
Write down of inventories	-	-	-	136,344	136,344
Amortisation of intangible assets	-	-	-	19,655	19,655
Depreciation of property, plant and equipment	215,563	115,240	330,803	698,216	1,029,019

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iii) Other segment information (continued)

For the year ended 31 January 2013

	Continuing operations			Discontinued operation	
	Property investment	Hotel management	Sub-total	Sales of dye-sublimation printed products	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Additions of property, plant and equipment	394,129	33,659	427,788	1,678,716	2,106,504
Additions of intangible assets	–	–	–	95,456	95,456
Additions of other financial assets	2,883,886	–	2,883,886	–	2,883,886
Loss on disposal of property, plant and equipment	5,643	1,029	6,672	371,897	378,569
Impairment loss on trade receivables	–	–	–	129,687	129,687
Write down of inventories	–	–	–	135,908	135,908
Amortisation of intangible assets	–	–	–	29,830	29,830
Depreciation of property, plant and equipment	241,643	110,591	352,234	815,599	1,167,833
Valuation gain on investment properties	(1,392,645)	–	(1,392,645)	–	(1,392,645)
Gain on change in fair value of other financial assets designated as at FVTPL	(61,621)	–	(61,621)	–	(61,621)

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iv) Geographical information

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

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

Continuing operations

	Revenue from external customers		Non-current assets (other than financial instruments)	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
		(restated)		(restated)
PRC	**5,892,008**	5,141,085	**108,005,440**	104,793,370
Hong Kong	**–**	–	**3,070**	137,993
	5,892,008	5,141,085	**108,008,510**	104,931,363

4. TURNOVER AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(iv) Geographical information (continued)

Discontinued operation

	Revenue from external customers		Non-current assets (other than financial instruments)	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
		(restated)		(restated)
PRC	**495,317**	1,069,105	**–**	–
Japan	**15,198,271**	20,690,703	**3,588,205**	2,244,432
USA	**18,018,807**	13,461,167	**–**	–
Others	**2,180,374**	96,294	**–**	–
	35,892,769	35,317,269	**3,588,205**	2,244,432

(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:

	2014	2013
	HK$	*HK$*
Customer A – Sales of dye-sublimation printed products	**18,010,274**	13,402,853

5. OTHER REVENUE AND NET INCOME

	2014 HK$	2013 HK$ (restated)
Other revenue		
Continuing operations:		
Total interest income on financial assets not at fair value through profit or loss:		
Interest income from bank	**37,365**	13,781
Discontinued operation:		
Total interest income on financial assets not at fair value through profit or loss:		
Interest income from bank	**308**	228
Sundry income	**182,242**	211,443
	182,550	211,671

	Note	2014 HK$	2013 HK$ (restated)
Other net income			
Continuing operations:			
Gain/(loss) on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	26	**55,446,680**	(2,982,947)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	26	**867,705**	627,489
		56,314,385	(2,355,458)
Gain on modification of the terms of convertible bonds	26	**–**	36,104,973
Valuation gain on investment properties	13	**–**	1,392,645
Gain on change in fair value of other financial assets designated as at fair value through profit or loss	16	**–**	61,621
Foreign exchange gain on liability component of the convertible bonds	26	**6,122,496**	2,678,828
Other exchange gain		**158,004**	283,426
Loss on disposal of property, plant and equipment		**(3,839)**	(6,672)
		62,591,046	38,159,363
Discontinued operation:			
Other exchange loss		**(672,427)**	(1,002,193)
Gain/(loss) on disposal of property, plant and equipment		**7,073**	(371,897)
Reversal of impairment loss on trade receivables		**34,594**	–
		(630,760)	(1,374,090)

6. (LOSS)/PROFIT BEFORE TAXATION

	2014 HK$	2013 HK$ (restated)
(Loss)/profit before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Continuing operations:		
Interest expenses on borrowings wholly repayable within five years	–	2,778
Imputed interest expense on convertible bonds	85,899,785	32,511,749
Total interest expenses on financial liabilities not at fair value through profit or loss	85,899,785	32,514,527
Discontinued operation:		
Interest expenses on borrowings wholly repayable within five years	63,575	366,099
Finance charges on obligations under finance leases	10,246	21,897
Total interest expenses on financial liabilities not at fair value through profit or loss	73,821	387,996
(b) Staff costs (including directors' remuneration)		
Continuing operations:		
Contribution to defined contribution retirement plans	235,421	253,978
Salaries, wage and other benefits	5,199,031	4,363,162
	5,434,452	4,617,140
Discontinued operation:		
Contribution to defined contribution retirement plans	578,417	562,947
Salaries, wage and other benefits	6,935,083	6,541,218
	7,513,500	7,104,165

6. (LOSS)/PROFIT BEFORE TAXATION (continued)

	2014 HK$	2013 HK$ (restated)
c) Other items		
Continuing operations:		
Auditor's remuneration		
- audit services	**660,000**	660,000
- other services	**52,500**	50,000
- professional services for the Disposal	**1,500,000**	–
Depreciation of property, plant and equipment	**770,698**	698,139
Impairment loss		
- other receivables, deposits and prepayments	**34,110**	–
Gross rents from investment properties under operating leases	**(5,892,008)**	(5,141,085)
Less: direct outgoings	**106,194**	–
Net rental income	**(5,785,814)**	(5,141,085)
Operating lease rentals in respect of:		
Premises	**58,374**	53,334
Equipment	**6,480**	–
Discontinued operation:		
Cost of inventories recognised as an expense (see note 18(b))	**11,504,589**	9,507,902
Depreciation of property, plant and equipment	**698,216**	815,599
Amortisation of intangible assets	**19,655**	29,830
Impairment loss		
- trade receivables	**–**	129,687
Operating lease rentals in respect of:		
Premises	**985,915**	958,886
Equipment	**14,592**	13,860

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Continuing operations

(i) Taxation in the consolidated statement of profit or loss represents:

	2014	2013
	HK$	*HK$*
Current tax – the PRC:		
Provision for the year	**74,976**	67,624
Deferred tax:		
Origination of temporary differences	**130,540**	459,837
	205,516	527,461

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 2014 and 2013.

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.

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(a) Continuing operations (continued)

(ii) Reconciliation between tax expense and accounting (loss)/profit from continuing operations at applicable tax rates:

	2014	2013
	HK$	HK$
		(restated)
(Loss)/profit before taxation from continuing operations	**(34,100,416)**	1,241,217
Taxation at tax rate of 25% (2013: 25%)	**(8,525,104)**	310,304
Tax effect of expenses not deductible for tax purpose	**25,399,858**	9,199,015
Tax effect of income not taxable for tax purpose	**(18,055,201)**	(10,092,303)
Tax effect of tax losses not recognised	**865,252**	721,857
Tax effect of different tax rates of group entities operating in other jurisdiction	**520,711**	388,588
Actual tax expense from continuing operations	**205,516**	527,461

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Discontinued operation

(i) Income tax arising in Japan is calculated at an effective corporate tax rate of 39.43% (2013: 39.43%), comprising the aggregate of national tax, inhabitants tax and enterprise tax for a corporation with share capital below or equal to JPY100 million. No provision for Japan corporate tax is provided in the consolidated statement of profit or loss for the years ended 31 January 2014 and 2013, since the Viswell Group has accumulated tax losses brought forward which exceeds the estimated assessable profits arising in Japan for both years.

(ii) Reconciliation between tax expense and accounting profit from discontinued operation at applicable tax rates:

	2014	2013
	HK$	*HK$*
		(restated)
Profit before taxation from discontinued operation	**1,090,626**	2,372,122
Taxation at tax rate of 39.43% (2013: 39.43%)	**430,034**	935,328
Tax effect of expenses not deductible for tax purpose	**53,259**	27,832
Tax effect of utilisation of tax losses not previously recognised	**(483,293)**	(963,160)
Actual tax expense from discontinued operation	**–**	–

8. DISCONTINUED OPERATION AND A DISPOSAL GROUP HELD FOR SALE

On 29 October 2013, the Group has entered into the Disposal Agreement with Huge Spread Limited ("the Purchaser"), which is owned as to 50% by Mr. Wong, a shareholder and a connected person of the Company, and 50% by Madam Gong Shu, an independent third party, to dispose of the Group's 72.12% equity interest in Viswell and shareholder's loan to Viswell Group at a total cash consideration of HK$5,904,654.

The details of this transaction were set out in the Company's circular dated 24 January 2014.

Viswell Group is principally engaged in sales of dye-sublimation printed products in Japan and the operation of Viswell Group are considered as a separate major line of business of the Company.

As at 31 January 2014, the Disposal was conditional upon and subject to the fulfilment of certain conditions precedent pursuant to the Disposal Agreement and the approval by independent shareholders at the extraordinary general meeting of the Company.

Accordingly, the financial results of the Viswell Group were classified and presented as a discontinued operation and all assets and liabilities related to the Viswell Group were classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" ("HKFRS 5"). The comparative figures for the year ended 31 January 2013 have been reclassified to conform with current year presentation. The disposal was completed on 17 February 2014.

No asset of a disposal group held for sale is stated at fair value less costs to sell, and no impairment loss was recognised on reclassification of the assets as held for sale.

8. DISCONTINUED OPERATION AND A DISPOSAL GROUP HELD FOR SALE (continued)

(a) The results of the discontinued operation for the year ended 31 January 2014 and 2013 are set out below:

	Note	2014 HK$	2013 HK$
Turnover	4(a)	**35,892,769**	35,317,269
Cost of sales		**(22,182,002)**	(20,354,453)
Gross profit		**13,710,767**	14,962,816
Other revenue	5	**182,550**	211,671
Other net income	5	**(630,760)**	(1,374,090)
Selling and distribution costs		**(4,485,389)**	(3,768,639)
General and administrative expenses		**(7,612,721)**	(7,271,640)
Finance costs	6(a)	**(73,821)**	(387,996)
Profit before taxation	6	**1,090,626**	2,372,122
Income tax	7(b)	**–**	–
Profit for the year from discontinued operation		**1,090,626**	2,372,122
Profit for the year from discontinued operation attributable to:			
– Equity shareholders of the Company		**815,232**	1,749,709
– Non-controlling interests		**275,394**	622,413
Profit for the year from discontinued operation		**1,090,626**	2,372,122

8. DISCONTINUED OPERATION AND A DISPOSAL GROUP HELD FOR SALE (continued)

(b) The net cash flows of the discontinued operation are as follows:

	2014	2013
	HK$	*HK$*
Net cash generated from operating activities	**1,217,094**	2,973,214
Net cash used in investing activities	**(782,831)**	(639,155)
Net cash used in financing activities	**(589,617)**	(2,017,596)
Net (decrease)/increase in cash and cash equivalents of the discontinued operation	**(155,354)**	316,463

(c) The major class of assets and liabilities of the disposal group classified as held for sale as at 31 January 2014 are as follows:

	HK$
Assets of a disposal group classified as held for sale	
Property, plant and equipment	3,554,986
Intangible assets	33,219
Inventories	2,333,483
Trade and other receivables	5,097,574
Bank balances and cash	888,467
Total assets of a disposal group classified as held for sale	11,907,729
Liabilities of a disposal group classified as held for sale	
Trade and other payables and accruals	(6,139,621)
Amounts due to shareholders	(957,977)
Obligation on finance lease – current	(315,186)
Obligation on finance lease – non-current	(1,517,975)
Borrowings – due within one year	(459,369)
Borrowings – due after one year	(1,618,803)
Total liabilities of a disposal group classified as held for sale	(11,008,931)

(d) Cumulative income or expense recognised in other comprehensive income relating to a disposal group classified as held for sale as at 31 January 2014 is as follows:

	HK$
Translation reserve	542,866

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the chief executive's remuneration are as follows:

For the year ended 31 January 2014

	Directors' fees *HK$*	Salaries, allowances and benefits in kind *HK$*	Retirement scheme contributions *HK$*	2014 Total *HK$*
Executive directors				
Lo Cheung Kin (Chairman)	654,705	–	–	654,705
Li Jianbo	294,705	–	6,000	300,705
Huang Haiping (Chief Executive Officer)	360,000	–	15,000	375,000
Song Xiaoling	300,000	–	15,000	315,000
Independent non-executive directors				
Wong Cheong	120,000	–	6,000	126,000
Ngai Sai Chuen	120,000	–	6,000	126,000
Lam Yiu Por	120,000	–	6,000	126,000
	1,969,410	–	54,000	2,023,410

For the year ended 31 January 2013

	Directors' fees *HK$*	Salaries, allowances and benefits in kind *HK$*	Retirement scheme contributions *HK$*	2013 Total *HK$*
Executive directors				
Lo Cheung Kin (Chairman)	646,378	–	11,758	658,136
Li Jianbo	286,378	–	6,000	292,378
Huang Haiping (Chief Executive Officer)	360,000	–	14,000	374,000
Song Xiaoling	300,000	–	14,000	314,000
Independent non-executive directors				
See Tak Wah*	50,000	–	2,500	52,500
Wong Cheong	120,000	–	6,000	126,000
Ngai Sai Chuen	120,000	–	6,000	126,000
Lam Yiu Por*	70,000	–	3,500	73,500
	1,952,756	–	63,758	2,016,514

All of the Company's executive directors are also the Chief Executives of the Company and their emoluments disclosed above include those services rendered by them as the Chief Executives.

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. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 January 2014 and 2013.

* Mr. See Tak Wah retired and Mr. Lam Yiu Por was appointed as an independent non-executive director with effect from 29 June 2012.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2013: one) was a director of the Company whose emolument is disclosed in note 9. The aggregate of the emoluments of the remaining four (2013: four) individuals were as follows:

	2014	2013
	HK$	*HK$*
Salaries and allowances and other benefits	**1,914,734**	2,103,257
Contributions to retirement benefits schemes	**129,325**	144,718
	2,044,059	2,247,975

The emoluments of the four (2013: four) individuals with the highest emoluments are within the following bands:

	2014	2013
Number of individuals		
HK$Nil up to HK$1,000,000	**4**	4

During the years ended 31 January 2014 and 2013, no emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of HK$25,783,952 (2013: HK$124,107) which has been dealt with in the financial statements of the Company.

12. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

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

	2014	2013
	HK$	*HK$*
		(restated)
Continuing operations	**(34,305,932)**	713,756
Discontinued operation	**815,232**	1,749,709
	(33,490,700)	2,463,465

Number of shares		
Weighted average number of shares	**131,973,638**	131,973,638

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

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share for the year ended 31 January 2014 from continuing and discontinued operations were the same as basic (loss)/earnings per share because the conversion of the Company's outstanding convertible bonds during the year were anti-dilutive.

The calculation of diluted loss per share for the year ended 31 January 2013 is based on the loss attributable to equity shareholders of the Company of HK$1,453,129 and the weighted average number of 294,473,638 ordinary shares, calculated as follows:

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

	2013
	HK$
From continuing and discontinued operations:	
The Group's profit for the year attributable to equity shareholders of the Company	2,463,465
After tax effect of imputed interest expense on convertible bonds	32,511,749
After tax effect of foreign exchange gain on liability component of the convertible bonds	(2,678,828)
After tax effect of gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into functional currency	(627,489)
After tax effect of loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in the convertible bonds	2,982,947
After tax effect of gain on modification of the terms of convertible bonds	(36,104,973)
The Group's loss for the year attributable to equity shareholders of the Company (diluted)	(1,453,129)
Attributable to:	
Continuing operations	(3,202,838)
Discontinued operation	1,749,709
	(1,453,129)

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

(b) Diluted (loss)/earnings per share (continued)

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

	2013
Weighted average number of ordinary shares (basic) at 31 January	131,973,638
Effect of conversion of convertible bonds	162,500,000
Weighted average number of ordinary shares (diluted) at 31 January	294,473,638

13. INVESTMENT PROPERTIES

	THE GROUP
	HK$
FAIR VALUE	
At 1 February 2012	92,180,969
Increase in fair value recognised in profit or loss	1,392,645
Exchange adjustments	1,294,240
At 31 January 2013	94,867,854
Exchange adjustments	2,644,577
At 31 January 2014	97,512,431

(a) The analysis of the carrying amount of investment properties

	2014	2013
	HK$	*HK$*
Medium-term leases outside Hong Kong	**97,512,431**	94,867,854

13. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair value measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 January 2014	Fair value measurements as at 31 January 2014 categorised into		
		Level 1	Level 2	Level 3
	HK$	*HK$*	*HK$*	*HK$*
Group				
Recurring fair value measurement				
Investment properties:				
– Commercial – Mainland China	97,512,431	–	–	97,512,431

During the year ended 31 January 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

13. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement of investment properties (continued)

(i) Fair value hierarchy (continued)

All of the Group's investment properties were revalued as at 31 January 2014 and 2013. The valuations were carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited, who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

The fair value of investment properties located in Mainland China is determined using the income capitalisation approach by capitalizing the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties.

Categories	**Valuation techniques**	**Unobservable input**	***Note***	**Range**
Commercial – Mainland China	Income capitalisation approach	Capitalisation rate	(1)	7.0% – 7.5%
		Average unit market rent per month	(2)	RMB81 – RMB270/sq.m

Note: Descriptions of the sensitivity in unobservable inputs and inter-relationship:

(1) The fair value measurements is negatively correlated to the capitalisation rate that the lower the factor will result in a higher fair value.

(2) The fair value measurement is positively correlated to the average unit market rent per month that the higher the factor will result in a higher fair value.

The movements during the year in the balance of Level 3 fair value measurements are set out in note 13 to these financial statements.

Fair value adjustment of investment properties is included in "Other net income" in the consolidated statement of profit or loss. For the year ended 31 January 2014, there is no gain or loss recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

Exchange adjustments of investment properties are included as "Exchange difference arising on translation of functional currency to presentation currency" in the consolidated statement of profit or loss and other comprehensive income.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and building HK$	Leasehold improvements HK$	Plant and machinery HK$	Air-conditioning system HK$	Furniture, fixtures and office equipment HK$	Computer system HK$	Motor vehicles HK$	Total HK$
THE GROUP								
COST								
At 1 February 2012	4,018,011	509,480	3,431,087	38,000	1,025,271	779,234	1,721,655	11,522,738
Additions	–	361,113	1,620,661	–	109,487	18,542	–	2,109,803
Disposals	–	(350,622)	(420,887)	–	(154,379)	(29,367)	–	(955,255)
Exchange adjustments	55,781	(26,034)	(715,522)	–	(51,256)	(96,019)	20,636	(812,414)
At 31 January 2013	4,073,792	493,937	3,915,339	38,000	929,123	672,390	1,742,291	11,864,872
Additions	–	336,315	2,340,421	–	168,995	203,630	764,330	3,813,691
Disposals	–	(6,821)	(599,566)	–	(88,190)	–	–	(694,577)
Reclassified as assets of a disposal group classified as held for sale *(note 8(c))*	–	(391,074)	(5,199,299)	–	(306,627)	(614,242)	–	(6,511,242)
Exchange adjustments	113,503	(15,233)	(456,895)	–	(12,421)	(54,129)	51,188	(373,987)
At 31 January 2014	4,187,295	417,124	–	38,000	690,880	207,649	2,557,809	8,098,757
DEPRECIATION								
At 1 February 2012	533,852	444,328	1,768,062	37,471	436,227	609,302	841,291	4,670,533
Provided for the year	201,394	107,170	602,316	89	172,755	118,050	311,964	1,513,738
Eliminated on disposals	–	(345,686)	(126,865)	–	(89,799)	(14,336)	–	(576,686)
Exchange adjustments	9,707	(19,924)	(352,327)	–	(32,198)	(80,217)	12,935	(462,024)
At 31 January 2013	744,953	185,888	1,891,186	37,560	486,985	632,799	1,166,190	5,145,561
Provided for the year	206,877	161,627	598,960	88	149,591	34,769	317,002	1,468,914
Eliminated on disposals	–	(6,821)	(59,251)	–	(84,351)	–	–	(150,423)
Reclassified as assets of a disposal group classified as held for sale *(note 8(c))*	–	(133,102)	(2,220,522)	–	(184,656)	(417,976)	–	(2,956,256)
Exchange adjustments	23,244	(9,870)	(210,373)	–	(11,754)	(44,659)	32,917	(220,495)
At 31 January 2014	975,074	197,722	–	37,648	355,815	204,933	1,516,109	3,287,301
CARRYING VALUES								
At 31 January 2014	3,212,221	219,402	–	352	335,065	2,716	1,041,700	4,811,456
At 31 January 2013	3,328,839	308,049	2,024,153	440	442,138	39,591	576,101	6,719,311

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Air-conditioning system	Furniture, fixtures and office equipment	Computer system	Motor vehicle	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY					
COST					
At 1 February 2012	38,000	99,130	204,350	236,511	577,991
Additions	–	–	3,299	–	3,299
At 31 January 2013	38,000	99,130	207,649	236,511	581,290
Transfer *(note)*	–	–	–	(236,511)	(236,511)
At 31 January 2014	38,000	99,130	207,649	–	344,779
DEPRECIATION					
At 1 February 2012	37,471	96,534	202,706	55,185	391,896
Provided for the year	89	2,596	1,413	47,303	51,401
At 31 January 2013	37,560	99,130	204,119	102,488	443,297
Provided for the year	88	–	812	47,302	48,202
Eliminated on transfer *(note)*	–	–	–	(149,790)	(149,790)
At 31 January 2014	37,648	99,130	204,931	–	341,709
CARRYING VALUES					
At 31 January 2014	352	–	2,718	–	3,070
At 31 January 2013	440	–	3,530	134,023	137,993

The leasehold land and building of the Group with carrying amount of HK$3,212,221 (2013: HK$3,328,839) 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$1,639,989 (2013: HK$1,281,177). At the end of the reporting period, the net book value of plant and machinery held under finance leases of the Group was HK$2,442,202 (2013: HK$1,378,265), which have been reclassified to assets of a disposal group classified as held for sale.

Note: For the year ended 31 January 2014, a motor vehicle was transferred to a subsidiary of the Company at its carrying amount of HK$86,721.

15. INTANGIBLE ASSETS

	THE GROUP				
	Hotel management right	**Patent**	**Trademark**	**License**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(See note below)				
COST					
At 1 February 2012	5,138,923	1,353,575	270,334	39,879	6,802,711
Additions	–	95,456	–	–	95,456
Exchange adjustments	71,343	(272,128)	(49,775)	(9,600)	(260,160)
At 31 January 2013	5,210,266	1,176,903	220,559	30,279	6,638,007
Reclassified as held for sale *(note 8(c))*	–	(1,057,489)	(198,180)	(27,207)	(1,282,876)
Exchange adjustments	145,166	(119,414)	(22,379)	(3,072)	301
At 31 January 2014	5,355,432	–	–	–	5,355,432
AMORTISATION AND ACCUMULATED IMPAIRMENT LOSS					
At 1 February 2012	–	1,353,575	270,334	39,879	1,663,788
Charge for the year	–	29,830	–	–	29,830
Exchange adjustments	–	(264,598)	(49,775)	(9,600)	(323,973)
At 31 January 2013	–	1,118,807	220,559	30,279	1,369,645
Charge for the year	–	19,655	–	–	19,655
Reclassified as held for sale *(note 8(c))*	–	(1,024,270)	(198,180)	(27,207)	(1,249,657)
Exchange adjustments	–	(114,192)	(22,379)	(3,072)	(139,643)
At 31 January 2014	–	–	–	–	–
CARRYING VALUES					
At 31 January 2014	5,355,432	–	–	–	5,355,432
At 31 January 2013	5,210,266	58,096	–	–	5,268,362

The amortisation charge for the year is included in "General and administrative expenses" in the results of the discontinued operation in note 8(a).

15. INTANGIBLE ASSETS (continued)

Note: In prior years, 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. 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 2014 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 commencement of operation 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 third quarter of 2015 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 2014, the right was not amortised during the year.

16. OTHER FINANCIAL ASSETS

	THE GROUP
	HK$
FAIR VALUE	
At 1 February 2012	12,048,193
Addition	2,883,886
Increase in fair value	61,621
Exchange adjustments	200,831
At 31 January 2013	15,194,531
Exchange adjustments	423,345
At 31 January 2014	15,617,876

The amount at 31 January 2014 and 2013 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. During the year ended 31 January 2013, the Group had made an additional investment of HK$2,883,886 in one of these two private entities incorporated in the PRC. Under the supplemental agreement of the additional investment, the Group is entitled to occupy, use or obtain the income derived from the additional areas of the certain properties held by a private entity.

The fair value of the investments in these two private entities of HK$15,617,876 at 31 January 2014 (2013: HK$15,194,531) 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, an independent qualified professional valuer 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. For the year ended 31 January 2014, there was no change in the fair value of the investments (2013: increase in fair value of HK$61,621 was included in "Other net income" in the consolidated statement of profit or loss).

17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2014	2013
	HK$	*HK$*
Unlisted shares, at cost	**437,528,798**	434,260,823
Less: Impairment losses	**(352,778,000)**	(352,778,000)
	84,750,798	81,482,823

(a) Details of the Company's subsidiaries at 31 January 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of capital held	Proportion of nominal value of issued share capital/ shares/ held by the Company Directly 2014	Directly 2013	Indirectly 2014	Indirectly 2013	Paid up issued registered capital registered capital	share capital/ Principal activities
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") (Disposed of 17 February 2014)	BVI	Ordinary	**-**	–	**72.12%**	72.12%	US$5,471	Investment holding
Rakupuri Inc. ("Rakupuri") (Disposed of 17 February 2014)	Japan	Ordinary	**-**	–	**72.12%**	72.12%	JPY100,000,000	Manufacturing and sale of dye-sublimation printed products

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

17. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Certain subsidiaries sustained losses in current and prior years 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, no impairment loss was recognised in the profit or loss for the years ended 31 January 2014 and 2013 and the carrying amount of the investments in subsidiaries was written down by HK$352,778,000 (2013: HK$352,778,000) at the end of the reporting period.

(c) Material non-controlling interests

The deficit of non-controlling interests as at 31 January 2014 are HK$442,581 (2013: HK$853,743), which is attributed to the Viswell Group. As at 31 January 2014, the financial results of the Viswell Group were classified and presented as a discontinued operation and all assets and liabilities related to the Viswell Group were classified as held for sale in accordance with HKFRS 5 (see note 8).

The following table lists out below the financial information relating to the Viswell Group, which has material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

Summarised statement of financial position

	VISWELL GROUP	
	2014	2013
	HK$	*HK$*
Non-current assets	**3,588,205**	2,244,432
Current assets	**12,006,274**	9,943,505
Current liabilities	**(17,463,556)**	(16,516,959)
Non-current liabilities	**(3,136,778)**	(2,185,769)
Net liabilities	**(5,005,855)**	(6,514,791)
Non-controlling interests percentage	**27.88%**	27.88%

17. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Material non-controlling interests (Continued)

Summarised statement of profit or loss and other comprehensive income

	VISWELL GROUP	
	2014	2013
	HK$	*HK$*
Revenue	**35,892,769**	35,317,269
Profit for the year	**987,784**	2,232,471
Other comprehensive income	**486,972**	1,190,124
Total comprehensive income for the year	**1,474,756**	3,422,595
Profit allocated to non-controlling interests	**275,394**	622,413
Total comprehensive income attributable to non-controlling interests	**411,162**	954,220
Dividend paid to non-controlling interests	**–**	–

Summarised cash flows

	VISWELL GROUP	
	2014	2013
	HK$	*HK$*
Net cash generated from operating activities	**1,217,094**	2,973,214
Net cash used in investing activities	**(782,831)**	(639,155)
Net cash used in financing activities	**(589,617)**	(2,017,596)
Net (decrease)/increase in cash and cash equivalents	**(155,354)**	316,463
Cash and cash equivalents at beginning of year	**1,155,769**	1,052,955
Effect of foreign exchange rate changes	**(111,948)**	(213,649)
Cash and cash equivalents at end of year	**888,467**	1,155,769

18. INVENTORIES

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

	THE GROUP	
	2014	2013
	HK$	*HK$*
Raw materials	**–**	1,724,091
Finished goods	**–**	199,082
	–	1,923,173

As at 31 January 2014, the whole amount of inventories was related to the discontinued operation and was reclassified to the assets of a disposal group classified as held for sale (note 8(c)).

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

	THE GROUP	
	2014	2013
	HK$	*HK$*
Carrying amount of inventories sold	**11,368,245**	9,371,994
Write down of inventories	**136,344**	135,908
	11,504,589	9,507,902

Write down of inventories arose due to a decrease in net realisable value of certain inventories as a result of a change in consumer preferences.

19. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2014	2013
	HK$	*HK$*
Trade debtors	–	3,486,724
Less: Allowance for bad and doubtful debts	–	(1,453,292)
	–	2,033,432
Other receivables, deposits and prepayments	**375,176**	1,825,450
	375,176	3,858,882

(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:

	THE GROUP	
	2014	2013
	HK$	*HK$*
0 – 90 days	–	1,963,838
91 – 180 days	–	69,594
	–	2,033,432

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

As at 31 January 2014 and 2013, the trade debtors were related to the discontinued operation, and such trade debtors as at 31 January 2014 were reclassified to assets of a disposal group classified as held for sale (note 8(c)).

19. 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 follows:

	THE GROUP	
	2014	2013
	HK$	*HK$*
Balance at beginning of the year	**1,453,292**	1,609,565
Impairment loss (reversed)/recognised	**(34,594)**	129,687
Exchange adjustments	**(146,273)**	(285,960)
Reclassified as assets of a disposal group classified as held for sale	**(1,272,425)**	–
Balance at end of the year	**–**	1,453,292

As at 31 January 2013, included in the allowance for doubtful debts of HK$1,453,292 are individually impaired trade debtors, which were long outstanding and overdue and management assessed that these balances are expected to be not recoverable. 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.

19. 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	
	2014	2013
	HK$	*HK$*
Neither past due nor impaired	**–**	–
Less than 1 month past due	**–**	1,714,154
1 to 3 months past due	**–**	249,684
Over 3 months past due	**–**	69,594
	–	2,033,432
	–	2,033,432

As at 31 January 2013, the whole amount of trade debtors that were past due but not impaired was related 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.

20. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Cash and cash equivalents in the consolidated statement of financial position comprise:				
Bank balances and cash	**2,534,319**	2,837,155	**148,411**	46,954
Cash and cash equivalents included in the assets of a disposal group classified as held for sale *(note 8(c))*	**888,467**	–		
Cash and cash equivalents in the consolidated statement of cash flows	**3,422,786**	2,837,155		

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 2.86% per annum (2013: 0.01% to 2.86% per annum). Bank balances as at 31 January 2014 include HK$2,325,223 (2013: HK$1,572,853) are placed in the PRC, the remittance of which are subject to relevant rules and regulations of foreign exchange control promulgated by the government of the PRC.

20. CASH AND CASH EQUIVALENTS (continued)

The bank balances of the Group of HK$158,977 (2013: HK$58,119) was denominated in HK$, the currency other than the functional currency of the respective group entity.

The bank balances of the Company of HK$148,411 (2013: HK$46,954) was denominated in HK$, the currency other than the functional currency of the Company.

21. TRADE AND OTHER PAYABLES

	THE GROUP	
	2014	2013
	HK$	*HK$*
Trade payables	**–**	2,361,322
Other payables and accruals	**7,729,078**	4,259,547
Tax payables other than income tax	**1,512,555**	1,322,599
Rental income received in advance	**91,291**	–
	9,332,924	7,943,468

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

	2014	2013
	HK$	*HK$*
0 – 90 days	**–**	2,361,229
91 – 180 days	**–**	–
181 – 365 days	**–**	93
	–	2,361,322

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.

As at 31 January 2014, the whole amount of trade payables was related to the discontinued operation and was reclassified to liabilities of a disposal group classified as held for sale (note 8(c)).

22. OBLIGATIONS UNDER FINANCE LEASES

At 31 January 2014, the Group had obligations under finance leases repayable as follows:

	THE GROUP 2014 Present value of the minimum lease payments HK$	**THE GROUP 2014** Total minimum lease payments HK$	THE GROUP 2013 Present value of the minimum lease payments HK$	THE GROUP 2013 Total minimum lease payments HK$
Within one year	**-**	**-**	254,589	270,211
After one year but within two years	**-**	**-**	258,408	270,211
After two years but within five years	**-**	**-**	528,501	540,423
	-	**-**	786,909	810,634
	-	**-**	1,041,498	1,080,845
Less: Total future interest expenses		**-**		(39,347)
Present value of lease obligations		**-**		1,041,498

As at 31 January 2014, the whole amount of obligations under finance leases was related to the discontinued operation and was reclassified to the liabilities of a disposal group classified as held for sale (note 8(c)).

23. AMOUNTS DUE TO SHAREHOLDERS

THE GROUP

As at 31 January 2014, the amounts due to shareholders of HK$233,785,077 (2013: HK$229,243,054) included an amount of HK$219,285,077 (2013: HK$220,243,054) 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 2014, the remaining carrying amount of amounts due to shareholders of HK$4,000,000 ("2nd Advance") (2013: HK$4,000,000), HK$2,000,000 ("3rd Advance") (2013: HK$2,000,000), HK$2,000,000 ("4th Advance") (2013: HK$2,000,000), HK$1,000,000 ("5th Advance") (2013: HK$1,000,000), HK$1,500,000 ("6th Advance") (2013: HK$Nil), HK$1,000,000 ("7th Advance") (2013: HK$Nil), HK$1,500,000 ("8th Advance") (2013: HK$Nil) and HK$1,500,000 ("9th Advance") (2013: HK$Nil) were borrowed by the Company in prior years and during the year to support the Group's operations.

As at 31 January 2014 and 2013, the amounts due to shareholders are unsecured, non-interest bearing and repayable on demand.

Pursuant to the letter dated 19 May 2010 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 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.

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.

Pursuant to the letters dated 23 May 2012, 31 October 2012, 14 February 2013, 18 June 2013, 2 September 2013 and 9 January 2014, another substantial shareholder has undertaken not to demand for repayment of the 4th Advance, the 5th Advance, the 6th Advance, the 7th Advance, the 8th Advance and the 9th Advance until such time as the Group has sufficient fund to repay the 4th Advance, the 5th Advance, the 6th Advance, the 7th Advance, the 8th Advance and the 9th Advance and still be able to meet in full its other financial obligations after the repayment.

The 2nd Advance, the 3rd Advance, the 4th Advance, the 5th Advance, the 6th Advance, the 7th Advance, the 8th Advance and the 9th Advance with carrying amounts of HK$4,000,000, HK$2,000,000, HK$2,000,000, HK$1,000,000, HK$1,500,000, HK$1,000,000, HK$1,500,000 and HK$1,500,000 respectively, at 31 January 2014 was denominated in HK$, the currency other than the functional currency of the respective group entity.

23. AMOUNTS DUE TO SHAREHOLDERS (continued)

THE COMPANY

The amounts due to shareholders were the carrying amount of the 2nd Advance, the 3rd Advance, the 4th Advance, the 5th Advance, the 6th Advance, the 7th Advance, the 8th Advance and the 9th Advance with the terms and conditions as described above and denominated in HK$, the currency other than the functional currency of the Company.

24. 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 and 13 March 2012 from the director, the director has undertaken that he would not demand for repayment of the advance of HK$2,000,000 and HK$1,200,000, respectively, 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 (2013: bear interest at 1.5% per annum). HK$19,831,510 (2013: HK$21,114,510) of the amount is expected to be repayable after one year and shown under non-current assets. The non-current portion is carried at amortised cost using an effective interest rate of 10%.

The remaining balance is unsecured, interest-free and expected to be repayable within twelve months and shown under current assets. 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$1,436,000 (2013: HK$909,000) 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$3,467,000 (2013: HK$11,125,400) at the end of the reporting period, which were determined by reference to the financial performance and financial position of the relevant subsidiaries. In addition, the directors of the Company considered that certain amounts due from subsidiaries which were impaired in prior years were recoverable at the end of the reporting period. Accordingly, the provision of impairment of HK$9,094,400 was reversed and recognized in the profit or loss for the current year.

25. BORROWINGS

	THE GROUP	
	2014	2013
	HK$	*HK$*
Borrowings comprise the following:		
Unsecured bank loans	**–**	2,201,975
Carrying amount repayable:*		
Within one year	**–**	803,115
After one year but within two years	**–**	300,323
After two years but within five years	**–**	760,526
After five years	**–**	338,011
	–	2,201,975
Less: Amounts due within one year shown under current liabilities	**–**	(803,115)
	–	1,398,860

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

As at 31 January 2014, the whole amount of borrowings was related to the discontinued operation and was reclassified to the liabilities of a disposal group classified as held for sale.

As at 31 January 2013, the above are fixed-rate borrowings, bear interests ranging from 1.50% to 3.05% per annum. The bank loans were granted by the banks under the guarantees given by a non-controlling shareholder of a subsidiary.

26. 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 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 (the "Redemption Notices"). 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 was 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 was 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.

26. 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.

On 18 May 2012, the Company and the Vendors entered into a deed of amendment, pursuant to which the parties thereto have conditionally agreed the modification of the terms of the convertible bonds in the principal amount of HK$273,000,000 due on 10 November 2012 as follow:

(a) the Maturity Date is extended to 10 November 2015 ("the New Maturity Date"); and

(b) notwithstanding any other provision of the Convertible Bonds, the holders of the Convertible Bonds undertake not to request the Company to redeem any amount of the Convertible Bonds which remains outstanding on the New Maturity Date unless (i) the Company has or has raised funds which are sufficient and (ii) the Company would be able to meet in full the financial obligations of the Company and its subsidiaries after such redemption.

The conditions of the deed of amendment were fulfilled on 29 June 2012 ("Modification Date") and the modification of the terms of the convertible bonds became effective on the same date.

The modification of the terms of the convertible bonds was accounted for as an extinguishment of the original convertible bonds and the recognition of new convertible bonds. The carrying amount of the convertible bonds at the Modification Date was derecognized and the fair values of the liability component and the embedded conversion option were recognised at the Modification Date. The difference between the carrying amount and the fair values was recognised in profit or loss as gain on modification of the terms of convertible bonds.

The fair value of the liability component at the Modification Date was calculated based on the present value of the principal amount. The discount rate used in the calculation is 15.11% per annum which represents the cost of debt applicable to the Group at the Modification 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 15.11% per annum.

On 17 January 2014, the Company served the Redemption notices to the bondholders which represented the Company's wish to redeem the convertible bonds in full, subject to the completion of the Subscription (see note 2(b)(i)(1). In the opinion of the directors of the Company, the completion of the Subscription is highly probable and accordingly, the Company expects to redeem the convertible bonds in full on 17 February 2014 instead of the Maturity Date.

As a result, on 17 January 2014, the directors of the Company revised its estimated cash flows and the carrying amount of the liability component is recalculated by computing the present value of the revised estimated cash flows at the original discount rate of 15.11% per annum. The difference between the revised carrying amount and the original carrying amount of the liability component is recognised in profit or loss and included as finance costs in the consolidated financial statements.

In addition, as a result of the revision on management's estimates as stated above, the value of the issuer's early redemption option and bondholder's conversion option are reduced to an insignificant amount at the end of the reporting period.

26. CONVERTIBLE BONDS (continued)

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 31 January 2012	240,270,806	1,103,307	241,374,113
(Gain)/loss on modification of terms of convertible bonds	(87,465,399)	51,360,426	(36,104,973)
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	–	2,982,947	2,982,947
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	–	(627,489)	(627,489)
Imputed interest recognised	32,511,749	–	32,511,749
Foreign exchange gain on liability component of the convertible bonds	(2,678,828)	–	(2,678,828)
Exchange adjustments arising on translation of functional currency to presentation currency and charged to translation reserve	2,678,828	627,489	3,306,317
At 31 January 2013	185,317,156	55,446,680	240,763,836
Gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	–	(55,446,680)	(55,446,680)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	–	(867,705)	(867,705)
Imputed interest recognised	85,899,785	–	85,899,785
Foreign exchange gain on liability component of the convertible bonds	(6,122,496)	–	(6,122,496)
Exchange adjustments arising on translation of functional currency to presentation currency and charged to translation reserve	6,122,496	867,705	6,990,201
At 31 January 2014	271,216,941	–	271,216,941

26. CONVERTIBLE BONDS (continued)

For the years ended 31 January 2014 and 2013, the valuations of the early redemption option and conversion option were performed by BMI Appraisals Limited, an independent qualified professional valuer not connected with the Group.

At the end of the reporting period, the fair value of the conversion option is calculated using the Binomial Model. The major inputs into the model were as follows:

	At 31.1.2014	At 31.1.2013
Share price	**HK$3.10**	HK$1.33
Conversion price	**HK$1.68**	HK$1.68
Expected volatility *(note a)*	**82.86%**	55.80%
Expected life *(note b)*	**0.05 years**	2.78 years
Risk free rate *(note c)*	**0.200%**	0.267%
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.

27. DEFERRED TAXATION

(a) Group's deferred taxation

The following is the major deferred tax liability recognised in the consolidated statement of financial position and the movements thereon during the current and prior reporting periods:

	Investment properties
	HK$
At 1 February 2012	14,187,850
Exchange differences	202,208
Charged to profit or loss	459,837
At 31 January 2013	14,849,895
Exchange differences	415,312
Charged to profit or loss	130,540
At 31 January 2014	15,395,747

(b) Withholding tax

Pursuant to the New EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by its subsidiary established in the PRC in respect of earnings generated from 1 January 2008. Deferred tax liabilities is only provided to the extent that such earnings are estimated to be distributable in the foreseeable future.

For the years ended 31 January 2014 and 2013, deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits of the Group's PRC subsidiaries since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed to their immediate holding company outside the PRC in the foreseeable future.

27. DEFERRED TAXATION (continued)

(c) Deferred tax assets not recognised

Deferred tax assets in respect of the unused tax losses carried forward are to be recognised to the extent that it is probable that future taxable profits against which the unused tax losses can be utilised will be available in the relevant tax jurisdiction and entity.

At the end of the reporting period, the Group has not recognised deferred tax assets in respect of the cumulative tax losses of approximately HK$15,994,654 (2013: HK$58,560,285) due to the unpredictability of future profit stream. The tax losses do not expire under current tax legislation.

(d) Company's deferred taxation

At the end of the reporting period, the Company has not recognised deferred tax assets in respect of the cumulative tax losses of approximately HK$15,651,143 (2013: HK$33,248,929) due to the unpredictability of future profit stream. The tax losses do not expire under current tax legislation.

28. 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 2012	131,973,638	250,076,221	3,317,997	(18,691,813)	(522,441,240)	(155,765,197)
Loss for the year	–	–	–	–	(124,107)	(124,107)
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	7,049,009	–	7,049,009
At 31 January 2013	131,973,638	250,076,221	3,317,997	(11,642,804)	(522,565,347)	(148,840,295)
Loss for the year	–	–	–	–	(25,783,952)	(25,783,952)
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	(4,456,970)	–	(4,456,970)
At 31 January 2014	131,973,638	250,076,221	3,317,997	(16,099,774)	(548,349,299)	(179,081,217)

As at 31 January 2014 and 2013, the Company has no reserves available for distribution to shareholders.

(b) Dividend

No dividend was paid or proposed during the year ended 31 January 2014 (2013: nil), nor has any dividend been proposed since the end of the reporting period (2013: nil).

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

	Number of shares		Amount of Share capital	
	2014	2013	**2014**	2013
			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.

(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.

28. CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of:

	2014	2013
	HK$	*HK$*
ASSETS		
Cash and cash equivalents	2,534,319	2,837,155
LIABILITIES		
Borrowings		
– due within one year	–	803,115
– due after one year	–	1,398,860
Obligations under finance leases		
– current	–	254,589
– non-current	–	786,909
Convertible bonds	271,216,941	240,763,836
Amounts due to shareholders	233,785,077	229,243,054
Amount due to a director	3,200,000	3,252,239
EQUITY		
Equity attributable to equity shareholders of the Company		
– Share capital	131,973,638	131,973,638
– Reserves	(538,054,311)	(500,374,960)

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 each class of 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.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Financial assets				
(a) Other financial assets designated as at FVTPL	**15,617,876**	15,194,531	**–**	–
(b) Loans and receivables:				
Trade and other receivables (excluding prepayments)	**374,425**	3,447,416	**–**	34,353
Amounts due from subsidiaries				
– current	**–**	–	**11,593,520**	2,010,081
– non-current	**–**	–	**19,831,510**	21,114,510
Cash and cash equivalents	**2,534,319**	2,837,155	**148,411**	46,954
Financial liabilities				
(a) At amortised costs:				
Trade and other payables	**9,332,924**	7,943,468	**6,492,336**	703,544
Amounts due to shareholders	**233,785,077**	229,243,054	**14,500,000**	9,000,000
Amount due to a director	**3,200,000**	3,252,239	**3,200,000**	3,200,000
Borrowings				
– due within one year	**–**	803,115	**–**	–
– due after one year	**–**	1,398,860	**–**	–
Obligations under finance leases				
– current	**–**	254,589	**–**	–
– non-current	**–**	786,909	**–**	–
Liability component of convertible bonds	**271,216,941**	185,317,156	**271,216,941**	185,317,156
(b) At fair value:				
Derivatives embedded in convertible bonds	**–**	55,446,680	**–**	55,446,680

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include other financial assets, trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, obligations under finance leases, convertible bonds and amounts due to a director and shareholders. The Company's major financial instruments include sundry receivables, amounts due from subsidiaries, cash and cash equivalents, sundry payables and accruals, amounts due to a director and shareholders, 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	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
Assets				
HK$	**159,728**	92,471	**22,479,792**	23,205,897
Liabilities				
HK$	**295,409,277**	198,220,700	**295,409,277**	198,220,700

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.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Currency risk (continued)

Sensitivity analysis

The following table details the Group's and Company's sensitivity to a 5% (2013: 5%) increase and decrease in HK$ against the functional currency of the relevant group entities. 5% (2013: 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% (2013: 5%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit for the year where relevant currencies strengthen 5% (2013: 5%) against the functional currency of the relevant group entities. For a 5% (2013: 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	
	2014	2013	**2014**	2013
	HK$	*HK$*	***HK$***	*HK$*
HK$	**(14,762,477)**	(9,906,411)	**(13,646,474)**	(8,705,740)

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

Interest rate risk

The Group's fair value interest rate risk relates primary to fixed-rate bank borrowings (see note 25 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 2014 and 2013.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Other price risk

The Group is required to estimate the fair value of the conversion option embedded in convertible bonds (see note 26) 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.

For the year ended 31 January 2014, the directors of the Company consider that the Group's exposure to price risk is not significant as the fair value of the conversion option embedded in convertible bonds was insignificant at the end of the reporting period. Accordingly, no sensitivity analysis is presented for the year ended 31 January 2014.

For the year ended 31 January 2013, 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$2,540,000 during the year ended 31 January 2013. 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, the Group's post-tax profit for the year would decrease by approximately HK$2,550,000 during the year ended 31 January 2013.

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 derivates embedded in convertible bonds involve multiple variables. The variables used to estimate the fair value of the derivates embedded in convertible bonds 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.

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. Normally, the Group does not obtain collateral from its customers.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk (continued)

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.

For the year ended 31 January 2014, the directors of the Company consider that the Group's credit risk is not significant since trade debtors relating to the sales of dye sublimation printed products operation segment were reclassified to assets of a disposal group classified as held for sale as at 31 January 2014.

For the year ended 31 January 2013, the Group has concentration of credit risk as 42% of the total trade debtors as at 31 January 2013 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.

Other than the concentration of credit risk on the amounts due from subsidiaries, the Company does not have any other significant concentration of credit risk.

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 amounts due to shareholders 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 2014 and taking into account of the transactions as mentioned in note 2(b)(i), the directors of the Company are satisfied that the Group and the Company will have sufficient working capital to finance their operations in the foreseeable future.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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.

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	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 31.1.2014
	% per annum	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2014							
Non-derivative financial liabilities							
Trade and other payables	-	9,332,924	-	-	-	9,332,924	9,332,924
Amounts due to shareholders	-	233,785,077	-	-	-	233,785,077	233,785,077
Amount due to a director	-	3,200,000	-	-	-	3,200,000	3,200,000
Liability component of convertible bonds	15.11%	273,000,000	-	-	-	273,000,000	271,216,941
		519,318,001	-	-	-	519,318,001	517,534,942

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 31.1.2013
	% per annum	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2013							
Non-derivative financial liabilities							
Trade and other payables	–	7,943,468	–	–	–	7,943,468	7,943,468
Amounts due to shareholders	–	229,243,054	–	–	–	229,243,054	229,243,054
Amount due to a director	–	3,252,239	–	–	–	3,252,239	3,252,239
Borrowings	2.91%	856,035	337,029	824,214	344,392	2,361,670	2,201,975
Obligations under finance leases	1.5%	270,211	270,211	540,423	–	1,080,845	1,041,498
Liability component of convertible bonds	15.11%	–	–	273,000,000	–	273,000,000	185,317,156
		241,565,007	607,240	274,364,637	344,392	516,881,276	428,999,390

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

THE COMPANY

	Weighted average effective interest rate % per annum	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	Two to five years HK$	Total undiscounted cash flows HK$	Total carrying amounts at 31.1.2014 HK$
2014						
Non-derivative financial liabilities						
Sundry payables and accruals	–	6,492,336	–	–	6,492,336	6,492,336
Amounts due to shareholders	–	14,500,000	–	–	14,500,000	14,500,000
Amount due to a director	–	3,200,000	–	–	3,200,000	3,200,000
Liability component of convertible bonds	15.11%	273,000,000	–	–	273,000,000	271,216,941
		297,192,336	–	–	297,192,336	295,409,277

	Weighted average effective interest rate % per annum	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	Two to five years HK$	Total undiscounted cash flows HK$	Total carrying amounts at 31.1.2013 HK$
2013						
Non-derivative financial liabilities						
Sundry payables and accruals	–	703,544	–	–	703,544	703,544
Amounts due to shareholders	–	9,000,000	–	–	9,000,000	9,000,000
Amount due to a director	–	3,200,000	–	–	3,200,000	3,200,000
Liability component of convertible bonds	15.11%	–	–	273,000,000	273,000,000	185,317,156
		12,903,544	–	273,000,000	285,903,544	198,220,700

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy defined as in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group engages independent professional valuers performing valuations for the financial instruments, including other financial assets designated as at FVTPL and derivatives embedded in convertible bonds which are categorised into Level 3 of the fair value hierarchy. The professional valuers report directly to the Group's management. Valuation reports with analysis of changes in fair value measurement are prepared by professional valuers at each interim and annual reporting date, and are reviewed and approved by the Group's management. Discussion of the valuation process and results with the Group's management is held twice a year, to coincide with the reporting dates.

	Fair value at 31 January 2014	**Fair value measurements as at 31 January 2014 categorised into**			Fair value at 31 January 2013	Fair value measurements as at 31 January 2013 categorised into		
		Level 1	**Level 2**	**Level 3**		Level 1	Level 2	Level 3
	HK$	***HK$***	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*	*HK$*
Group								
Recurring fair value measurements								
Assets:								
Other financial assets designated as FVTPL	**15,617,876**	**-**	**-**	**15,617,876**	15,194,531	–	–	15,194,531
Liabilities:								
Derivatives embedded in convertible bonds	**-**	**-**	**-**	**-**	55,446,680	–	–	55,446,680

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

	Fair value at 31 January 2014	**Fair value measurements as at 31 January 2014 categorised into**			Fair value at 31 January 2013	Fair value measurements as at 31 January 2013 categorised into		
		Level 1	**Level 2**	**Level 3**		Level 1	Level 2	Level 3
	HK$	***HK$***	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*	*HK$*
Company								
Recurring fair value measurements								
Liabilities:								
Derivatives embedded in convertible bonds	**-**	**-**	**-**	**-**	55,446,680	–	–	55,446,680

During the years ended 31 January 2013 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Other financial assets designated as FVTPL	Market comparison approach	Estimated price of RMB4,455-RMB4,893 per square metre
Derivatives embedded in convertible bonds	Binomial Model	Expected volatility of 82.86%

The fair value of the other financial assets designated as FVTPL are determined using market comparison approach by reference to recent sales price of comparable properties on a price per square metre basis.

The fair value measurement of other financial assets designated as FVTPL is positively correlated to the estimated price per square metre. As at 31 January 2014, it is estimated that with all other variables held constant, an increase/decrease in the estimated price per square metre by 10% would have decreased/increased the Group's loss by approximately HK$1,561,700 (2013: increased/decreased the Group's profit by approximately HK$1,519,400).

The fair values of derivatives embedded in convertible bonds are determined using Binomial Model and the significant unobservable inputs used in the fair value measurement is expected volatility.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

No sensitivity analysis is performed on the derivatives embedded in convertible bonds as the impact is not significant to the Group's loss.

The movement during the period in the balance of these Level 3 fair value measurements are as follows:

	THE GROUP	
	2014	2013
	HK$	*HK$*
Derivatives embedded in convertible bonds		
At 1 February	**55,446,680**	1,103,307
Loss on modification of terms of convertible bonds	**–**	51,360,426
(Gain)/loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	**(55,446,680)**	2,982,947
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	**(867,705)**	(627,489)
Exchange adjustments arising on translation of functional currency to presentation currency and charged to translation reserve	**867,705**	627,489
At 31 January	**–**	55,446,680

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

The movement during the period in the balance of these Level 3 fair value measurements are as follows: (continued)

	THE GROUP	
	2014	2013
	HK$	*HK$*
Derivatives embedded in convertible bonds		
Total (gains)/losses for the period included in profit or loss for liability held at the end of the reporting period:		
(Gain)/loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	**(55,446,680)**	2,982,947
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	**(867,705)**	(627,489)
Loss on modification of terms of convertible bonds	**–**	51,360,426
Total (gains)/losses for the period included in "Other net income" in the consolidated statement of profit or loss	**(56,314,385)**	53,715,884
Total loss for the period included in other comprehensive income for liability held at the end of the reporting period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of functional currency to presentation currency	**867,705**	627,489

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

The movement during the period in the balance of these Level 3 fair value measurements are as follows: (continued)

	THE GROUP	
	2014	2013
	HK$	*HK$*
Other financial assets designated at FVTPL:		
At 1 February	**15,194,531**	12,048,193
Addition	**–**	2,883,886
Increase in fair value	**–**	61,621
Exchange adjustments	**423,345**	200,831
At 31 January	**15,617,876**	15,194,531
Total gains for the period included in profit or loss for asset held at the end of the reporting period:		
Gain on change in fair value of other financial assets designated at FVTPL	**–**	61,621
Total gain for the period included in other comprehensive income for asset held at the end of the reporting period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of functional currency to presentation currency	**423,345**	200,831

The gain on change in fair value of other financial assets designated at FVTPL is included in "Other net income" in the consolidated statement of profit or loss. For the year ended 31 January 2014, there is no gain or loss recognised in profit or loss arise from other financial assets designated at FVTPL held at the end of the reporting period.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurement (continued)

(ii) Fair value of financial assets and liabilities carried at other than fair value

The directors consider that the carrying amounts of financial assets and financial liabilities carried at cost or at amortised cost in the consolidated financial statements and the Company's statement of financial position are not materially different from their fair values as at 31 January 2014 and 2013.

30. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under rules and regulations of Hong Kong 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$1,250 (HK$1,000 prior to June 2012) 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 2014 and 2013.

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 from continuing operations of HK$235,421 (2013: HK$253,978) and from discontinued operation of HK$578,417 (2013: HK$562,947) represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

31. 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:

	2014	2013
	HK$	*HK$*
Within one year	**225,291**	11,665
In the second to fifth years inclusive	**33,735**	716
	259,026	12,381

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 1-5 years with fixed rental at initial recognition, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

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

	2014	2013
	HK$	*HK$*
Within one year	**1,402,819**	822,272
In the second to fifth year inclusive	**150,071**	370,699
	1,552,890	1,192,971

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.

32. MATERIAL RELATED PARTY TRANSACTION

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following transactions with its related parties during the year:

Remuneration of key management personnel of the Group

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2014	2013
	HK$	*HK$*
Salaries and allowances and other benefits	**3,762,306**	4,019,267
Post-employment benefits	**194,742**	243,455
	3,957,048	4,262,722

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

Total remuneration is included in "Staff costs" (See note 6(b)).

33. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 JANUARY 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and a new standard which are not yet effective for the year ended 31 January 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

Amendments to HKAS 32 *"Financial Instruments: Presentation" — Offsetting financial assets and financial liabilities*[1]

Amendments to HKAS 36 *"Impairment of Assets" — Recoverable amount disclosures for non-financial assets*[1]

Annual Improvements to HKFRSs 2010-2012 Cycle[3]

Annual Improvements to HKFRSs 2011-2013 Cycle[2]

HKFRS 9 *"Financial Instruments"*[4]

Amendments to HKFRS 9 and HKFRS 7 — *Mandatory Effective Date of HKFRS 9 and Transition Disclosures*[4]

1. Effective for annual periods beginning on or after 1 January 2014.
2. Effective for annual periods beginning on or after 1 July 2014.
3. Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
4. Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs 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 consolidated financial statements.

34. EVENTS AFTER THE REPORTING PERIOD

1) On 25 February 2014, the Board of the Company proposed to change the name of the Company from "Buildmore International Limited 建懋國際有限公司" to "GR Properties Limited 國銳地產有限公司".

   On 24 March 2014, the shareholders passed a special resolution at the extraordinary general meeting (the "EGM") in approving the change of company name and the certificate of change of name was issued by the Registrar of Companies of Hong Kong on 7 April 2014.

34. EVENTS AFTER THE REPORTING PERIOD (continued)

2) On 12 February 2014, the shareholders passed a resolution at the EGM in approving the Subscription Agreement, the Repayment and Waiver Agreement, the Disposal Agreement and the Redemption of the convertible bonds.

On 17 February 2014, the Subscription, the Repayment and Waiver, the Redemption and the Disposal were completed. The details are as follows:

(i) The Company alloted 395,920,914 shares at HK$1.00 per share to the Subscriber with a total cash consideration of HK$395,920,914.

(ii) The Company repaid the amounts due to Shareholders in the aggregate amount of HK$78,800,000 and the remaining portion of the outstanding loans in the amount of HK$153,485,077 owed by the Group was waived by one of the two shareholders.

(iii) The Company repaid in full the outstanding loans owed by the Company to a director in the aggregate amount of HK$3,200,000.

(iv) The Company fully redeemed the convertible bonds in the aggregate outstanding principal amount of HK$273,000,000.

(v) The Group's 72.12% equity interest in Viswell Group and Shareholder's loan to Viswell Group were disposed of at a total cash consideration of HK$5,904,654.

FINANCIAL SUMMARY

	Year ended 31 January,				
	2010	2011	2012	2013	**2014**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
				(restated)	
Turnover	9,807,983	24,738,265	30,079,684	5,141,085	**5,892,008**
Profit (loss) for the year attributable to:					
Equity shareholders of the Company					
– Continuing operations	(526,521,501)	(46,724,666)	29,055,029	713,756	**(34,805,932)**
– Discontinued operation	–	–	–	1,749,709	**812,232**
	(526,521,501)	(46,724,666)	29,055,029	2,463,465	**(33,490,700)**
Non-controlling interests					
– Continuing operations	–	(1,027,186)	(515,467)	–	**–**
– Discontinued operation	–	–	–	622,413	**275,394**
	–	(1,027,186)	(515,467)	622,413	**275,394**
	(526,521,501)	(47,751,852)	28,539,562	3,085,878	**(33,215,306)**

	At 31 January,				
	2010	2011	2012	2013	**2014**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
Total assets	101,544,018	126,205,698	128,079,561	130,989,536	**138,443,610**
Total liabilities	(438,904,547)	(517,879,071)	(499,434,357)	(500,244,601)	**(544,966,864)**
Non-controlling interest	–	899,005	1,807,963	853,743	**442,581**
Attributable to owners of the Company	(337,360,529)	(390,774,368)	(369,546,833)	(368,401,322)	**(406,080,673)**

LIST OF INVESTMENT PROPERTIES

Properties	Approximate interest attributable to the Group	Approximate total gross floor area (sq. m.)	Type	Lease Term
13 Street-front Shops and 9 Parking Spaces on Level 1 of Block A-B, Wenquan Apartment, No. 26 Shutang Road, Gulou District, Fuzhou, Fujian Province, the PRC	100%	1,453.41	Commercial	Medium term lease
Various Shops and Storerooms on Levels 2 and 3, Commercial Podium of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou, Fujian Province, the PRC	100%	2,057.63	Commercial	Medium term lease
5 Street-front Shops, Commercial Podium of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou, Fujian Province, the PRC	100%	140.37	Commercial	Medium term lease
13 Parking Spaces on Level 1 of Block 4, Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou, Fujian Province, the PRC	100%	545.53	Commercial	Medium term lease