GENVON GROUP LIMITED

正峰集團有限公司

Incorporated in the Cayman Islands with limited liability

Stock Code: 2389

ANNUAL REPORT 2014

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Shi Xing *(Chairman)*
Mr. Zhang Jing Ming *(Chief Executive Officer)*
Mr. Gu Shan Chao
Mr. Hu Xiao Yong
Mr. Liu Xue Heng
Mr. Wang Zheng Chun

Independent Non-executive Directors

Mr. Tse, Man Kit, Keith
Mr. Wu Yong Xin
Mr. Xie Ming

AUTHORISED REPRESENTATIVES

Mr. Lam Ka Tak
Mr. Liu Xue Heng

COMPANY SECRETARY

Mr. Lam Ka Tak

AUDIT COMMITTEE

Mr. Tse, Man Kit, Keith *(Chairman of the committee)*
Mr. Wu Yong Xin
Mr. Xie Ming

REMUNERATION COMMITTEE

Mr. Xie Ming *(Chairman of the committee)*
Mr. Tse, Man Kit, Keith
Mr. Wu Yong Xin

NOMINATION COMMITTEE

Mr. Wu Yong Xin *(Chairman of the committee)*
Mr. Tse, Man Kit, Keith
Mr. Xie Ming
Mr. Zhu Shi Xing

INVESTMENT AND RISK MANAGEMENT COMMITTEE

Mr. Gu Shan Chao *(Chairman of the committee)*
Mr. Liu Xue Heng
Mr. Zhu Shi Xing
Mr. Lam Ka Tak

AUDITORS

Ernst & Young
Certified Public Accountants

STOCK CODE

2389

WEBSITE

www.genvon.com

PRINCIPAL BANKERS

China Citic Bank International
China Construction Bank Corporation
Hang Seng Bank Limited

REGISTERED OFFICE

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
Grand Cayman
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

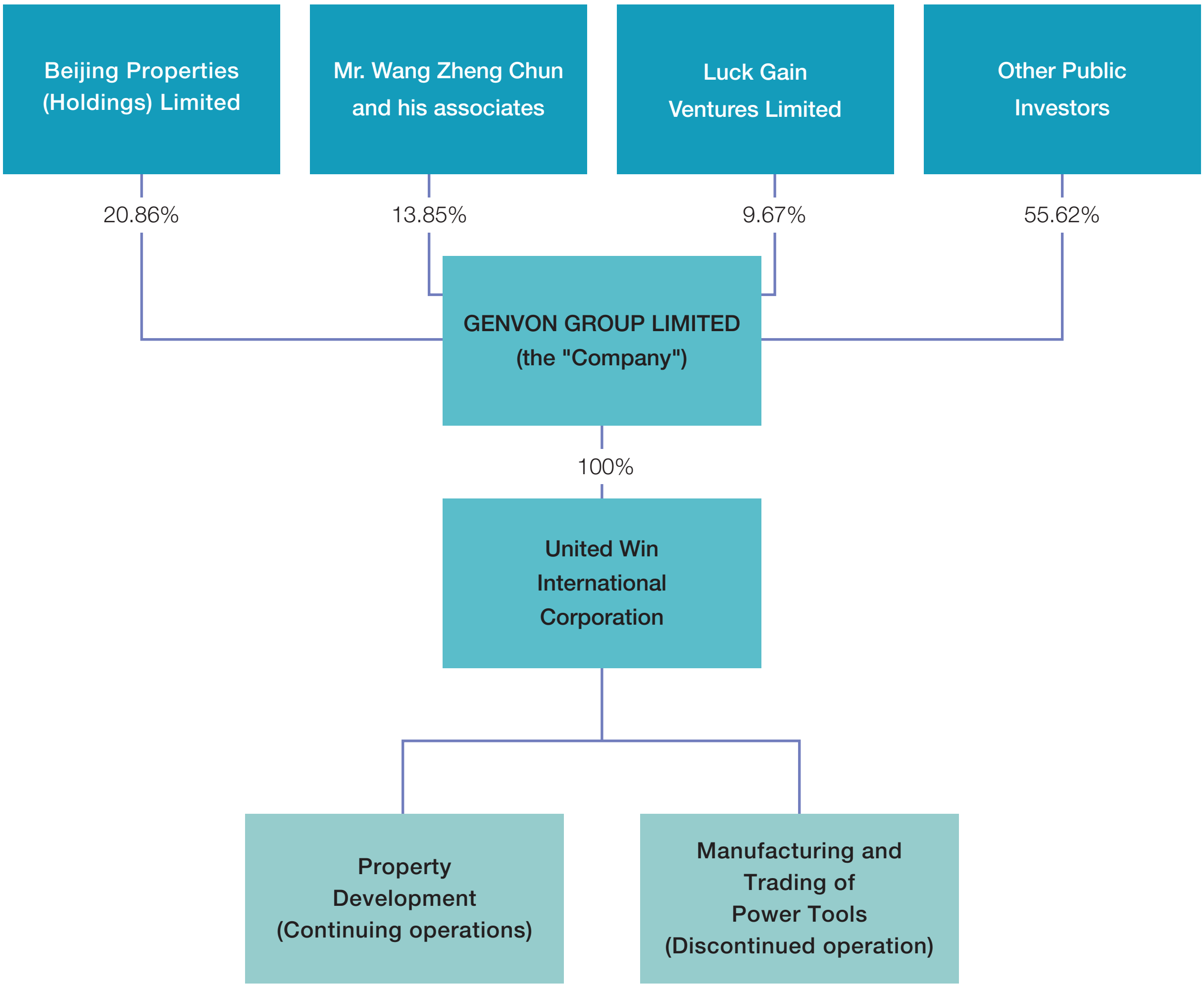
Room 1708-09, 17/F
Wharf T&T Centre
7 Canton Road
Tsim Sha Tsui
Kowloon

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Corporate Structure

At 31 December 2014



Financial Summary

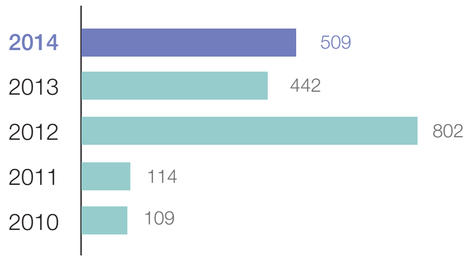
	For the year ended 31 December				
	2010	**2011**	**2012**	**2013**	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	108,760	114,040	801,574	442,312	509,250
(Loss)/profit for the year attributable to the owners of the parent	(12,438)	(41,669)	115,988	94,120	(174,565)

	At 31 December				
	2010	**2011**	**2012**	**2013**	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	1,345,211	1,534,867	1,625,170	1,987,066	2,961,339
Total liabilities	(684,959)	(854,997)	(830,658)	(1,085,883)	(1,028,648)
	660,252	679,870	794,511	901,183	1,932,691
Equity attributable to owners of the parent	480,682	475,150	592,099	695,985	1,723,520
Non-controlling interests	179,570	204,720	202,412	205,198	209,171
	660,252	679,870	794,511	901,183	1,932,691

REVENUE

Year ended 31 December

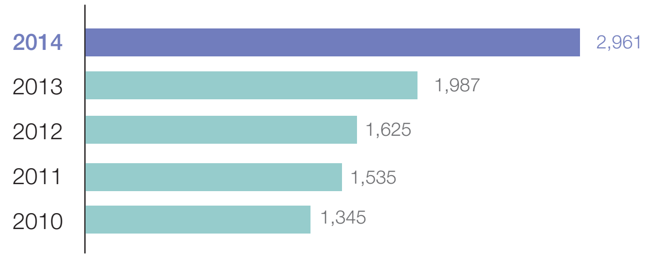
(HK$ Millions)



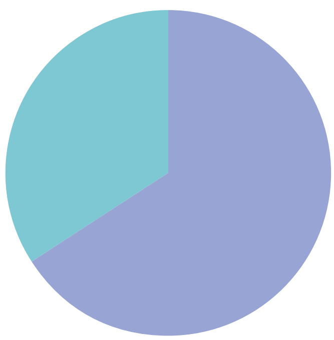
TOTAL ASSETS

As at 31 December

(HK$ Millions)



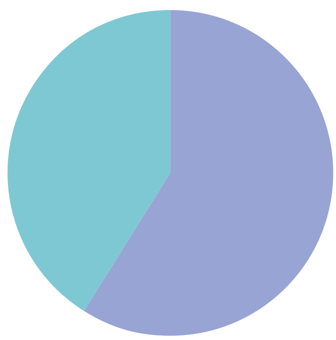
REVENUE BY OPERATING SEGMENTS



2014

66% Property development and investment

34% Manufacturing and trading of power tools



2013

59% Property development and investment

41% Manufacturing and trading of power tools

Project Overview

SHANGHAI

Project Name	灝峰南苑－瑞麗名邸 – 100% interest 灝峰北苑－中景水岸 – 100% interest
Project Location	Lane 528, Ruili Road, Minhang District, Shanghai (上海市閔行區瑞麗路 528 弄)
Land Area	57,047 square metres
Gross floor Area	74,647 square metres
Completion Time	Mid-2012
Total number of Units	瑞麗名邸 : 260 units 中景水岸 : 124 units

PROJECT DESCRIPTION:

This project is located at the hinterland of old Minhang District. It is only about 500 metres away, translating to approximately 10 minutes' walk, from Shanghai Metro Line 5-Jinping Road Station (輕軌5號線金平路站). The community is accessible by several well-developed city streets such as Humin Road (滬閔路) and Jianchuan Road (劍川路). Facilities such as Suning Appliance store, Auchan supermarket, Kinhom Furniture, Qiandai Shopping Mall (千代廣場), the commercial section of Jiangchuan Road and the 5th People's Hospital are all in the neighborhood.

This project has a site area of approximately 60,000 square metres and is to be developed in 2 phases with 5 highrise blocks and 124 duplexes in total. The unit sizes in the high-rise blocks range from 63-94 square metres, with extra wide balconies in certain units. The unit sizes in the duplexes range from 182-215 square metres. The duplexes have 3 above-ground floors and 1 below-ground floor with size around 85 square metres.

This project originated from an idea of a community where duplexes and high-rise residential towers are perfectly blended together, which has no comparables in old Minhang District. Another appealing feature of this project is that the percentage of greening area is as high as 35%.

JIANGSU PROVINCE

Project name	星湖灣 – 70% interest
Project Location	No. 58 Huanghai Avenue, Nantong City, Haian County, Jiangsu Province (江蘇省南通市海安縣黃海大道 58 號)
Land Area	approximately 249,000 square metres
Gross floor Area	approximately 728,000 square metres
Expected Completion Time	Phase I – by the end of 2014 Phase II – by the end of 2015 Phase III – by the end of 2017
Total number of Units	3,697 units

PROJECT DESCRIPTION:

This project is located in the south to Huanghai Avenue, Haian County. It is embraced by the Seven Star Lake Ecological Park, supported by convenient means of transportation and surrounded by a scenic environment. The project covers a total land area of about 250,000 square metres, with a total gross floor area of more than 720,000 square metres. The project is mainly concentrated on high-rise and sub high-rise residential units.

As a new-generation landmark residential project in Haian County, this project is blessed with unique environmental advantages. To enhance an exquisite sense for the garden landscape of the community, the project gives a vivid picture of a small peninsula that is encircled by three-dimensional waterfronts following the excavation of a man-made canal by the Group at a huge investment cost. Efforts on shaping water features, adding artistic creation of elegant sculptures and over 40% greening ratio have all contributed to a marvelous intra-community landscape, which shines brilliantly with the Seven Star Lake. This project is set to turn a new page for the water island life in Haian County.

I am, on behalf of the Board of Directors, pleased to present the annual results of Genvon Group Limited (the "Company") together with its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

Chairman's Statement

I am, on behalf of the Board of Directors, pleased to present the annual results of Genvon Group Limited (the "Company") together with its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

The revenue of the Group for the year ended 31 December 2014 was HK$509,250,000 (2013: HK$442,312,000), up approximately 15% over 2013. The increase was mainly due to the commencement of delivery of Jiangsu Project to buyers during the year. Property development and investment business contributed revenue of HK$336,656,000 (2013: HK$259,007,000), representing approximately 66% of the Group's total revenue (2013: 59%). Power tools manufacturing and trading business recorded revenue of HK$172,594,000 (2013: HK$183,305,000). The Group recorded loss attributable to shareholders of HK$174,565,000 (2013: profit of HK$94,120,000). Basic loss per share for the year amounted to HK5.66 cents (2013: earning of HK4.45 cents).

BUSINESS REVIEW

Property Development Business in China

During the year, the Group focused on the development of 星湖灣 project located at Hai'an County, Jiangsu Province (the "Project"). As disclosed in the interim report of 2014, the real estate companies in China faced with dilemmas of declining overall profitability, increasing gearing ratio and slow turnover rate. Confronted with the challenging business environment in Hai'an County, the Project has to deal with various difficulties, such as (i) with slow turnover rate, the gross floor area presold of the Project during 2014 dropped 35% over the corresponding period of 2013; (ii) the overall profit margin of the Project may decrease due to over-supply of the real estate market and the intensified price competition. It is expected that the Project will need to overcome an arduous operation environment in the coming one to two years.

Power Tools Manufacturing and Trading Business

As at 31 December 2014, power tools business recorded revenue of HK$172,594,000 (2013: HK$183,305,000), representing a decrease of approximately 6% over 2013. Operating loss for the year was increased to HK$7,585,000 (2013: loss of HK$5,744,000).

The gross profit of the power tool business had long been lingering at low level. It was mainly because the highly reliance on OEM business model. The increasing raw materials and labour costs, together with the slow recovery of the real estate market of the US, which is the major market of household product business, were the reasons for the profitability of the Group being clouded with uncertainties.

In this regards, the Board entered into a disposal agreement with Jingjun Global Limited, a company held by Mr. Wang Zheng Chun, on 21 November 2014 for the disposal of both the Project and the power tool business, which generated lower profit margin, to Jingjun Global Limited at a consideration of HK$668,900,000. The relevant asset impairment amounted to approximately HK$249,315,000. Upon completion of the disposal at the first quarter of 2015, the Group ceased to operate the power tool business. This enabled the Group to focus its resources for further strengthening of the property development business, especially in the first tier cities in China, such as Beijing, Shanghai, Shenzhen and Guangzhou. It could also strategically transform its business model from solely property development and trading to project development combining valued added elements including education, geriatric care and health care.

Land Bank

In respect of land bank, the Group is actively seeking and will continue to seek appropriate existing property development project and/or land which suitable for development in the first tier cities in China. On 30 January 2015, the Company entered into a sale and purchase agreement with Beijing Properties (Holdings) Limited ("Beijing Properties"), a substantial shareholder of the Company, for the acquisition of Zhi Jian Limited ("Zhi Jian") at a consideration of HK$408,000,000. Beijing Inland Port International Logistics Co., Ltd., an operating subsidiary of Zhi Jian in Chaoyang Port, is the owner of four lands for industrial purpose with a total area of 161,498.66 square metres. Currently, the lands have been developed into 17 buildings with one to two floors for the purpose of occupying as warehouse and office, one building with five floors and some structures including container yard, walls and drainage facilities, etc. The Group intends to demolish the buildings and structures erected on the lands and change the usage of the lands to non-logistic purpose so as to conduct other type of property development projects thereon.

The Group will continue to seek for appropriate land in order to expand its land bank in the first tier cities in China.

Working capital

At as 31 December 2014, the Group maintained sound financial status with a gearing ratio (calculated by total borrowings divided by owner's total equity) of 22.45% (2013: 71.58%). Upon completion of the disposal, the Group will have no bank liability. To maintain healthy cash flow, the Group raised a net proceeds of approximately HK$1,194,620,000 through issue of warrants share, subscription shares and placing of new shares. As at 31 December 2014, the cash balance of the Group was HK$1,093,476,000, which paved a sold foundation for future acquisition of land.

Outlook

Since September 2014, as there was change in the shareholdings of the Company, the current substantial shareholder of the Company is Beijing Properties, whereas the substantial shareholder of Beijing Properties is Beijing Enterprises Group Company Limited. Looking forward, with sufficient fund and strong shareholder background, the Group will accelerate its strategic transformation to develop property with value added elements including education, geriatric care and health care. It will also expand its land bank and grasp opportunities for property development in the first tier cities in China so as to broaden the Group's source of income and bring maximum return to its shareholders.

Appreciation

I would like to take this opportunity to thank my fellow Directors, the management and all staff, and to express heartfelt gratitude to all colleagues for their hard work and contribution to the development of the Group in the past year. Meanwhile, I would also like to express appreciation to all shareholders, the banking sector, the investment community and business partners for their vote of strong confidence in the Group and long-lasting patronage to the Group.

BUSINESS REVIEW

For the year ended 31 December 2014, revenue of the Group was HK$509,250,000, representing an increase of 15% over last year. Of which, revenue from the property development business was HK$336,656,000, accounting for 66% of the total revenue of the Group. Revenue from power tool business was HK$172,594,000. The increase was mainly due to the increase in the area of property delivered for the year.

Property Development and Trading Businesses

As regards property development, the Group principally engaged in the operation of property projects in Shanghai and Jiangsu.

Shanghai Project

Located at Lane 528, Ruili Road, Minhang District, Shanghai, the Shanghai Project of the Group comprises of highrise blocks in South Lawn and duplexes in North Lawn, as well as over 10 shops placing across both South and North Lawn, covering, in aggregate, a saleable area of approximately 68,000 square metres. The project commenced construction since 2008 and delivered to buyers since 2012. Over 80% in total of the saleable area has been sold. Currently, the highrise blocks in South Lawn have been sold out, and some shops and some duplexes in North Lawn are still available for sale. The Group also leased out unsold shops of approximately 5,400 square metres to generate new source of income. At present, the remaining premises will continue for sale and it is expected to be sold out within 2015.

Jiangsu Project

The Jiangsu Project of the Group is located at No. 58 Huanghai Avenue, Nantong City, Haian County, Jiangsu Province, which is embraced by the Seven Star Lake Ecological Park, with convenient transportation and scenic environment. The Project covers a site area of approximately 250,000 square metres and a total gross floor area of over 720,000 square metres. The project is mainly concentrated on high-rise and sub high-rise residential units. The project is under three development phases, which enables total saleable area of approximately 530,000 square metres. The first and the second phases of construction had been started in 2010. Presell of the first phase had been commenced in 2012 and delivery has been conducted in 2014.

The stagnant market sentiment of the property industry and the continuous increase in the land supply of the region for the last two years had dragged out the sales progress. Approximately 15,000 square metres of the first phase was sold for the year, and the area sold totaling approximately 47,000 square metres. In consideration of the return from the project, the Group had entered into a sale and purchase agreement with Jingjun Global Limited for the disposal of the whole Jiangsu project on 21 November 2014. Detail of the disposal is described in the section "Major acquisition and disposal".

Investment Property Business

During the year, the Group leased out some of the shops in Shanghai under operating leases to earn rental income, which have been classified as investment properties. The fair value of the investment properties as at the end of the year was HK$66,333,000 and the rental yield was approximately 3.2%.

Land Bank

In respect of land bank, the Group is actively seeking and will continue to seek appropriate existing property development project and/or land which suitable for development in the first tier cities in China. On 30 January 2015, the Company entered into a sale and purchase agreement with Beijing Properties (Holdings) Limited, a substantial shareholder of the Company, for the acquisition of Zhi Jian Limited at a consideration of HK$408,000,000 in order to refill its land bank. Detail of the Acquisition is described in the following section "Major acquisition and disposal".

To maintain sustainable and rapid growth, the Group will continue to replenish its land bank prudently and carefully via a number of channels, thereby establishing a solid foundation for bolstering the future profitability.

Discontinued Operation

Power Tools Manufacturing and Trading Business

The power tools manufacturing and trading business of the Group has secured key customers with stable orders mainly from overseas markets like the United States and Europe. During the year, the sales amount from the United States and Europe was HK$125,906,000 (2013: HK$136,196,000), accounting for 73% of the total sales amount (2013: 74%). In 2014, the sale amount was dropped slightly due to temporary impediment to production caused by the relocation of production facilities in early 2014. The production has resumed normal operation now.

Affected by the over capacity problem in the power tools manufacturing and trading industry in China, the competition of ODM and OEM market is intensifying. The Group upgraded the key facilities so as to enhance quality stability and efficiency. It also continued to improve facilities management flow and optimize the performance testing system in order to achieve better quality, reduce the rate of return and secure further cooperation with customers including Bosch Group. Meanwhile, the production plant has completed the respective development plan of high-end products. It is hoped that the Group's own brand will enter the domestic professional market as soon as possible so as to achieve a balanced proportion of sales between OEM and OBM and to enable a better direction for the development of the Company.

Major acquisition and disposal

Acquisition

On 30 January 2015, the Company entered into a sale and purchase agreement with Beijing Properties (Holdings) Limited, a substantial shareholder of the Company, for the acquisition of Zhi Jian Limited ("Zhi Jian") at a consideration of HK$408,000,000 (the "Acquisition"). Beijing Inland Port International Logistics Co., Ltd., an operating subsidiary of Zhi Jian in Chaoyang Port, is the owner of four lands for industrial purpose with a total area of 161,498.66 square metres. Currently, the lands have been developed into 17 buildings with one to two floors for the purpose of occupying as warehouse and office, one building with five floors and some structures including container yard, walls and drainage facilities, etc. The Group intends to demolish the buildings and structures erected on the lands and change the usage of the lands to non-logistic purpose so as to conduct other type of property development projects thereon. The acquisition is expected to be completed on or before 30 June 2015.

Disposal

On 21 November 2014, United Win International Corporation ("United Win"), a wholly owned subsidiary of the Company, entered into a disposal agreement (the "Disposal Agreement") with Jingjun Global Limited ("Jingjun Global"), a company wholly owned by Mr. Wang Zheng Chun ("Mr. Wang"), an executive director of the Company. Pursuant to the Disposal Agreement, United Win agreed to sell and Jingjun Global agreed to purchase the entire issued share capital of World Wisdom Industrial Limited ("World Wisdom"), a company wholly owned by the Company through United Win, at a total consideration of HK$668,900,000 (the "Disposal"). The Disposal is subject to the completion of a reorganisation pursuant to which the entire issued share capital of certain companies wholly owned by United Win (the "Reorgnisation Companies") would be transferred to World Wisdom (the "Reorganisation"). Upon the completion of the Reorganisation, the Reorganisation Companies would become directly and wholly owned subsidiaries of World Wisdom. World Wisdom and the Reorganisation Companies are collectively referred to as (the "Disposal Group"). Further details of the Disposal are set out in the announcement of the Company dated 21 November 2014 and the circular of the Company dated 30 December 2014.

The Disposal Group engages in business of manufacturing and trading of power tools and part of property development. The Group has decided to cease its manufacturing and trading business because it plans to focus its resources on its property development business. The whole Disposal Group was classified as a disposal group held for sale. The manufacturing and trading business of power tools, which is part of the Disposal Group, was classified as a discontinued operation.

The Reorganisation was completed on 31 January 2015 and the Disposal is expected to be completed at the end of the first quarter of 2015.

Assets held for sale with a carrying amount of HK$1,697,541,000 is equal to their fair value of HK$1,697,541,000, after considering an impairment loss of HK$249,315,000.

FINANCIAL REVIEW

Continuing Operation

Revenue and Gross Profit Analysis

Property Development and Trading Business

The table set out below summarized the recognized sales revenue in 2014:

Location	Project	Purpose	Gross floor area (Square metres)	Sales revenue, net of business tax (RMB'000)	Average selling price, net of business tax (RMB)	The Group's equity
Shanghai	顯峰南苑一瑞麗名邸	Highrise blocks	104	984	9,462	100%
Shanghai	顯峰北苑一中景水岸	Duplexes	5,922	97,196	16,413	100%
Shanghai	車位	Parking space	N/A	1,760	N/A	100%
			6,026	99,940		
Jiangsu	星湖灣	Highrise blocks	29,713	165,520	5,571	70%
Jiangsu	星湖灣	shops	94	1,103	11,734	70%
			29,807	166,623		
		Total	35,833	266,563		

The Shanghai Project contributed revenue of approximately HK$126,220,000 (2013: HK$259,007,000) for the financial year 2014 and its gross profit margin was approximately 32.53% (2013: 43.64%). The drop in revenue was caused by the decrease in the property delivered during the year. The main reason of the declined gross profit margin was that the property sold during the year was mainly duplexes which generated lower gross profit margin than highrise blocks.

The Jiangsu Project contributed revenue of approximately HK$210,436,000 (2013: HK$ nil) for the financial year 2014 and its gross profit margin was approximately 12.47%. The Jiangsu Project started delivery during the year. It generated 20.06% lower gross profit margin than the Shanghai Project because the increasing land supply in the region that affected the Group's pricing capability.

Other income, gains and losses, net

During the financial year 2014, other income, gains and losses, net from the continuing operation was loss of approximately HK$2,099,000, representing a decrease of approximately HK$30,954,000 from gain of approximately HK$28,855,000 for the financial year 2013. The decrease in other income, gains and losses, net was mainly attributable to the change of fair value of investment properties from a gain of HK$15,158,000 incurred in last year to a loss of HK$5,933,000 in this year, and the gain on disposal of subsidiary of approximately HK$4,067,000 in last year.

Selling expenses

During the financial year 2014, selling expenses from the continuing operation was approximately HK$5,439,000, compared to approximately HK$8,333,000 of the financial year 2013, representing a decrease of approximately HK$2,894,000. The decrease in selling expenses was mainly because the development of the Shanghai Project had come to an end.

Administrative expenses

During the financial year 2014, the administrative expenses from the continuing operation increased by approximately HK$2,977,000 to approximately HK$25,210,000 from approximately HK$22,233,000 of the financial year 2013. The increase was mainly caused by the additional consulting fees incurred for several fund raisings activities and the disposal of subsidiaries transaction.

Finance costs

During the financial year 2014, the finance costs from continuing operations were approximately HK$31,971,000, which represents a decrease of approximately HK$8,835,000 from approximately HK$40,806,000 of the financial year 2013. The decrease was mainly attributable to the reduction of base interest rate of the PRC and the early repayment of other interest-bearing borrowing during the year. Finance costs incurred during the year are arose from borrowings that are used to finance the construction of properties and capitalised to properties under development.

Discontinued Operation

Power Tools Manufacturing and Trading Business

As regards the power tool manufacturing and trading business, the sales in 2014 dropped 6% over that of 2013. It was mainly due to the significantly diminished sales of motor product caused by the retreat of production base by the customers to Brazil given the depreciation of the currency of the country. In 2014, the overall revenue of the business was HK$172,594,000 (2013: HK$183,305,000), the gross profit increased to HK$11,508,000 (2013: HK$10,393,000), and the operating loss was HK$7,585,000 (2013: loss HK$5,744,000).

Profit from the discontinued operation was approximately HK$67,053,000, representing an increase of approximately HK$15,203,000 as compared to HK$51,850,000 of the financial year 2013. It was mainly due to the increase in income from land compensation of approximately HK$11,140,000 during the year.

For the year ended 31 December 2014, the turnover day for the Group's accounts receivable was 70 days (2013: 64 days), whereas the turnover day for accounts payable was 135 days (2013: 110 days) and the inventory turnover day was 40 days (2013: 65 days).

Total assets

As at 31 December 2014, the total assets of the Group was approximately HK$2,961,339,000, whereas the total asset as at 31 December 2013 was approximately HK$1,987,066,000, representing an increase of approximately HK$974,273,000. The increase was mainly because i) the Group raised cash of HK$1,241,000,000 by issue of a total of 4,784,000,000 new shares of HK$0.10 each share upon exercise of its warrants, issue of subscription shares and placing shares; and ii) there was an impairment loss on properties under development and properties held for sale during the year of HK$249,315,000.

Total liabilities

As at 31 December 2014, the total liabilities of the Group decreased by approximately HK$57,235,000 from approximately HK$1,085,883,000 as at 31 December 2013 to approximately HK$1,028,648,000. The decrease was mainly due to the net repayment of bank borrowing of HK$109,791,000 offset by the receipt of deposit from the Disposal of HK$60,000,000.

Liquidity and Financial Resources

As at 31 December 2014, the Group's cash on hand was HK$1,093,476,000 (2013: HK$201,772,000). The Group's long-term and short-term debts were HK$386,944,000 (2013: HK$498,217,000) in aggregate. The total debts recorded a net decrease of approximately HK$111,273,000 when compared to 2013. Among the long-term and short-tem debts, bank loans amounted to HK$380,276,000 have been classified as liabilities directly associated with the assets classified as held for sale. It is expected that the Group will have no bank loan upon the completion of the Disposal. The gearing ratio of the Group, calculated by total borrowings divided by owners' total equity was 22.45% (2013: 71.58%).

The Group attributes its notable success to its prudent cash flow management. To ensure that the Group has a sufficient pool of funds to cope with its rapid development needs, the Group maintains good relationship with all principal banks for easier loan raising in the future.

Capital Expenditure

The Group's capital expenditure in 2014 was approximately HK$859,000 (2013: HK$4,626,000).

Capital Structure

The Group took full advantage of the financing platform as a listed company by striving for a constant optimization of the capital and financing structure, so as to obtain sufficient funds to finance the future property development projects. As at 31 December 2014, the Group's operations were mainly financed by internal resources and bank facilities.

On 21 January 2013, the Company entered into a conditional warrant subscription agreement (the "Warrant Subscription Agreement") with an independent third party (the "Warrant Subscriber") in relation to the subscription of a total of 400,000,000 warrants (the "Warrants") by the Warrant Subscriber at the issue price of HK$0.001 per unit of Warrants (the "Warrant Subscriptions"). The Warrants entitle the Warrant Subscriber to subscribe for in aggregate 400,000,000 shares in the Company at the subscription price of HK$0.22 per new share (subject to anti-dilutive adjustment) for a period commencing on the date falling three months after the date of issue of the Warrants and ending on the date falling 12 months after the date of issue of the Warrants.

Subsequently on 31 July 2013, the Warrant Subscriber transferred the Warrants to two independent third parties of 200,000,000 warrants each.

On 29 January 2014, the two independent third parties exercised the Warrants to subscribe for 400,000,000 new shares at the price of HK$0.22 per share and an aggregate consideration of HK$88,000,000 was received and applied as general working capital.

On 17 January 2014, the Company entered into a conditional subscription agreement (the "Subscription Agreement") with an independent third party (the "Subscriber") pursuant to which the Subscriber was conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, up to 800,000,000 shares (the "Subscription Shares") at the subscription price of HK$0.325 per Subscription Share in up to two tranches for a period of 6 months commencing on the date of the Subscription Agreement. On 31 July 2014 (the " Completion Date"), the Company had only received subscription monies of HK$130,000,000 for 400,000,000 Subscription Shares and had not received the subscription monies for the remaining 400,000,000 Subscription Shares (the"Remaining Subscription Shares") from the Subscriber. As such, only 400,000,000 Subscription Shares were allotted and issued on the Completion Date. The proceeds of HK$130,000,000 was applied by the Group as general working capital.

The Directors are of the view that the failure for the Subscriber to subscribe for the Remaining Subscription Shares does not have any material adverse impact on the existing business operation of the Group.

On 1 June 2014, the Company entered into a conditional placing agreement (the "Placing Agreement") for the placing of an aggregate of 3,984,000,000 new ordinary shares (the "Placing Shares") to no less than six placees which should be independent third parties of the Group at the placing price of HK$0.25 per Placing Share. On 29 August 2014, the placing was completed and the Company obtained a net proceeds from placing of approximately HK$978,000,000, which will be applied towards the development of the existing projects of the group and/or any suitable investment(s).

On 10 March 2015, the Company entered into a conditional placing agreement (the "2015 Placing Agreement") with a placing agent for the placing of an aggregate of 465,000,000 new ordinary shares of HK$0.20 each to not less than six placees, independent third parties of the Group, at the placing price of HK$0.52 per placing share (the "2015 Placing"). The 2015 Placing was completed on 26 March 2015 and the net proceeds received from the 2015 Placing was approximately HK$239,350,000, which will be applied towards potential acquisition activities as identified by the Group from time to time and the general working capital of the Group.

Pledge of Assets

As at 31 December 2014, the Group had pledged properties under development and properties held for sales, the carrying amount of which was HK$914,042,000 and HK$603,943,000 respectively, as security for construction loan granted to the Group.

Contingent Liabilities

As at 31 December 2014, the Group had no material contingent liabilities (2013: nil).

Foreign Exchange Risk

The Group's businesses are mainly carried out by subsidiaries located in Mainland China and the majority of their transactions are conducted in RMB and USD. The Group has minimal transactional currency exposure as the sales or purchases transaction by operating units are mainly in currencies same as those units' functional currency. The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movements in the foreign currency rates.

Employee Benefits and Training

For the year ended 31 December 2014, the Group had approximately 392 employees, of which, 15 employees were management staff and 39 employees were engineers. The total staff cost (including Directors' emoluments) amounted to approximately HK$24,505,000 (2013: HK$22,885,000).

Remuneration for the employees of the Group is based on their merit, qualifications and competence. Employees may also be granted shares options according to the Company's share option scheme and at the discretion of the Board of Directors. Other benefits include contributions to the provident fund scheme or mandatory provident fund and medical insurance.

The Group is committed to enhancing the quality of staff through the provision of various kinds of staff training, including the training provided to directors and company secretaries under the requirements of the Listing Rules. During the year under review, the Group organized internal training courses for staff at all levels. Topics of the training courses included directors' responsibilities, corporate internal control, as well as technical and management skill trainings. The Group also organized a series of on-the-job training programs in its production plants in the PRC.

Investor Relations

The Group strives to offer investors access to updated and accurate information on the Group's latest major development. The Group believes that effective communication is built on a two-way basis, and therefore welcomes feedbacks from investors to the Group. To facilitate an easy access to information on the Company's latest major development, a number of measures have been taken to ensure all necessary information and appropriate updates are made available to investors in a timely manner through the Company's website at www.genvon.com, under the column of the "Investor Relations".

FUTURE OUTLOOK

Property Development Business

The Directors expects the real estate companies in China will face with dilemmas of declining overall profitability, increasing gearing ratio and slow turnover rate. In this regard, the Company will deploy its resources to focus on further consolidation of its property development business, especially those in the first tier cities of China, namely Beijing, Shanghai, Shenzhen and Guangzhou. It will also conduct strategic reform to transform the business model from originally property development and trading to property project incorporating value added elements related to education, geriatric care and health care. The acquisition of Zhi Jian is in line with the business strategy of the core business of the Company and represents a good opportunity to expand land bank and participate in property development projects in the first tier cities of China, thereby extending the Company's source of income and bring the greatest return to the shareholders.

Power Tools Manufacturing and Trading Business

Looking forward to 2015, with the economy of China entering into a stage of moderate development, the de-stocking pressure of the real estate industry continues to rise. The transaction volume of house purchase for the year significantly dropped from last year and the domestic demand of power tools had shown downward trend. Internationally, albeit recovery of the economy of the United State, export decreased as there was appreciation of RMB against US dollar, whereas the depreciation of currencies other than the US dollar against RMB had resulted in the decline in export competitiveness of the power tools in China. In the future, the power tools business will experience weak sentiment, the Group does not expect the business to resume profitable in the foreseeable future. As part of the resources integration, the Group entered into a sale and purchase agreement on 21 November 2014 to dispose its power tool business in order to improve the efficiency of fund utilization of the Group. Upon disposal, the Group will become a real estate company which provides high value added services including health and medical care and geriatric care and allows investors to better understand the performance of the Group in property business.

The Board of Directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's Annual Report for the year ended 31 December 2014.

The manner in which the principles and code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are applied and implemented as explained below.

CORPORATE GOVERNANCE PRACTICES

The Group acknowledges the vital importance of good corporate governance to the Group's success and sustainability. We are committed to achieving a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of our business.

The Company has applied most of the principles set out in the CG Code.

The Company has adopted different measures to ensure a high standard of corporate governance and has put in place corporate governance practices that are considered to be relevant to the Group, to meet the CG Code.

Throughout the year ended 31 December 2014, the Company has complied with the code provisions as set out in the CG Code, except for code provisions A.2.1, A.4.1, A.4.2 and A.5.1 which deviations are explained in the relevant paragraphs of this Report.

The Company has reviewed its corporate governance practices and has taken appropriate actions to comply with the CG Code which are explained in the relevant paragraphs of the Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

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.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2014.

The Company has applied the Model Code to the relevant employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises 9 members, consisting of 6 Executive Directors and 3 Independent Non-executive Directors.

The list of all Directors (by category) is set out under "Corporate Information" on page 2 and all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

During the year ended 31 December 2014, there have been changes in the composition of the Board of the Company, details of which are set out in the Directors' Report. The Board currently comprises the following Directors:

Executive Directors
Mr. Zhu Shi Xing *(Chairman)*
Mr. Zhang Jing Ming *(Chief Executive Officer)*
Mr. Gu Shan Chao
Mr. Hu Xiao Yong
Mr. Liu Xue Heng
Mr. Wang Zheng Chun

Independent Non-executive Directors
Mr. Tse, Man Kit, Keith
Mr. Wu Yong Xin
Mr. Xie Ming

None of the members of the Board is related to one another.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The roles of the Chairman and the Chief Executive Officer were vested in Mr. Wang Zheng Chun until 23 September 2014 on which Mr. Zhang Jing Ming was appointed as the Chief Executive Officer of the Company to take up the duties from Mr. Wang who continued to act as the Chairman until 6 February 2015. Since then, the Company has complied with code provision A.2.1, with the separation of the roles of the Chairman and the Chief Executive Officer.

On 6 February 2015, Mr. Wang resigned from the position as the Chairman due to his other commitments and Mr. Zhu Shi Xing was appointed as the Chairman of the Company.

The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

On 23 May 2014, Mr. Ang Siu Lun, Lawrence resigned as an Independent Non-executive Director of the Company, and ceased to be a member of the Audit Committee, a member of the Remuneration Committee and the chairman of the Nomination Committee of the Company. Following his resignation, the number of Independent Non-executive Directors of the Company fell below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules and the composition of the Audit Committee and Nomination Committee of the Company did not meet with the requirements under Rule 3.21 of the Listing Rules and code provision A.5.1 of the CG Code. The Company has appointed Mr. Xie Ming as an Independent Non-executive Director to fill the casual vacancy with effect from 18 August 2014 and has since then re-complied with the aforesaid requirements of the Listing Rules.

On 10 November 2014, Mr. Ho Hao Veng resigned as an Independent Non-executive Director of the Company, and ceased to be a member of the Audit Committee and a member of the Remuneration Committee of the Company. Following his resignation, the number of Independent Non-executive Directors falls below one-third of the Board as required under Rule 3.10A of the Listing Rules. However, following the resignation of Mr. Dong Qi and Mr. Xu Guang Yu as Executive Directors on 6 February 2015, the Company is in compliance with Rule 3.10A of having at least one-third of Independent Non-executive Directors in the Board.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors are independent.

All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent Non-executive Directors have been invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Nomination Committee is responsible for reviewing Board composition, evaluating the balance of skills, knowledge and experience of the Board and making recommendations on the appointment of Directors.

Code provision A.4.1 of the CG Code stipulates that Non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The former Independent Non-executive Directors of the Company did not have a specific term of appointment. The existing Independent Non-Executive Directors namely, Mr. Xie Ming, Mr. Wu Yong Xin, and Mr. Tse, Man Kit, Keith, have been appointed for a specific term of three years from their respective date of appointment, subject to retirement by rotation in accordance with the Articles of Association of the Company.

Mr. Xie Ming, Mr. Zhu Shi Xing, Mr. Zhang Jing Ming, Mr. Hu Xiao Yong, Mr. Xu Guang Yu, Mr. Dong Qi, Mr. Wu Yong Xin, Mr. Tse, Man Kit, Keith, Mr. Gu Shan Chao and Mr. Liu Xue Heng, who were appointed as Directors of the Company to fill casual vacancies or as addition to the Board, did not retire and offer for election by shareholders at the extraordinary general meeting of the Company held on 19 January 2015. Nevertheless, those Directors except Mr. Xu Guang Yu and Mr. Dong Qi, who have resigned as Directors on 6 February 2015, will retire and offer for re-election at the forthcoming general meeting of the Company in accordance with Article 112 of the Articles of Association of the Company.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters.

All Directors have full and timely access to all relevant information as well as the advice and services of the company secretary, with a view to ensuring that Board procedures and all applicable laws and regulations are followed. Each Director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer and the senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the year ended 31 December 2014, the Directors participated the trainings as follows:

Directors	Topic
Executive Directors	
Mr. Zhu Shi Xing *(appointed on 23 September 2014)*	B
Mr. Zhang Jing Ming *(appointed on 23 September 2014)*	B
Mr. Wang Zheng Chun	B
Mr. Hu Xiao Yong *(appointed on 23 September 2014)*	B
Mr. Gu Shan Chao *(appointed on 26 September 2014)*	B
Mr. Liu Xue Heng *(appointed on 26 September 2014)*	B
Mr. Xu Guang Yu *(appointed on 23 September 2014 and resigned on 6 February 2015)*	B
Mr. Dong Qi *(appointed on 23 September 2014 and resigned on 6 February 2015)*	B
Mr. Zheng Wei Chong *(resigned on 23 September 2014)*	B
Mr. Liu Hoi Keung *(resigned on 23 September 2014)*	B
Mr. Xu Wen Cong *(resigned on 26 September 2014)*	B
Mr. Cheung Man *(resigned on 26 September 2014)*	B
Independent Non-executive Directors	
Mr. Xie Ming *(appointed on 18 August 2014)*	B
Mr. Wu Yong Xin *(appointed on 23 September 2014)*	B
Mr. Tse, Man Kit, Keith *(appointed on 23 September 2014)*	B
Mr. Ang Siu Lun, Lawrence *(resigned on 23 May 2014)*	B
Mr. Ma Kwai Yuen *(resigned on 23 September 2014)*	B
Mr. Ho Hao Veng *(resigned on 10 November 2014)*	A, B

A: attending seminars offered by external professionals relating to corporate governance, corporate finance, china real estate development, board effectiveness and consideration on merger and acquisition etc.

B: reading newspapers, journals and books relating to financial and accounting rules, director's duties and responsibilities, legal and regulatory matters and corporate governance etc.

During the year ended 31 December 2014, the Board has reviewed and monitored the training and continuous professional development of Directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements, the code of conducts, the CG Code and the disclosure in this Corporate Governance Report.

In addition, relevant reading materials including directors' manual/legal and regulatory update/seminar handouts have been provided to the Directors for their reference and studying.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment and Risk Management Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are Independent Non-executive Directors (except for the Investment and Risk Management Committee) and the current list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

Audit Committee

The Audit Committee currently comprises three members, namely, Mr. Tse, Man Kit, Keith (Chairman of the Committee), Mr. Xie Ming and Mr. Wu Yong Xin. All of them are Independent Non-executive Directors (including one Independent Non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The changes in the composition of the Audit Committee during the year and up to the date of this Report are set out as follows:

Mr. Xie Ming *(appointed on 18 August 2014)*
Mr. Wu Yong Xin *(appointed on 23 September 2014)*
Mr. Tse, Man Kit, Keith
(appointed on 23 September 2014)
Mr. Ang Siu Lun, Lawrence *(resigned on 23 May 2014)*
Mr. Ma Kwai Yuen *(resigned on 23 September 2014)*
Mr. Ho Hao Veng *(resigned on 10 November 2014)*

According to Rule 3.21 of the Listing Rules, the Audit Committee must comprise a minimum of three members. Following the resignation of Mr. Ang Siu Lun, Lawrence as an Independent Non-executive Director of the Company on 23 May 2014, the number of members of the Audit Committee of the Company fell below the minimum number required under Rule 3.21 of the Listing Rules. The Company appointed Mr. Xie Ming as a member of Audit Committee on 18 August 2014 in compliance with Rule 3.21 of the Listing Rules.

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the internal auditor or external auditors before submission to the Board

- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditors

- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures

The Audit Committee held two meetings during the year to review the financial results and reports, financial reporting and compliance procedures, the report of the internal auditor on the Company's internal control and risk management systems and processes, the reappointment of the external auditors and arrangements for employees to raise concerns about possible improprieties.

The Company's annual results for the year ended 31 December 2014 have been reviewed by the Audit Committee.

The Audit Committee also met the external auditors twice without the presence of the Executive Directors.

Remuneration Committee

The Remuneration Committee currently comprises three members, namely, Mr. Xie Ming (Chairman of the Committee), Mr. Tse, Man Kit, Keith and Mr. Wu Yong Xin. All of them are Independent Non-executive Directors.

The changes in the composition of the Remuneration Committee during the year and up to the date of this Report are set out as follows:

Mr. Xie Ming *(appointed on 18 August 2014)*
Mr. Wu Yong Xin *(appointed on 23 September 2014)*
Mr. Tse, Man Kit, Keith
(appointed on 23 September 2014)
Mr. Ang Siu Lun, Lawrence *(resigned on 23 May 2014)*
Mr. Zheng Wei Chong *(resigned on 23 September 2014)*
Mr. Ma Kwai Yuen *(resigned on 23 September 2014)*
Mr. Ho Hao Veng *(resigned on 10 November 2014)*

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the Directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year, the Remuneration Committee met once to review the remuneration policy and structure of the Company, and the remuneration packages of the Directors and senior management and other related matters.

The details of the remuneration of the Directors of the Company are set out in note 9 to the consolidated audited financial statements.

Nomination Committee

The Nomination Committee currently comprises four members, namely, Mr. Wu Yong Xin (Chairman of the Committee), Mr. Zhu Shi Xing, Mr. Tse, Man Kit, Keith and Mr. Xie Ming. The majority of them are Independent Non-executive Directors.

Pursuant to code provision B.1.5 of the CG Code, the details of the remuneration payable to members of the senior management during the year fell the following band:

Remuneration band	**Number of individual**
HK$0 to HK$1,000,000	19
HK$1,000,001 to HK$2,000,000	1

The changes in the composition of the Nomination Committee during the year and up to the date of this Report are set out as follows:

Mr. Xie Ming *(appointed on 18 August 2014)*
Mr. Zhu Shi Xing *(appointed on 23 September 2014)*
Mr. Wu Yong Xin *(appointed on 23 September 2014)*
Mr. Tse, Man Kit, Keith *(appointed on 23 September 2014)*
Mr. Ang Siu Lun, Lawrence *(resigned on 23 May 2014)*
Mr. Wang Zheng Chun *(resigned on 23 September 2014)*
Mr. Ma Kwai Yuen *(resigned on 23 September 2014)*
Mr. Zhang Jing Ming *(appointed on 23 September 2014 and resigned on 6 February 2015)*

Code provision A.5.1 of the CG Code stipulates that the Nomination Committee must be chaired by the chairman of the Board or an Independent Non-executive Director and comprises a majority of Independent Non-executive Directors.

Subsequent to the resignation of Mr. Ang Siu Lun, Lawrence on 23 May 2014, the position of chairman of the Nomination Committee of the Company was vacant and the Nomination Committee comprised one Independent Non-executive Director and one Executive Director only.

Following the appointment of Mr. Xie Ming as a member and the chairman of the Nomination Committee of the Company on 18 August 2014, the Company has re-complied with code provision A.5.1 of the CG Code.

Principal duties of the Nomination Committee include reviewing the Board composition, identifying suitable candidates for appointment as Directors and making recommendations to the Board on the appointment and succession planning of Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year, the Nomination Committee met once to review the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

In accordance with the Company's Articles of Association, Mr. Zhu Shi Xing, Mr. Zhang Jing Ming, Mr. Gu Shan Chao, Mr. Liu Xue Heng, Mr. Hu Xiao Yong, Mr. Wu Yong Xin, Mr. Tse, Man Kit, Keith and Mr. Xie Ming who have been appointed as Directors of the Company during the year, shall retire in accordance with Article 112 of the Company's Articles of Association and being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. In addition, Mr. Wang Zheng Chun, shall retire by rotation in accordance with Aricle 108 of the Company's Articles of Association and being eligible, offer himself for re-election at the forthcoming annual general meeting.

The Nomination Committee recommended the re-appointment of the Directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular dated 14 April 2015 contains detailed information of the Directors standing for re-election.

Investment and Risk Management Committee

On 8 October 2014, the Company established the Investment and Risk Management Committee with written terms of reference.

The members of the Investment and Risk Management Committee shall comprise such directors and senior officers of the Company appointed by the Board from time to time. The Investment and Risk Management Committee initially comprised Mr. Zhang Jing Ming (Chairman of the Committee), Mr. Gu Shan Chao, Mr. Liu Xue Heng, Mr. Xu Guang Yu (all being Executive Directors) and Mr. Siu Kin Wai (the Chief Financial Officer).

On 6 February 2015, Mr. Xu Guang Yu resigned as an Executive Director and member of the Investment and Risk Management Committee while Mr. Zhang Jing Ming resigned as the Chairman and member of the Committee. On the same date, Mr. Zhu Shi Xing was appointed as a member of the Investment and Risk Management Committee and Mr. Gu Shan Chao was eleted as the Chairman of the Committee.

On 27 March 2015, Mr. Siu Kin Wai resigned as the Chief Financial Officer and member of the Investment and Risk Management Committee. On the same day, Mr. Lam Ka Tak was appointed as a member of the Investment and Risk Management Committee.

Accordingly, the Investment and Risk Management Committee currently comprise four members, namely, Mr. Gu Shan Chao (Chairman of the Committee), Mr. Zhu Shi Xing, Mr. Liu Xue Heng and Mr. Lam Ka Tak.

Principal duties of the Investment and Risk Management Committee include overseeing the risk management and evaluating the major investment and funding projects of the Group.

There is no meeting held by the Investment and Risk Management Committee during the year.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2014 is set out in the table below:

	Attendance/Number of Meetings					
Name of Directors	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting	Extraordinary General Meeting
Mr. Zhu Shi Xing *(appointed on 23 September 2014)*	2/2	–	–	–	–	–
Mr. Zhang Jing Ming *(appointed on 23 September 2014)*	2/2	–	–	–	–	–
Mr. Wang Zheng Chun	7/8	1/1	–	–	1/1	1/1
Mr. Hu Xiao Yong *(appointed on 23 September 2014)*	0/2	–	–	–	–	–
Mr. Gu Shan Chao *(appointed on 26 September 2014)*	2/2	–	–	–	–	–
Mr. Liu Xue Heng *(appointed on 26 September 2014)*	2/2	–	–	–	–	–
Mr. Xu Guang Yu *(appointed on 23 September 2014 and resigned on 6 February 2015)*	2/2	–	–	–	–	–
Mr. Dong Qi *(appointed on 23 September 2014 and resigned on 6 February 2015)*	2/2	–	–	–	–	–
Mr. Zheng Wei Chong *(resigned on 23 September 2014)*	5/6	–	1/1	–	0/1	0/1
Mr. Liu Hoi Keung *(resigned on 23 September 2014)*	6/6	–	–	–	1/1	1/1
Mr. Xu Wen Cong *(resigned on 26 September 2014)*	5/6	–	–	–	0/1	0/1
Mr. Cheung Man *(resigned on 26 September 2014)*	6/6	–	–	–	1/1	1/1
Mr. Xie Ming *(appointed on 18 August 2014)*	2/3	–	–	0/1	–	–
Mr. Wu Yong Xin *(appointed on 23 September 2014)*	1/2	–	–	–	–	–
Mr. Tse, Man Kit, Keith *(appointed on 23 September 2014)*	1/2	–	–	–	–	–
Mr. Ang Siu Lun, Lawrence *(resigned on 23 May 2014)*	2/3	1/1	1/1	1/1	0/1	–
Mr. Ma Kwai Yuen *(resigned on 23 September 2014)*	6/6	1/1	1/1	2/2	1/1	1/1
Mr. Ho Hao Veng *(resigned on 10 November 2014)*	7/7	–	0/1	1/2	1/1	1/1

Apart from regular Board meetings, the Chairman also held meetings with the Independent Non-executive Directors without the presence of Executive Directors during the year.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2014.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive information announcements and other disclosures required under the Listing Rules and other statutory and regulatory requirements. The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and that relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval.

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.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 37 to 38.

AUDITORS' REMUNERATION

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2014 amounted to HK$1,600,000 and HK$550,000 respectively.

An analysis of the remuneration paid to the external auditors of the Company, Messrs Ernst & Young, in respect of audit services and Messrs Deloitte Touch Tohmatsu in respect of non-audit services for the year ended 31 December 2014 is set out below:

Service Category	**Fees Paid/ Payable** HK$
Audit Services	1,600,000
Non-audit Services	
– Review of interim report	350,000
– Review of statement of indebtedness and working capital forecast	200,000
	2,150,000

INTERNAL CONTROLS

During the year under review, the Board conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholder investments and Company assets and reviewing the effectiveness of such on an annual basis.

The Company has developed its systems of internal control and risk management and will continue to review and assess procedures for their effectiveness.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. The internal audit division reviews and evaluates the control process, monitors any risk factors on a regular basis, and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

The key elements of the Group's internal control system include the following:

- A comprehensive financial accounting system to provide indicators for performance measurement and to ensure compliance with relevant rules
- Annual plans prepared by senior management on financial reporting, operations and compliance with reference to potential significant risks
- Appropriate policy to ensure the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget
- Review and evaluation of the control process and monitoring of any risk factors on a regular basis by the management; and report by the same to the Audit Committee on any findings and measures to address the variances and identified risks

The main duties of the internal audit division include the following:

- Establishing the Group's internal control framework, covering all material controls including financial, operational and compliance controls, and providing for identification and management of risks

- Presenting a risk-based internal audit plan to the Audit Committee for approval

- Reporting to the Audit Committee on any key findings and progress of the internal audit process

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 64 of the Company's Articles of Association, an extraordinary general meeting shall be called by the Board on the written requisition of any one or more shareholders of the Company, provided that such shareholders held at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such meeting shall be called for the transaction of any business specified in the written requisition to the Board or the Secretary of the Company; and shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Shareholders who wish to move resolutions at general meetings may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1708-09, 17/F., Wharf T&T Centre,
7 Canton Road, Tsim Sha Tsui, Kowloon
(For the attention of the Company Secretary)
Fax: 2681-2789
Email: enquiry@genvon.com

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at http://www.genvon.com, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, are available to answer questions at shareholder meetings.

The 2014 Annual General Meeting ("AGM") was held on 23 May 2014. The notice of AGM was sent to shareholders at least 20 clear business days before the AGM.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

EXECUTIVE DIRECTORS

Zhu Shi Xing

Mr. Zhu Shi Xing, aged 44, was appointed as an Executive Director of the Company in September 2014. He is currently the Chairman of the Board and a member of the Nomination Committee and the Investment and Risk Management Committee of the Company. Mr. Zhu is currently a vice president of Beijing Properties (Holdings) Limited ("BPHL"), a company whose shares are listed on the Stock Exchange (stock code: 925) and a senior vice president of Beijing Yun Zhong Investments Consulting Co., Ltd., a wholly-owned subsidiary of BPHL established in Beijing, PRC. Mr. Zhu graduated from the Central University of Finance and Economics with a bachelor's degree in finance and obtained his master degree in software engineering from Beihang University. Mr. Zhu started his career as an assistant in the investment department of the China Xinxing Corporation (Group) Ltd. in 1994. Starting from 2004, he joined the Beijing Holdings Limited ("BHL"), an affiliate of BPHL, and had been nominated the vice general manager of various subsidiaries of BHL involving in industries of tourism, logistics, property development. Mr. Zhu has extensive experience in investment, financial management and property development.

Zhang Jing Ming

Mr. Zhang Jing Ming, aged 50, was appointed as an Executive Director of the Company in September 2014. Mr. Zhang graduated with a master degree in international finance and trade in the University of International Business and Economics. Mr. Zhang started his property related business since 1996 being the chairman of the board and the general manager of Beijing Wanqi Holdings Ltd., a property developer in Beijing. In 2009, he was also appointed the chief executive officer of the Beijing Badachu Real Estate Group Limited. Mr. Zhang has almost twenty years' experience in property development business.

Wang Zheng Chun

Mr. Wang Zheng Chun, aged 50, was appointed as an Executive Director of the Company in June 2008. He was the Chairman of the Company during the period from October 2008 to February 2015. He has over ten years of experience in property development and management. Mr. Wang has substantial experience in developing and constructing villas, residential units and commercial buildings in the PRC. Mr. Wang is also the committee member of 上海市閔行區工商業聯合會 (The Association of Industry and Commerce in Minhang District, Shanghai).

Liu Xue Heng

Mr. Liu Xue Heng, aged 41, was appointed as an Executive Director of the Company in September 2014. He is currently a member of the Investment and Risk Management Committee of the Company. Mr. Liu obtained his MBA from the Cambridge University of the United Kingdom. Mr. Liu has extensive experience in equity investment, corporate finance, IPO listings and mergers and acquisitions. He is a co-founder of Partners Capital International Limited and Vision Finance Group Limited. Mr. Liu is currently an executive director of Vision Finance Group Limited and BPHL (stock code: 925) as well as an executive director and the chief executive officer of Bestway International Holdings Limited (a company whose shares are listed on the Stock Exchange, stock code: 718). Mr. Liu was an independent non-executive director of Guangshen Railway Co., Limited (a company whose shares are listed on the Stock Exchange, stock code: 525) during the period from 2 June 2011 to 29 May 2014.

Hu Xiao Yong

Mr. Hu Xiao Yong, aged 50, was appointed as an Executive Director of the Company in September 2014. Mr. Hu obtained his EMBA degree from the Tsinghua University. Mr. Hu currently is an executive director and the chief executive officer of Beijing Enterprises Water Group Limited (a company whose shares are listed on the Stock Exchange, stock code: 371), an associate of BPHL and the vice-chairman of the China Environmental Service Industry Association.

Gu Shan Chao

Mr. Gu Shan Chao, aged 45, was appointed as an Executive Director of the Company in September 2014. He is currently the Chairman of the Investment and Risk Management Committee. Mr. Gu obtained his bachelor's degree in electronic engineering from the Beijing Institute of Technology and a master degree in property from the Tsinghua University. Mr. Gu participated in the property industry since 1999 who had been sales director and general manager of various property developers in Beijing. Mr. Gu currently is a director of Beijing Inland Port International Logistics Co., Ltd., and Holiday Inn Downtown Beijing Co., Ltd., both being non-wholly owned subsidiaries of BPHL (stock code: 925).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tse, Man Kit, Keith

Mr. Tse, Man Kit, Keith, aged 41, was appointed as an Independent Non-executive Director of the Company in September 2014. He is currently the Chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Tse is the chief financial officer and company secretary of Shunfeng Photovoltaic International Limited (a company whose shares are listed on the Stock Exchange, stock code: 1165) since 9 September 2010. Mr. Tse has around 15 years of working experience, over nine years of which is financial management experience. He was previously a staff accountant from 27 October 1997 to 30 September 2000, a senior accountant from 1 October 2000 to 30 September 2002 and a manager from 1 October 2002 to 22 October 2002 in the department of assurance and advisory business services in the Hong Kong office of Ernst & Young Business Services Ltd. and a manager in the department of assurance and advisory business services in Ernst & Young Hua Ming Shanghai Branch from 23 October 2002 to 28 December 2004. He was a manager in the assurance department in PricewaterhouseCoopers Ltd. from 10 January 2005 to 18 October 2005, a manager in the assurance division in Grant Thornton from 12 December 2005 to 21 January 2007, a director of corporate accounting in Flash Electronics, Inc. from 25 January 2007 to 26 January 2008 and a senior qualified accountant in Shanghai Fosun High Technology (Group) Co., Ltd. from 15 February 2008 to 15 August 2010 with concurrent appointment as the qualified accountant of Fosun International Limited (a company whose shares are listed on the Main Board of the Stock Exchange) from 12 March 2008 to 15 August 2010. Mr. Tse has been a member of Certified Practising Accountant of CPA Australia since 17 July 2001 and a member of the Hong Kong Institute of Certified Public Accountants since 26 February 2002. Mr. Tse obtained a bachelor's degree in commerce, majoring in accountancy and finance, from University of Wollongong, NSW, Australia on 16 July 1997.

Wu Yong Xin

Mr. Wu Yong Xin, aged 51, was appointed as an Independent Non-executive Director of the Company in September 2014. He is currently the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Wu is currently the Senior Vice President, Chief Government Affairs Officer, General Manager of Regional Organization North of Siemens Ltd., China. Mr. Wu obtained his bachelor's degree in economics in the Capital University of Economics and Trade in Beijing. He started his career in the university as an assistant professor. In 1988, Mr. Wu joined the then Beijing representative office of Siemens as an assistant manager in finance and administration and was seconded to Germany for further management training in headquarters of Siemens in 1992. Since his return to Siemens Ltd., China in 1993, he had participated in business development in the PRC, Korea, Taiwan and the United States of America. In 2007, Mr. Wu was appointed the senior vice president of Siemens Ltd., China and took over the current position since 2010.

Xie Ming

Mr. Xie Ming, aged 59, was appointed as an Independent Non-executive Director of the Company in August 2014. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. Mr. Xie is currently the chairman and legal representative of 瀘州老窖股份有限公司 (Luzhou Laojiao Co., Ltd*) whose shares are listed on the Shenzhen Stock Exchange (Stock code: 000568), the chairman of the board of 瀘州老窖集團有限責任公司 (Luzhou Laojiao Group Co., Limited*), which is the controlling shareholder of Luzhou Laojiao Co., Ltd, the chairman of 瀘州老窖國際發展（香港）有限公司 (Luzhou Laojiao International Development (Hong Kong) Co., Limited), which is a controlling subsidiary of Luzhou Laojiao Co., Ltd. He is also a deputies of The National People's Congress of Sichuan province. Mr. Xie had been working at managerial positions for various companies in the areas of chemical engineering, mechanical engineering and foreign trading. Mr. Xie had also served various positions as member of the standing committee and secretary of commission of the government department in Luzhou province. Mr. Xie received his Executive Master of Business Administration degree from the Tsinghua University in June 2010 and a Master of Business Administration degree from the Sichuan University in June 2006.

SENIOR MANAGEMENT

Lam Ka Tak

Mr. Lam Ka Tak, aged 33, is the Chief Financial Officer and Company Secretary of the Group. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lam received his Master of Business Administration degree from the University of Hong Kong and Bachelor of Arts with Honours degree in Accountancy from the Hong Kong Polytechnic University. Prior to joining the Company in 2010, he had more than seven years' experience working in international accounting firms.

Wan Ji Ming

Mr. Wan Ji Ming, aged 46, is the Director of Technique Global Operation Centre of the Group and the General Manager of Jiangsu Golden Harbour Enterprises Limited. Mr. Wan graduated from the Jiangsu Industry College with a Bachelor's degree of mechanical engineering. Mr. Wan has over twenty years of experience in the power tool industry. Mr. Wan joined the Group in December 2001.

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 19 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 39.

The Directors do not recommend the payment of any dividend for the year.

MAJOR SUPPLIERS AND CUSTOMERS

The largest and the top five suppliers of the Group accounted for approximately 33% and 41% respectively of the Group's total purchase for the year.

In 2014, our largest customer accounted for 15% of the Group's total revenue (2013: 17%). The five largest customers' combined contribution to total revenue has decreased from 38% to 31% in the current year.

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 a beneficial interest in any of the Group's five largest suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

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

DISTRIBUTABLE RESERVES

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. As at 31 December 2014, the Company's reserves available for distribution amounted to HK$792,847,000 which consisted of share premium of HK$1,030,370,000 net of accumulated losses of HK$237,523,000.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the consolidated financial statements.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

DIRECTORS

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

Executive Directors

Mr. Zhu Shi Xing *(Chairman)*	*(appointed on 23 September 2014)*
Mr. Zhang Jing Ming *(Chief Executive Officer)*	*(appointed on 23 September 2014)*
Mr. Wang Zheng Chun	
Mr. Hu Xiao Yong	*(appointed on 23 September 2014)*
Mr. Gu Shan Chao	*(appointed on 26 September 2014)*
Mr. Liu Xue Heng	*(appointed on 26 September 2014)*
Mr. Zheng Wei Chong	*(resigned on 23 September 2014)*
Mr. Liu Hoi Keung	*(resigned on 23 September 2014)*
Mr. Xu Wen Cong	*(resigned on 26 September 2014)*
Mr. Cheung Man	*(resigned on 26 September 2014)*
Mr. Dong Qi	*(appointed on 23 September 2014 and resigned on 6 February 2015)*
Mr. Xu Guang Yu	*(appointed on 23 September 2014 and resigned on 6 February 2015)*

Independent Non-executive Directors

Mr. Wu Yong Xin	*(appointed on 23 September 2014)*
Mr. Tse, Man Kit, Keith	*(appointed on 23 September 2014)*
Mr. Xie Ming	*(appointed on 18 August 2014)*
Mr. Ang Siu Lun, Lawrence	*(resigned on 23 May 2014)*
Mr. Ma Kwai Yuen	*(resigned on 23 September 2014)*
Mr. Ho Hao Veng	*(resigned on 10 November 2014)*

In accordance with Article 108 of the Company's Articles of Association, Mr. Wang Zhen Chun will retire by rotation and, being eligible, offer himself for re-election at the forthcoming annual general meeting. Pursuant to the Article 112 of the Company's Articles of Association, Mr. Zhu Shi Xing, Mr. Zhang Jing Ming, Mr. Hu Xiao Yong, Mr. Gu Shan Chao, Mr. Liu Xue Heng, Mr. Xie Ming, Mr. Wu Yong Xin and Mr. Tse, Man Kit, Keith will hold office only until the forthcoming annual general meeting and, being eligible, offer themselves for election.

The Company and each Independent Non-executive Director have entered into a letter of appointment for a term of 3 years, subject to retirement by rotation in accordance with the Articles of Association of the Company.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company, its holding 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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2014, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions

Ordinary shares of HK$0.10 each of the Company

Name of Director	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approx. percentage of the issued share capital of the Company
Mr. Wang Zheng Chun	Beneficial owner	10,937,500	–	10,937,500	0.12%
	Interest held by spouse	70,148,000 (Note 1)	–	70,148,000	0.77%
	Interest held by controlled corporation	378,403,000 (Note 2)	–	378,403,000	4.18%
	Interest held by controlled corporation	795,718,000 (Note 3)	–	795,718,000	8.78%
		1,255,206,500	–	1,255,206,500	13.85%

Notes:

1. Mr. Wang Zheng Chun is deemed to be interested in 70,148,000 shares, being the interests beneficially held by his spouse, Ms. Shen Ling Zhao.

2. The 378,403,000 shares are held by Grand Vision Group Limited, the entire issued share capital of which is beneficially owned by Mr. Wang Zheng Chun.

3. The 795,718,000 shares are held by Hillfame Holdings Limited, the entire issued share capital of which is beneficially owned by Mr. Wang Zheng Chun.

Other than as disclosed above, none of the Directors, nor their associates had any interests or short positions in any shares or underlying shares of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Share options

Particulars of the Company's share option scheme are set out in note 31 to the consolidated financial statements.

The following table discloses the number of share options granted to Directors of the Company outstanding at beginning and end of the year:

	At 1 January 2014	Exercised	Reclassification upon resignation	At 31 December 2014
Mr. Wang Zheng Chun	10,937,500	(10,937,500)	–	–
Mr. Zheng Wei Chong (note 1)	3,281,250	(3,281,250)	–	–
Mr. Xu Wen Cong (note 2)	3,281,250	(3,281,250)	–	–
Mr. Cheung Man (note 2)	3,281,250	(3,281,250)	–	–
Mr. Ho Hao Veng (note 3)	1,093,750	(1,093,750)	–	–
Mr. Ang Siu Lun, Lawrence (note 4)	1,093,750	(1,093,750)	–	–
Mr. Ma Kwai Yuen (note 5)	1,093,750	(1,093,750)	–	–
Mr. Liu Hoi Keung (note 1)	27,120,874	(9,444,531)	(17,676,343)	–
	51,183,374	(33,507,031)	(17,676,343)	–

Note 1: Mr. Zheng Wei Chong and Mr. Liu Hoi Keung resigned on 23 September 2014.

Note 2: Mr. Xu Wen Cong and Mr. Cheung Man resigned on 26 September 2014.

Note 3: Mr. Ho Hao Veng resigned on 10 November 2014.

Note 4: Mr. Ang Siu Lun, Lawrence resigned on 23 May 2014.

Note 5: Mr. Ma Kwai Yuen resigned on 23 September 2014.

There was no share option granted during the year.

Save as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACT

During the year, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered or existed.

SUBSTANTIAL SHAREHOLDERS

Other than as disclosed above in the section headed "Directors' interests in shares and underlying shares", as at 31 December 2014, the shareholders (other than Directors or chief executives of the Company) who had interests of 5% or more or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions

Ordinary shares of HK$0.10 each of the Company

Name of shareholder	Capacity	Number of shares beneficially held	Percentage of holding
Hillfame Holdings Limited	Beneficial owner (Note 1)	795,718,000	8.78%
Ms Shen Ling Zhao	Beneficial owner	70,148,000	0.77%
	Interest held by spouse (Note 2)	1,185,058,500	13.08%
		1,255,206,500	13.85%
Cosmic Stand International Limited	Beneficial owner (Note 3)	1,890,000,000	20.86%
BPHL Real Estate (Holdings) Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
Beijing Properties (Holdings) Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
Beijing Enterprises Real Estate (HK) Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
北京北控置業有限責任公司	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
Brilliant Bright Holdings Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%

Name of shareholder	Capacity	Number of shares beneficially held	Percentage of holding
Illumination Holdings Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
Beijing Holdings Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
Beijing Enterprises Group Company Limited	Interest held by controlled corporation (Note 3)	1,890,000,000	20.86%
Luck Gain Venture Limited	Beneficial owner	876,000,000	9.67%
Wong Cho Long	Interest held by controlled corporation (Note 4)	876,000,000	9.67%

1. These shares were beneficially owned by Hillfame Holdings Limited, the entire issued share capital of which was beneficially owned by Mr. Wang Zheng Chun.

2. Madam Shen Ling Zhao, being the spouse of Mr. Wang Zheng Chun, was deemed to be interested in 10,937,500 shares beneficially owned by Mr. Wang and the shares beneficially owned by the corporations controlled by Mr. Wang as stated in the section headed "Directors' interests in shares and underlying shares" above.

3. These shares were beneficially owned by Cosmic Stand International Limited. Cosmic Stand International Limited is wholly owned by BPHL Real Estate (Holdings) Limited which is in turn wholly owned by Beijing Properties (Holdings) Limited. Beijing Properties (Holdings) Limited is owned as to 35.81% by Beijing Enterprises Real Estate (HK) Limited, 23.08% by Brilliant Bright Holdings Limited, 7.22% by Beijing Holdings Limited and 1.3% by Illumination Holdings Limited (a wholly-owned subsidiary of Beijing Holdings Limited). Beijing Enterprises Real Estate (HK) Limited is wholly owned by 北京北控置業有限責任公司 which is in turn wholly owned by Beijing Enterprises Group Company Limited. Accordingly, these companies are deemed to be interested in the 1,890,000,000 shares to beneficially owned by Cosmic Stand International Limited under the SFO.

4. Luck Gain Venture Limited is wholly owned by Mr. Wong Cho Long. Accordingly, Mr. Wong Cho Long was deemed to be interested in all the shares of the Company beneficially owned by Luck Gain Venture Limited under the SFO.

Other than as disclosed above and in the section headed "Directors' interests in shares and underlying shares", as at 31 December 2014, the Company has not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

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 recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees. Details of the scheme is set out in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2014.

CONNECTED TRANSACTIONS

During the year, the Group has entered into the following connected transactions:

(a) On 21 November 2014, United Win International Corporation ("United Win", a wholly-owned subsidiary of the Company), Jingjun Global Limited ("Jingjun", a company wholly owned by Mr. Wang Zheng Chun ("Mr. Wang")), the Company and Mr. Wang entered into a sale and purchase agreement (the "Disposal Agreement"), pursuant to which United Win agreed to sell and Jingjun agreed to purchase the entire issued share capital of World Wisdom Industrial Limited (together with its subsidiaries, the "Disposal Group") for a total consideration of HK$668,900,000 (the "Disposal").

Pursuant to the Disposal Agreement, Jingjun shall provide or procure the provision of the working capital as needed for the Disposal Group in the PRC from the date of the Disposal Agreement up to the date of completion of the Disposal by way of a loan to the Disposal Group at the interest rate of 95% of RMB short-term (within 6 months) lending rate determined by the People's Bank of China from time to time.

Prior to completion of the Disposal, Mr. Wang will enter into a counter indemnity in favour of Shanghai Zhuanfeng Property Development Limited* (上海顓峰房地產發展有限公司) ("Shanghai Zhuanfeng", a wholly-owned subsidiary of the Company) to provide an indemnity for, among others, all demands, claims, liabilities, losses, costs and expenses which Shanghai Zhuanfeng may incur in connection with the guarantee (the "Guarantee") given by Shanghai Zhuanfeng in favour of China Construction Bank Corporation ("CCB") on 2 July 2013 for a loan in the sum of RMB220 million granted to Jiangsu Zhuanfeng Properties Limited* (江蘇顓峰置業有限公司), a member of the Disposal Group, by CCB for a term commencing from 2 July 2013 to 1 July 2016.

Details of the Disposal Agreement, the Guarantee and the transactions contemplated thereunder have been set out in the announcement and circular of the Company dated 23 November 2014 and 31 December 2014 respectively.

Mr. Wang Zheng Chun is an executive Director and a substantial shareholder of the Company. Jingjun is an associate of Mr. Wang as defined under Rule 14A.07(4) of the Listing Rules and is therefore a connected person of the Company. Accordingly, the Disposal Agreement, the provision of financial assistance under the Guarantee and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The independent non-executive Directors considered that (i) the entering into of the Disposal Agreement and the performance of the transactions contemplated thereunder; and (ii) the performance of the transactions contemplated under the Guarantee after the completion of the Disposal are in the interests of the Company and its shareholders as a whole, and the terms of the Disposal Agreement and the Guarantee are on normal commercial terms and are fair and reasonable.

At an extraordinary general meeting of the Company held on 19 January 2015, the independent shareholders have passed the relevant resolutions approving and ratifying the Disposal Agreement, the Guarantee and the transactions contemplated thereunder.

On 27 February 2015, a supplemental agreement was entered into between the parties to extend the long stop date from 28 February 2015 to 30 April 2015 for the purpose of fulfilling the conditions precedent to the Disposal Agreement. Upon the fulfillment of all the conditions precedent and completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company.

(b) The Group entered into certain transactions with parties regarded as "related parties under the applicable accounting standards. Details of the related party transactions entered into the Group during the year are disclosed in note 36 to the consolidated financial statements. Those transactions also constitute connected transactions of the Company but are exempt from reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

AUDITORS

Messrs Deloitte Touche Tohmatsu has resigned as auditors of the Company with effect from 12 January 2015 and Messrs Ernst & Young has been appointed as the new auditors of the Company to fill the casual vacancy. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Ernst & Young as auditors of the Company.

SUBSEQUENT EVENTS

Details of the significant events of the Group after the reporting period are set out in note 40 to the financial statements.

On behalf of the Board

Zhu Shi Xing
Chairman

27 March 2015

EY 安永

Independent auditors' report
TO THE SHAREHOLDERS OF GENVON GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Genvon Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 108, which comprise the consolidated and company statements of financial position as at 31 December 2014, and 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 disclosure requirements of 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.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 auditors' judgement, 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 auditors consider internal control relevant to the entity's preparation of 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 December 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 disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
27 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2014

	Notes	**2014 HK$'000**	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
Revenue	5	**336,656**	259,007
Cost of sales		**(278,501)**	(161,176)
Gross profit		**58,155**	97,831
Other income	5	**3,834**	6,429
Other (losses)/gains, net	5	**(5,933)**	22,426
Impairment loss	7	**(249,315)**	–
Selling and distribution expenses		**(5,439)**	(8,333)
Administrative expenses		**(25,210)**	(22,233)
Finance costs	8	**–**	(524)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**(223,908)**	95,596
Income tax expense	11	**(13,052)**	(56,820)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(236,960)**	38,776
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	13	**67,053**	51,850
(LOSS)/PROFIT FOR THE YEAR		**(169,907)**	90,626
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent period			
Exchange differences on translation of foreign operations		**(2,450)**	12,478
Release of exchange fluctuation reserve upon disposal of assets classified as held for sale		**–**	1,891
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(2,450)**	14,369
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(172,357)**	104,995

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
(Loss)/profit attributable to:			
Owners of the parent	12	**(174,565)**	94,120
Non-controlling interests		**4,658**	(3,494)
		(169,907)	90,626
Total comprehensive (loss)/income attributable to:			
Owners of the parent	12	**(176,330)**	102,209
Non-controlling interests		**3,973**	2,786
		(172,357)	104,995
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	15		
Basic			
– For (loss)/profit for the year		**HK(5.66) cents**	HK4.45 cents
– For (loss)/profit from continuing operations		**HK(7.84) cents**	HK2.00 cents
Diluted			
– For (loss)/profit for the year		**HK(5.66) cents**	HK4.41 cents
– For (loss)/profit from continuing operations		**HK(7.84) cents**	HK1.98 cents

Details of the dividends payable and proposed for the year are disclosed in note 14 to the consolidated financial statements.

Consolidated Statement of Financial Position

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**1,233**	31,360
Investment properties	17	**66,333**	26,734
Intangible assets	18	**–**	2,595
Deferred tax assets	20	**21,987**	24,532
Total non-current assets		**89,553**	85,221
CURRENT ASSETS			
Inventories	21	**–**	22,720
Properties under development	22	**–**	1,276,941
Properties held for sale	23	**70,499**	182,433
Trade and bills receivables	24	**–**	32,317
Prepayments, deposits and other receivables	25	**10,270**	185,662
Cash and cash equivalents	26	**1,093,476**	201,772
		1,174,245	1,901,845
Assets of disposal groups classified as held for sale	13	**1,697,541**	–
Total current assets		**2,871,786**	1,901,845
CURRENT LIABILITIES			
Trade payables	27	**15,624**	101,314
Other payables and accruals	28	**90,230**	336,678
Loans from a related company	36(b)	**–**	4,578
Tax payable		**103,324**	122,346
		209,178	564,916
Liabilities directly associated with the assets classified as held for sale	13	**819,470**	–
Total current liabilities		**1,028,648**	564,916
NET CURRENT ASSETS		**1,843,138**	1,336,929
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,932,691**	1,422,150
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	**–**	4,190
Interest-bearing bank and other borrowings	29	**–**	491,526
Deferred income		**–**	25,251
Total non-current liabilities		**–**	520,967
Net assets		**1,932,691**	901,183

Consolidated Statement of Financial Position

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
EQUITY			
Equity attributable to the owners of the parent			
Share capital	30	**906,180**	423,134
Reserves	32(a)	**817,340**	272,851
		1,723,520	695,985
Non-controlling interests		**209,171**	205,198
Total equity		**1,932,691**	901,183

Zhu Shi Xing
Director

Gu Shan Chao
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

		Attributable to owners of the parent										
	Notes	Share capital HK$'000 (note 30)	Share premium account HK$'000	Share option reserve HK$'000 (note 32)	Merger reserve HK$'000 (note 32)	Warrant reserve HK$'000	Exchange fluctuation reserve HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013		422,477	301,030	12,459	800	–	53,404	710	(198,781)	592,099	202,412	794,511
Profit/(loss) for the year		–	–	–	–	–	–	–	94,120	94,120	(3,494)	90,626
Other comprehensive income for the year:												
Exchange differences on translation of foreign operation		–	–	–	–	–	6,198	–	–	6,198	6,280	12,478
Disposal of assets classified as held for sale		–	–	–	–	–	1,891	–	–	1,891	–	1,891
Total comprehensive income for the year		–	–	–	–	–	8,089	–	94,120	102,209	2,786	104,995
Issue of warrants		–	–	–	–	290	–	–	–	290	–	290
Equity-settled share option arrangements	31	–	–	9	–	–	–	–	–	9	–	9
Transfer to share option reserve upon the forfeiture or expiry of share options		–	–	(267)	–	–	–	–	267	–	–	–
Release on disposal of assets classified as held for sale		–	–	–	–	–	–	(710)	710	–	–	–
Issue of shares upon exercise of share options	31	657	1,614	(893)	–	–	–	–	–	1,378	–	1,378
At 31 December 2013		423,134	302,644*	11,308*	800*	290*	61,493*	–*	(103,684)*	695,985	205,198	901,183
At 1 January 2014		**423,134**	**302,644**	**11,308**	**800**	**290**	**61,493**	**-**	**(103,684)**	**695,985**	**205,198**	**901,183**
(Loss)/profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(174,565)**	**(174,565)**	**4,658**	**(169,907)**
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operation		**-**	**-**	**-**	**-**	**-**	**(1,765)**	**-**	**-**	**(1,765)**	**(685)**	**(2,450)**
Total comprehensive (loss)/income for the year		**-**	**-**	**-**	**-**	**-**	**(1,765)**	**-**	**(174,565)**	**(176,330)**	**3,973**	**(172,357)**
Issue of shares upon exercise of warrants	30	**40,000**	**48,290**	**-**	**-**	**(290)**	**-**	**-**	**-**	**88,000**	**-**	**88,000**
Issue of shares upon subscription of new shares	30	**40,000**	**88,050**	**-**	**-**	**-**	**-**	**-**	**-**	**128,050**	**-**	**128,050**
Issue of shares upon placing	30	**398,400**	**579,556**	**-**	**-**	**-**	**-**	**-**	**-**	**977,956**	**-**	**977,956**
Issue of shares upon exercise of share options	31	**4,646**	**11,830**	**(6,617)**	**-**	**-**	**-**	**-**	**-**	**9,859**	**-**	**9,859**
At 31 December 2014		**906,180**	**1,030,370***	**4,691***	**800***	**-***	**59,728***	**-***	**(278,249)***	**1,723,520**	**209,171**	**1,932,691**

* These reserve accounts comprise the consolidated other reserves of HK$817,340,000 (2013: HK$272,851,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax:			
From continuing operations		**(223,908)**	95,596
From a discontinued operation		**76,623**	51,850
Adjustments for:			
Finance costs		**–**	3,221
Interest income		**(2,194)**	(1,676)
Amortisation of intangible assets	18	**1,119**	2,812
Depreciation	16	**3,904**	5,040
Recognition of prepaid lease payments		**–**	642
(Gain)/loss on disposal of items of property, plant and equipment		**(2,244)**	30
Gain on disposal of assets classified as held for sale	5	**–**	(4,067)
Fair value loss/(gain) on investment properties	5	**5,933**	(15,158)
Gain on resumption of land and relocation of production facilities	13	**(74,638)**	(63,498)
Impairment loss	7	**249,315**	–
Equity-settled share option expense	31	**–**	9
		33,910	74,801
Decrease in inventories		**5,237**	1,405
Decrease/(increase) in trade and bills receivables and other receivables		**126,114**	(91,086)
Decrease/(increase) in properties under development		**199,223**	(313,700)
(Increase)/decrease in properties held for sale		**(590,765)**	142,217
Increase/(decrease) in trade payables		**177,651**	(135,691)
Increase in other payables and accruals		**298**	2,759
(Decrease)/increase in deposits received from pre-sale of properties		**(161,188)**	242,710
Cash used in operations		**(209,520)**	(76,585)
Mainland of the People's Republic of China ("Mainland China" or the "PRC") corporate income tax paid		**(35,983)**	(46,694)
Land appreciation tax paid		**(6,781)**	(10,558)
Net cash flows used in operating activities		**(252,284)**	(133,837)

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Compensation received from government for the resumption of land and relocation of production facilities		**75,777**	135,056
Proceeds from disposal of assets classified as held for sale	13	**–**	8,973
Receipt in advance arising from disposal groups classified as held for sale	13	**60,000**	–
Interest received		**2,194**	1,676
Purchase of items of property, plant and equipment	16	**(744)**	(3,794)
Other relocation costs	13	**(1,139)**	(1,308)
Purchase of intangible assets and development costs paid	18	**(115)**	(832)
Proceeds from disposal of items of property, plant and equipment		**2,685**	–
Net cash flows from investing activities		**138,658**	139,771
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank and other borrowings		**75,777**	394,589
Issue of shares upon exercise of share options	30	**9,859**	1,378
Issue of shares upon exercise of warrants	30	**88,000**	290
Issue of shares upon subscription of new shares	30	**128,050**	–
Issue of shares upon placing	30	**978,570**	–
Repayments of interest-bearing bank and other borrowings		**(185,568)**	(223,154)
Repayments of loans from a related company		**(4,456)**	(59,501)
Interest paid		**(31,971)**	(46,234)
Net cash flows from financing activities		**1,058,261**	67,368
NET INCREASE IN CASH AND CASH EQUIVALENTS		**944,635**	73,302
Cash and cash equivalents at beginning of year		**201,772**	123,251
Effect of foreign exchange rate changes, net		**(1,168)**	5,219
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,145,239**	201,772
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	26	**1,093,476**	201,772
Cash and cash equivalents attributable to disposal groups classified as held for sales	13	**51,763**	–
Cash and cash equivalents as stated in the consolidated statement of cash flows		**1,145,239**	201,772

Statement of Financial Position

Year ended 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**387**	530
Investments in subsidiaries	19	**38,612**	245,572
Total non-current assets		**38,999**	246,102
CURRENT ASSETS			
Due from subsidiaries	19	**695,734**	421,522
Prepayments, deposits and other receivables	25	**693**	35
Cash and cash equivalents	26	**1,033,176**	102
Total current assets		**1,729,603**	421,659
CURRENT LIABILITIES			
Other payables and accruals	28	**65,084**	2,232
Total current liabilities		**65,084**	2,232
NET CURRENT ASSETS		**1,664,519**	419,427
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,703,518**	665,529
Net assets		**1,703,518**	665,529
EQUITY			
Share capital	30	**906,180**	423,134
Reserves	32(b)	**797,338**	242,395
Total equity		**1,703,518**	665,529

Zhu Shi Xing
Director

Gu Shan Chao
Director

1. CORPORATE INFORMATION

Genvon Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 April 2002. The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, Grand Cayman, British West Indies.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- Property development
- Manufacturing and trading of power tools

As part of the resources consolidation measures, the Group intends to dispose of its manufacturing and trading of power tools business, and a residential and commercial property development project under the name of Star Bay* (星湖灣) in Haian County for the purpose of more efficient use of the funds of the Group. On 21 November 2014, United Win International Corporation ("United Win"), a wholly owned subsidiary of the Company, entered into a disposal agreement (the "Disposal Agreement") with Jingjun Global Limited ("Jingjun Global"), a company wholly owned by Mr. Wang Zheng Chun ("Mr. Wang"), an executive director of the Company. Pursuant to the Disposal Agreement, United Win agreed to sell and Jingjun Global agreed to purchase the entire issued share capital of World Wisdom Industrial Limited ("World Wisdom"), a company wholly owned by the Company through United Win, at a total consideration of HK$668,900,000 (the "Disposal"). The Disposal is subject to the completion of a reorganisation pursuant to which the entire issued share capital of certain companies wholly owned by United Win (the "Reorgnisation Companies") would be transferred to World Wisdom (the "Reorganisation"). Upon the completion of the Reorganisation, the Reorganisation Companies would become directly and wholly owned subsidiaries of World Wisdom. World Wisdom and the Reorganisation Companies are collectively referred to as the "Disposal Groups". Further details of the Disposal are set out in the announcement of the Company dated 23 November 2014 and the circular of the Company dated 30 December 2014.

The Reorganisation was completed on 31 January 2015 and the Disposal has not been completed at the date of approval of these financial statements.

In the opinion of the directors, as at 31 December 2014, the major shareholder of the Company is Beijing Properties (Holdings) Limited ("BPHL"), which is incorporated in Bermuda, ultimately held by Beijing Enterprises Group Company Limited and the shares of which are listed on the Main Board of the Stock Exchange.

2.1 BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. Disposal Groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 2.4. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

* *For identification purpose only*

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)–Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments have had no impact on the financial position or performance of the Group as the impairment being recognised during the year is for the assets outside the scope of HKAS36.

(d) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(e) HK(IFRIC)–Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as no levy was imposed on the Group.

(f) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(g) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(h) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014

2 Effective for annual periods beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2017

4 Effective for annual periods beginning on or after 1 January 2018

5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group.

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

2.3 NEW AND REVISED HKFRSS AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED (Continued)

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The amendments to HKAS 1 include narrow-focus improvements in the following five areas: materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, presentation of items of other comprehensive income arising from equity accounted investments. The Group expects to adopt amendments to HKAS 1 on 1 January 2016 and is currently assessing the impact of amendments to HKAS 1 upon adoption.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS *8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are stated at cost less any impairment losses.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value measurement (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, properties held for sale, deferred tax assets, financial assets, investment properties and assets of disposal groups classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(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).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the shorter of lease term and their estimated useful lives ranging from 20 to 50 years
Plant and machinery	10%
Moulds	20%
Leasehold improvements, furniture and fixtures	20%-33⅓%
Computer equipment	20%
Motor vehicles	20%-33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal groups must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives ranging form 5 to 15 years.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other gains and losses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other gains and losses in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings and loans from a related company.

Subsequent measurement

The subsequent measurement of financial liabilities is as follows:

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreements, and the collectability of related receivables is reasonably assured; and

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) rental income, on a time proportion basis over lease terms; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants under the share option scheme is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and 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.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs (Continued)

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 15% has been applied to the expenditure on the individual assets.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of all subsidiaries operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of all subsidiaries operating in Mainland China which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Estimation uncertainty

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

Impairment on property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The review comprises a comparison of the carrying amount and recoverable amount of the property, plant and equipment and intangible assets and hence involves consideration of the value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit as a whole and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

No impairment loss on property, plant and equipment and intangible assets was recognised for the year ended 31 December 2014 (2013: Nil). As at 31 December 2014, the carrying amounts of property, plant and equipment and intangibles assets are HK$1,233,000 (2013: HK$31,360,000) and nil (2013: HK$2,595,000), respectively.

Write-down of properties under development and properties held for sale

Included on the face of the consolidated statement of financial position or in the assets of disposal groups classified as held for sale at 31 December 2014 are properties under development and properties held for sale with aggregate carrying amounts of approximately HK$914,042,000 (2013: HK$1,276,941,000) and HK$674,442,000 (2013: HK$182,433,000), respectively, as disclosed in notes 13, 22 and 23 to the financial statements. Management assessed the recoverability of the amount based on an estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analyses of the current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and a forecast of future sales based on a zero growth rate of the property price. If the actual net realisable values of the underlying properties are less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material write-down on properties under development and properties held for sale may result.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Land Appreciation Tax ("LAT")

PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including the borrowing costs and all property development expenditure. The subsidiaries engaging in the property development business in the PRC are subject to LAT, which has been included in the income tax expenses. However, the Group has not finalised its LAT returns with the local tax authority. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax expense and provisions for LAT in the period in which such determination is made.

Deferred tax assets

As at 31 December 2014, deferred tax assets of HK$25,873,000 (2013: HK$24,532,000) have been recognised in the consolidated statement of financial position in relation to the LAT provision. The Group has not recognised any deferred tax assets in relation to unused tax losses of certain group entities. The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more or less than expected, a material deferred tax asset may be recognised or reversed, which would be credited to profit or loss in the consolidated statement of profit or loss and other comprehensive income for that year.

Fair value measurements and valuation processes

The Group's investment properties are measured at fair value for financial reporting purposes.

In estimating the fair value of the investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, management establish the appropriate valuation technique and inputs to the model.

The Group uses valuation technique that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 17 provides detailed information about the valuation technique, input and key assumptions used in the determination of the fair value of the investment properties.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one single operating and reportable segment from continuing operations, which is property development in Mainland China. All of the Group's operating results from the continuing operations are generated from this single segment. During the year, the Group's non-current assets were substantially located in Mainland China.

Information about major customers

During the year, there was no revenue from sales from continuing operations to an external customer accounted for 10% or more of the Group's revenue (2013: Nil).

5. REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, net of business tax.

An analysis of revenue, other income and other (losses)/gains, net from continuing operations is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Revenue:		
Sales of properties	**336,656**	259,007
Other income:		
Bank interest income	**1,559**	1,478
Sundry income	**1,206**	4,577
Rental income	**1,069**	374
	3,834	6,429
Other (losses)/gains, net:		
Foreign exchange differences, net	**–**	3,201
Gain on disposal of subsidiaries	**–**	4,067
Change in fair value of investment properties (note 17)	**(5,933)**	15,158
	(5,933)	22,426

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax from continuing operations is arrived at after charging/(crediting):

	Notes	Group 2014 HK$'000	Group 2013 HK$'000 (Restated)
Cost of properties sold		**278,501**	161,176
Depreciation		**900**	709
Minimum lease payments under operating leases in respect of land and buildings		**978**	1,504
Auditors' remuneration		**2,039**	2,041
Employee benefit expense (excluding directors' and chief executive's remuneration) (note 9):			
Wages and salaries		**5,743**	5,598
Equity-settled share option expense		**–**	9
Pension scheme contributions (defined contribution scheme)		**923**	921
Less: Amount capitalised		**(83)**	(83)
Net pension scheme contributions*		**840**	838
Foreign exchange differences, net		**909**	(3,201)
Impairment loss on properties under development and properties held for sale	7	**249,315**	–
Changes in fair value of investment properties	17	**5,933**	(15,158)
Rental income on investment properties		**(1,069)**	(374)

* At 31 December 2014, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2013: Nil).

7. IMPAIRMENT LOSS

The impairment loss during the year is attributable to the write down of the carrying amounts of properties under development of HK$196,501,000 and properties held for sale of HK$52,814,000 in Haian County, Jiangsu Province, the PRC, to their net realisable value. These assets have been classified as held for sale at 31 December 2014.

8. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
		(Restated)
Interest on bank and other borrowings wholly repayable within five years	**31,971**	40,806
Less: Interest capitalised	**(31,971)**	(40,282)
	–	524

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and the chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Fees	**919**	519
Other emoluments:		
Salaries, allowances and benefits in kind	**3,245**	4,194
Performance related bonuses	**–**	–
Equity-settled share option expense	**–**	–
Pension scheme contributions	**129**	149
	3,374	4,343
	4,293	4,862

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 31 to the financial statements.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014				
Independent non-executive directors:				
Mr. Ho Hao Veng (ii)	**172**	**–**	**–**	**172**
Mr. Ang Siu Lun, Lawrence (iii)	**75**	**–**	**–**	**75**
Mr. Ma Kwai Yuen (iv)	**250**	**–**	**–**	**250**
Mr. Wu Yong Xin (v)	**33**	**–**	**–**	**33**
Mr. Tse, Man Kit, Keith (v)	**33**	**–**	**–**	**33**
Mr. Xie Ming (vii)	**50**	**–**	**–**	**50**
	613	**–**	**–**	**613**
2013				
Independent non-executive directors:				
Mr. Ho Hao Veng	173	–	–	173
Mr. Ang Siu Lun, Lawrence	173	–	–	173
Mr. Ma Kwai Yuen	173	–	–	173
	519	–	–	519

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014				
Executive directors:				
Mr. Wang Zheng Chun (viii)	**36**	**1,053**	**51**	**1,140**
Mr. Xu Wen Cong (xi)	**–**	**500**	**61**	**561**
Mr. Xu Guang Yu (x)	**36**	**–**	**–**	**36**
Mr. Zheng Wei Chong (iv)	**–**	**270**	**–**	**270**
Mr. Cheung Man (xi)	**–**	**405**	**12**	**417**
Mr. Liu Hoi Keung (iv)	**–**	**844**	**–**	**844**
Mr. Zhang Jing Ming (ix)	**45**	**–**	**–**	**45**
Mr. Zhu Shi Xing (vi)	**45**	**–**	**–**	**45**
Mr. Gu Shan Chao (xii)	**36**	**–**	**–**	**36**
Mr. Liu Xue Heng (xii)	**36**	**–**	**–**	**36**
Mr. Hu Xiao Yong (v)	**36**	**–**	**–**	**36**
Mr. Dong Qi (x)	**36**	**173**	**5**	**214**
	306	**3,245**	**129**	**3,680**
2013				
Executive directors:				
Mr. Wang Zheng Chun	–	1,443	59	1,502
Mr. Xu Wen Cong	–	646	70	716
Mr. Zhang Xiu He (i)	–	50	5	55
Mr. Zheng Wei Chong	–	390	–	390
Mr. Cheung Man	–	540	15	555
Mr. Liu Hoi Keung	–	1,125	–	1,125
	–	4,194	149	4,343

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2013: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

Notes:

(i) Resigned on 7 February 2013

(ii) Resigned on 10 November 2014

(iii) Resigned on 23 May 2014

(iv) Resigned on 23 September 2014

(v) Appointed on 23 September 2014

(vi) Appointed on 23 September 2014 and elected as the Chairman of the Board on 6 February 2015

(vii) Appointed on 18 August 2014

(viii) Resigned as the chief executive officer of the Company on 23 September 2014 and resigned from the position of the Chairman of the Board but continued to hold the office of executive director on 6 February 2015

(ix) Appointed as the chief executive officer of the Company on 23 September 2014

(x) Appointed on 23 September 2014 and resigned on 6 February 2015

(xi) Resigned on 26 September 2014

(xii) Appointed on 26 September 2014

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors and chief executive (2013: four directors and chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining two (2013: one) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Salaries and allowance and benefits in kind	**1,431**	726
Pension scheme contributions	**29**	15
	1,460	741

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2014	2013
Nil to HK$1,000,000	**2**	1

11. INCOME TAX

	Group 2014 HK$'000	2013 HK$'000 (Restated)
Group:		
Current		
PRC corporate income tax ("CIT")	**9,081**	27,405
PRC land appreciation tax ("LAT")	**5,679**	33,718
	14,760	61,123
Deferred (note 20)	**(1,708)**	(4,303)
Total tax charge for the year	**13,052**	56,820

Hong Kong profits tax

During the year ended 31 December 2014, no Hong Kong profits tax had been provided as there were no assessable profits arising in Hong Kong during the year or the Group had available tax losses brought forward from prior years to offset the assessable profits generated during the year (2013: Nil).

CIT

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25%.

LAT

PRC land appreciation tax is levied at progressive rates ranging from 30% to 50% on the appreciation of the land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures in accordance with the relevant PRC tax laws and regulations.

A reconciliation of the tax expense applicable to (loss)/profit before tax from continuing operations at the statutory rates for jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2014 HK$'000	2013 HK$'000 (Restated)
(Loss)/profit before tax from continuing operations	**(223,908)**	95,596
Tax at the statutory tax rate	**(44,345)**	23,899
Expenses not deductible for tax	**2,081**	8,301
Income not subject to tax	**(5,641)**	(3,446)
Tax losses and deductible temporary differences not recognised	**62,377**	2,777
Utilisation of tax losses previously not recognised	**(5,679)**	–
LAT	**5,679**	33,718
Tax effect of LAT	**(1,420)**	(8,429)
Tax charge at the Group's effective rate	**13,052**	56,820

12. LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated loss attributable to owners of the parent for the year ended 31 December 2014 includes a loss of HK$9,956,000 (2013: a loss of HK$7,409,000), which was arrived at after excluding intercompany expenses totalling HK$155,920,000 (2013: Nil) from the Company's loss of HK$165,876,000 (2013: a loss of HK$7,409,000), and has been dealt with in the financial statements of the Company (note 32(b)).

13. DISCONTINUED OPERATION AND DISPOSAL GROUPS

On 23 November 2014,the Company announced the decision of its board of directors to dispose of the Disposal Groups, as detailed in note 1 to the financial statements. The Disposal Groups engage in business of manufacturing and trading of power tools and part of property development. The Group has decided to cease its manufacturing and trading of power tools business because it plans to focus its resources on its property development business. As at the end of the reporting period, the Disposal was in progress. The entire Disposal Groups were classified as disposal groups held for sale. The manufacturing and trading of power tools business, which is part of the Disposal Groups, was classified as a discontinued operation and it is no longer included in the note for operating segment information.

The results of the manufacturing and trading of power tools business for the year are presented below:

	2014 HK$'000	2013 HK$'000
Revenue	**172,594**	183,305
Expenses	**(95,971)**	(128,758)
Finance costs	**–**	(2,697)
Profit before tax from the discontinued operation (note)	**76,623**	51,850
Income tax expenses	**(9,570)**	–
Profit for the year from the discontinued operation	**67,053**	51,850

The major classes of assets and liabilities of the Disposal Groups classified as held for sale as at 31 December are as follows:

	2014 HK$'000	2013 HK$'000
Assets		
Property, plant and equipment	**26,549**	–
Intangible assets	**223**	–
Inventories	**17,667**	–
Properties under development	**914,042**	–
Properties held for sale	**603,943**	–
Trade and bills receivables	**32,964**	–
Prepayments, deposits and other receivables	**50,390**	–
Cash and cash equivalents	**51,763**	–
Assets classified as held for sale	**1,697,541**	–
Liabilities		
Trade payables	**(251,107)**	–
Other payables and accruals	**(153,195)**	–
Interest-bearing bank and other borrowings	**(380,276)**	–
Loans from a related company	**(122)**	–
Tax payable	**(9,605)**	–
Deferred income	**(25,165)**	–
Liabilities directly associated with the assets classified as held for sale	**(819,470)**	–
Non-controlling interests	**(209,171)**	–
Net assets directly associated with the Disposal Groups	**668,900**	–

13. DISCONTINUED OPERATION AND DISPOSAL GROUPS (Continued)

The net cash flows incurred by the manufacturing and trading of power tools business are as follows:

	2014 HK$'000	2013 HK$'000
Operating activities	**20,631**	(9,086)
Investing activities	**(41,633)**	81,839
Financing activities	**–**	(53,673)
Net cash (outflow)/inflow	**(21,002)**	19,080
Earnings per share (as adjusted to reflect the share consolidation on 4 March 2015 (note 40(3)):		
Basic, from the discontinued operation	**HK2.17cents**	HK2.45cents
Diluted, from the discontinued operation	**HK2.17cents**	HK2.43cents

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	2014	2013
Profit attributable to ordinary equity holders of the parent from the discontinued operation	**HK$67,053,000**	HK$51,850,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (note 15)	**3,083,676,526**	2,115,354,110
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 15)	**3,091,441,586**	2,132,679,791

Non-recurring fair value measurements:

	2014 HK$'000	2013 HK$'000
Assets held for sale	**1,697,541**	–

Assets held for sale with a carrying amount of HK$1,698 million equal to their fair value of HK$1,698 million. The fair value measurement is categorised within level 3 of the fair value hierarchy.

The total consideration of the Disposal is HK$668,900,000, which is the fair value of the Disposal and the deposit received in advance by the Group as at 31 December 2014 is HK$60,000,000. The Disposal have been polled and agreed at the extraordinary general meeting on 19 January 2015 as detailed in note 40 to the financial statements.

13. DISCONTINUED OPERATION AND DISPOSAL GROUPS (Continued)

Note:

On 19 September 2012, Jiangsu Golden Harbour Enterprises Ltd. ("Golden Harbour") entered into a resumption and relocation agreement with the Committee of Haian Economic and Technological Development Area (the "Committee") under which Golden Harbour agreed to surrender a piece of land in Haian County, Jiangsu, together with the buildings thereon (collectively refer to the "Production Premises") to the Committee and to relocate its production facilities to other locations (the "Relocation"). The Committee agreed to compensate Golden Harbour for the resumption and relocation at the amount of RMB180,739,000 (equivalent to approximately HK$226,405,000) (the "Compensation"). Up to 31 December 2012, no part of the Compensation was received.

On 2 April 2013, Golden Harbour further entered into a supplementary agreement with the Committee, pursuant that the Committee agreed to provide additional compensation of RMB16,882,000 (equivalent to approximately HK$21,147,000) (the "Additional Compensation"). The total compensation amounted to HK$247,552,000, which shall be payable by the Committee to Golden Harbour as follows:

1. First installment of the Additional Compensation of HK$12,527,000, which was payable before 30 April 2013.

2. Second instalment of the Additional Compensation of HK$8,620,000, together with the first instalment of the Compensation of HK$135,842,000, which was payable within 10 days once the land was sold and consideration received by the Committee.

3. The last instalment of the Compensation of HK$90,563,000, payable upon the completion of the Relocation and delivery of vacant possession of the Production Premises to the Committee by Golden Harbour within 10 months from the receipt of payments described in (1) and (2).

As at 31 December 2013, Golden Harbour has fulfilled the conditions as attached in the resumption and relocation agreement, which are the completion of the Relocation, delivery of vacant possession of the Production Premises to the Committee and the surrender of land use right to the relevant PRC government authority. Part of the land was sold by the Committee and an aggregate amount of HK$147,583,000 was recognised as compensation income to profit or loss to match against the Relocation up to the year ended 31 December 2013, During the year ended 31 December 2014, Golden Harbour further received from the Committee an amount of HK$63,147,000. An amount of HK12,630,000 was received subsequently in February 2015. An aggregate amount of HK$75,777,000 was recognised as compensation income to match against the related costs for the Relocation as follows:

	2014 HK$'000	2013 HK$'000
Compensation received or receivable	**75,777**	147,583
Less:		
Carrying amount of land use right	**–**	24,218
Write-off of property, plant and equipment	**–**	58,559
Other relocation costs	**1,139**	1,308
Amount included in profit for the year from the discontinued operation	**74,638**	63,498

The directors of the Company consider that the timing of receipt of the Remaining Compensation of HK$24,192,000 from the Committee is uncertain, as the timing of putting the remaining part of land on public auction by the Committee is yet to be determined due to the uncertain market conditions in Haian County. The local government may delay or suspend the urban development planning of Haian County. Accordingly, the compensation income is recognised only up to the amounts received or the settlement of which is determined probable as at the end of the reporting period.

14. DIVIDEND

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: Nil).

15. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,083,676,526 (2013: 2,115,354,110) in issue during the year, as adjusted to reflect the share consolidation on 4 March 2015 (note40(3)).

The calculation of the diluted (loss)/earnings per share is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic (loss)/earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earnings per share are based on:

	2014 **HK$'000**	2013 HK$'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic and diluted (loss)/earnings per share calculation:		
From continuing operations	**(241,618)**	42,270
From a discontinued operation	**67,053**	51,850
	(174,565)	94,120

	2014	2013 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**3,083,676,526**	2,115,354,110
Effect of dilution – weighted average number of ordinary shares:		
Share options	**2,725,220**	2,616,165
Warrants	**5,039,840**	14,709,516
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,091,441,586***	2,132,679,791

* No adjustment has been made to the basic loss per share amounts for loss attributable to ordinary equity holders of the parent entity and loss from continuing operations attributable to those equity holders presented for the year ended 31 December 2014 in respect of a dilution because the impact of the share options and warrants outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Leasehold improvements, furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2014								
At 31 December 2013 and 1 January 2014:								
Cost	1,570	-	83,422	19,500	4,051	1,631	2,947	113,121
Accumulated depreciation	(129)	-	(59,275)	(16,807)	(3,189)	(932)	(1,429)	(81,761)
Net carrying amount	1,441	-	24,147	2,693	862	699	1,518	31,360
At 1 January 2014, net of accumulated depreciation and impairment	1,441	-	24,147	2,693	862	699	1,518	31,360
Additions	-	-	462	17	170	95	-	744
Disposals/write-off	-	-	(2)	(436)	-	(3)	-	(441)
Depreciation provided during the year	(28)	-	(1,877)	(929)	(261)	(482)	(327)	(3,904)
Assets of disposal groups classified as held for sale	(1,408)	-	(22,783)	(1,331)	(317)	(298)	(412)	(26,549)
Exchange realignment	(5)	-	53	(14)	(1)	(4)	(6)	23
At 31 December 2014, net of accumulated depreciation and impairment	-	-	-	-	453	7	773	1,233
At 31 December 2014:								
Cost	-	-	-	-	2,654	16	1,195	3,865
Accumulated depreciation	-	-	-	-	(2,201)	(9)	(422)	(2,632)
Net carrying amount	-	-	-	-	453	7	773	1,233

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group

	Buildings HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Leasehold improvements, furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2013								
At 1 January 2013:								
Cost	71,958	17	92,110	16,385	8,743	2,103	1,728	193,044
Accumulated depreciation	(11,709)	–	(67,675)	(14,706)	(7,544)	(1,162)	(1,043)	(103,839)
Net carrying amount	60,249	17	24,435	1,679	1,199	941	685	89,205
At 1 January 2013, net of accumulated depreciation and impairment	60,249	17	24,435	1,679	1,199	941	685	89,205
Additions	–	–	2	2,563	62	20	1,147	3,794
Disposals/write-off	–	(17)	(13)	–	–	–	–	(30)
Disposal upon relocation of production facilities	(58,485)	–	–	–	–	(74)	–	(58,559)
Depreciation provided during the year	(1,288)	–	(1,164)	(1,616)	(410)	(214)	(348)	(5,040)
Exchange realignment	965	–	887	67	11	26	34	1,990
At 31 December 2013, net of accumulated depreciation and impairment	1,441	–	24,147	2,693	862	699	1,518	31,360
At 31 December 2013:								
Cost	1,570	–	83,422	19,500	4,051	1,631	2,947	113,121
Accumulated depreciation	(129)	–	(59,275)	(16,807)	(3,189)	(932)	(1,429)	(81,761)
Net carrying amount	1,441	–	24,147	2,693	862	699	1,518	31,360

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company

	Leasehold improvements furniture and fixtures HK$'000
COST	2,107
At 1 January 2013:	
Additions	24
At 31 December 2013 and January 2014	2,131
Additions	137
At 31 December 2014	2,268
DEPRECIATION	
At 1 January 2013:	(1,322)
Depreciation provided during the year	(279)
At 31 December 2013 and 1 January 2014	(1,601)
Depreciation provided during the year	(280)
At 31 December 2014	(1,881)
NET CARRYING AMOUNT	
At 31 December 2014	387
At 31 December 2013	530

17. INVESTMENT PROPERTIES

	Group	
	2014	2013
	HK$'000	HK$'000
Carrying amount at 1 January	**26,734**	–
Transfer from properties held for sale	**45,478**	11,170
Net (loss)/gain from a fair value adjustment (note 5)	**(5,933)**	15,158
Exchange realignment	**54**	406
Carrying amount at 31 December	**66,333**	26,734

The Group's investment properties are situated in the PRC and are held under the long term lease.

The Group's investment properties consist of certain commercial properties in Shanghai, the PRC. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of the properties. The Group's investment properties were revalued on 31 December 2014 based on valuations performed by Greater China Appraisal Limited, independent professionally qualified appraiser, at HK$66,333,000. Each year, the Group's management decide to appoint which external appraiser to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management have discussions with the appraiser on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 34(a) to the financial statements.

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties located in the PRC	–	–	66,333	66,333

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties located in the PRC	–	–	26,734	26,734

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	**Significant unobservable inputs**	**Range or weighted average 2014**	2013
Commercial properties	Income Approach	Estimated rental value (per s.q.m. and per month)	**HK$39 to HK$91**	HK$57 to HK$90
		Rent growth (p.a.)	**5%**	5%
		Discount rate	**6%**	4%

Income Approach, in particular term and reversion method, measures the fair value of the investment properties by assuming a stabilised economic income capitalized at the capitalisation rate. The term value was estimated based on the existing rents, tenancy periods as stated in the existing lease agreements and capitalised at the capitalisation rate whilst the reversionary value was estimated based on the market price, reversionary periods estimated to be equivalent to the remaining lives of the land use rights and capitalised at an appropriate market yield expected by investors for the type of properties.

18. INTANGIBLE ASSETS

	Development costs HK$'000	Patents and licences HK$'000	Total HK$'000
COST			
At 1 January 2013	22,014	20,872	42,886
Additions	712	120	832
Disposal/write-off	(10,358)	(9,429)	(19,787)
Exchange realignment	540	216	756
At 31 December 2013 and 1 January 2014	12,908	11,779	24,687
Additions	–	115	115
Disposal/write-off	(12,817)	(9,387)	(22,204)
Assets of disposal groups classified as held for sale	–	(2,499)	(2,499)
Exchange realignment	(91)	(8)	(99)
At 31 December 2014	–	–	–
AMORTISATION AND IMPAIRMENT			
At 1 January 2013	17,994	20,451	38,445
Amortisation provided during the year	2,424	388	2,812
Disposal/write-off	(10,358)	(9,429)	(19,787)
Exchange realignment	441	181	622
At 31 December 2013 and 1 January 2014	10,501	11,591	22,092
Amortisation provided during the year	1,040	79	1,119
Disposal/write-off	(11,468)	(9,387)	(20,855)
Assets of disposal groups classified as held for sale	–	(2,276)	(2,276)
Exchange realignment	(73)	(7)	(80)
At 31 December 2014	–	–	–
NET CARRYING AMOUNT			
At 31 December 2014	–	–	–
At 31 December 2013	2,407	188	2,595

19. INVESTMENTS IN SUBSIDIARIES

	Company 2014 HK$'000	Company 2013 HK$'000
Unlisted shares, at cost	**38,612**	245,572

The amounts due from subsidiaries included in the Company's current assets of HK$695,734,000 (2013: HK$421,522,000) are unsecured, interest-free and are repayable on demand or within one year.

Particulars of the Company's principal subsidiaries as at 31 December 2014 and 2013 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
United Win International Corporation@	British Virgin Islands/ Hong Kong	Ordinary US$100	100%	–	Investment holding
World Wisdom Industrial Limited@	British Virgin Islands/ Hong Kong	Ordinary US$1	–	100%	Investment holding
安徽錦旺投資發展有限公司 (Anhui Jinwang Development Investment Company Limited*)@^	PRC/Mainland China	Registered capital RMB50,000,000	–	100%	Investment holding
南通德利佳國際貿易有限公司 (Delos International Trading Company*)@^	PRC/Mainland China	Registered capital RMB3,000,000	–	100%	Trading of power tools
Genvon Marketing Co. Ltd.	Hong Kong	Ordinary share HK$1	–	100%	Trading of power tools
江蘇鑫港企业有限公司 (Jiangsu Golden Harbour Enterprises Ltd.*)@#	PRC/Mainland China	Registered capital US$33,000,000	–	100%	Manufacture and distribution of power tools
江蘇顓峰置業有限公司 (Jiangsu Zhuanfeng Properties Company Limited*) ("Jiangsu Zhuanfeng")@^	PRC/Mainland China	Registered capital RMB56,000,000	–	70%	Development of real estate properties
上海顓峰房地產發展有限公司 (Shanghai Zhuanfeng Land and Building Development Company Limited*) ("Shanghai Zhuanfeng")@^	PRC/Mainland China	Registered capital RMB10,000,000	–	100%	Development of real estate properties

@ Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network
# Registered as a wholly-foreign-owned enterprise under PRC law
^ Registered as limited liability companies under PRC law

* The English names of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

19. INVESTMENTS IN SUBSIDIARIES (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2014	2013
Percentage of equity interest held by non-controlling interests:		
Jiangsu Zhuanfeng	**30%**	30%

	2014 **HK$'000**	2013 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Jiangsu Zhuanfeng	**4,658**	(3,494)

	2014 **HK$'000**	2013 HK$'000
Total comprehensive income for the year allocated to non-controlling interests:		
Jiangsu Zhuanfeng	**3,973**	2,786

	2014 **HK$'000**	2013 HK$'000
Accumulated balances of non-controlling interests at the reporting dates:		
Jiangsu Zhuanfeng	**209,171**	205,198

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2014 **HK$'000**	2013 HK$'000
Revenue	**210,436**	–
Profit/(loss) for the year	**15,527**	(11,648)
Total comprehensive income/(loss) for the year	**15,420**	(10,109)
Current assets	**972,102**	973,408
Non-current assets	**467**	634
Current liabilities	**(503,499)**	(243,703)
Non-current liabilities	**(215,490)**	(491,526)
Net cash flows from/(used in) operating activities	**112,846**	(225,707)
Net cash flows from investing activities	**86**	46
Net cash flows from/(used in) financing activities	**(141,762)**	263,173
Net (decrease)/increase in cash and cash equivalents	**(28,830)**	37,512

20. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

Group

	Revaluation of investment properties HK$'000
At 1 January 2013	–
Deferred tax charged to profit or loss during the year (note 11)	4,126
Exchange differences	64
At 31 December 2013 and 1 January 2014	4,190
Deferred tax credited to profit or loss during the year (note 11)	(288)
Exchange differences	(16)
Gross deferred tax liabilities at 31 December 2014	3,886

Deferred tax assets

Group

	LAT provision HK$'000
At 1 January 2013	15,488
Deferred tax credited to profit or loss during the year (note 11)	8,429
Exchange differences	615
At 31 December 2013 and 1 January 2014	24,532
Deferred tax credited to profit or loss during the year (note 11)	1,420
Exchange differences	(79)
Gross deferred tax assets at 31 December 2014	25,873

20. DEFERRED TAX (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	Group	
	2014	2013
	HK$'000	HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**21,987**	24,532
Net deferred tax liabilities recognised in the consolidated statement of financial position	**–**	(4,190)

The Group has tax losses arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of nil (2013: HK$19,376,000) that will expire in one to five years for offsetting against future taxable profits and other deductible temporary differences of nil (2013: HK$25,251,000).

Deferred tax assets have not been recognised in respect of the above items as they have arisen in subsidiaries that have been loss making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. 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 Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$260,829,000 at 31 December 2014 (2013: HK$245,216,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. INVENTORIES

	Group 2014 HK$'000	2013 HK$'000
Raw materials	**4,922**	7,415
Work in progress	**6,169**	8,885
Finished goods	**6,576**	6,420
	17,667	22,720
Less: assets of disposal groups classified as held for sale	**(17,667)**	–
	–	22,720

22. PROPERTIES UNDER DEVELOPMENT

	Group 2014 HK$'000	2013 HK$'000
Carrying amount at 1 January	**1,276,941**	660,314
Additions	**494,752**	586,933
Transfer to properties held for sale	**(656,757)**	–
Impairment during the year (note 7)	**(196,501)**	–
Exchange realignment	**(4,393)**	29,694
	914,042	1,276,941
Less: Assets of disposal groups classified as held for sale	**914,042**	–
Carrying amount at 31 December	**–**	1,276,941

The Group's properties under development are situated in the PRC and are held under long term leases.

At 31 December 2014, the Group's properties under development included in assets of disposal groups classified as held for sale with a net carrying amount of approximately HK$914,042,000 (2013: HK$1,032,101,000) were pledged to secure bank loans granted to the Group (note 29).

23. PROPERTIES HELD FOR SALE

All the properties held for sale included in assets of disposal groups classified as held for sale are stated at cost, which are situated in the PRC and are held under long term leases.

At 31 December 2014, the Group's properties held for sale included in assets of disposal groups classified as held for sale with a net carrying amount of approximately HK$603,943,000 (2013: Nil) were pledged to secure bank loans granted to the Group (note 29).

24. TRADE AND BILLS RECEIVABLES

	Group 2014 HK$'000	2013 HK$'000
Trade and bills receivables	**32,964**	32,317
Less: assets of disposal groups classified as held for sale	**(32,964)**	–
	–	32,317

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provision, is as follows:

	2014 HK$'000	2013 HK$'000
Within 1 month	**14,818**	19,033
1 to 2 months	**11,248**	10,126
2 to 3 months	**2,508**	2,950
Over 3 months	**4,390**	208
	32,964	32,317
Less: assets of disposal groups classified as held for sale	**(32,964)**	–
	–	32,317

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2014 HK$'000	2013 HK$'000
Neither past due nor impaired	**–**	32,311
Over 3 months past due	**–**	6
	–	32,317

Receivables that were neither past due nor impaired related to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the amounts were fully settled subsequent to the end of the reporting period.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments and deposits	**35,828**	162,533	**669**	35
Other receivables	**24,832**	23,129	**24**	–
	60,660	185,662	**693**	35
Less: assets of disposal groups classified as held for sale	**(50,390)**	–	**–**	–
	10,270	185,662	**693**	35

None of the above assets is either past due or impaired. The financial assets in the above balances related to receivables for which there was no recent history of default.

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**1,145,239**	201,772	**1,033,176**	102
Less: assets of disposal groups classified as held for sale	**(51,763)**	–	**–**	–
	1,093,476	201,772	**1,033,176**	102

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$60,300,000 (2013: HK$201,313,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. TRADE PAYABLES

	Group 2014 HK$'000	2013 HK$'000
Trade payable	**266,731**	101,314
Less: Liabilities directly associated with the assets classified as held for sale	**(251,107)**	–
	15,624	101,314

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014 HK$'000	2013 HK$'000
Within 1 month	**42,740**	18,402
1 to 2 months	**13,785**	35,443
2 to 3 months	**8,398**	7,800
Over 3 months	**201,808**	39,669
	266,731	101,314
Less: Liabilities directly associated with the assets classified as held for sale	**(251,107)**	–
	15,624	101,314

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Other payables	**17,347**	13,697	**641**	–
Deposits and accruals[(i)]	**70,657**	9,023	**64,443**	2,232
Deposits received from pre-sale of properties	**155,421**	313,958	**–**	–
	243,425	336,678	**65,084**	2,232
Less: Liabilities directly associated with the assets classified as held for sale	**(153,195)**	–	**–**	–
	90,230	336,678	**65,084**	2,232

Other payables are non-interest-bearing and have an average term of three months.

(i) As at 31 December 2014, a deposit of HK$60,000,000 from Mr. Wang Zheng Chun, an executive director of the Company for the disposal of the Disposal Groups was included in the deposits and accruals.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	2014 Effective interest rate (%)	2014 Maturity	2014 HK$'000	2013 Effective interest rate (%)	2013 Maturity	2013 HK$'000
Current						
Current portion of long term						
Bank loans – secured	**6.15**	**On demand**	**101,407**			–
Bank loans – guaranteed and secured	**6.15**	**On demand**	**278,869**			–
Less: Liabilities directly associated with the assets classified as held for sale			**(380,276)**			–
			–			–
Non-current						
Bank loans – secured			**–**	6.15–6.65	(i)	251,844
Bank loans – guaranteed and secured			**–**	6.15	(i)	203,511
Other loans – unsecured			**–**	15	31 January 2016	36,171
			–			491,526
Less: Liabilities directly associated with the assets classified as held for sale			**–**			–
			–			491,526

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	Group	
	2014	2013
	HK$'000	HK$'000
Analysed into:		
Bank loans and overdrafts repayable:		
In the third to fifth years, inclusive	**–**	455,355
Other borrowings repayable:		
In the third to fifth years, inclusive	**–**	36,171

Note:

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

There were breaches of bank loan agreement terms during the year ended 31 December 2014, which led to the Group subject to accelerated repayment.

The Group's bank loans included in liabilities directly associated with the assets classified as held for sale are secured by the pledge of properties under development and properties held for sale included in assets of disposal groups classified as held for sale with a net carrying amount of approximately HK$914,042,000 (2013: HK$1,032,101,000) and HK$603,943,000 (2013: Nil), respectively.

In addition, a subsidiary of the Company, which was included in the Disposal Groups, has guaranteed certain of the Group's bank loans included in liabilities directly associated with the assets classified as held for sale up to HK$278,869,000 (2013: HK$203,511,000).

30. SHARE CAPITAL

Shares

	2014	2013
	HK$'000	HK$'000
Authorised:		
10,000,000,000 (2013: 10,000,000,000) ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
9,061,796,830 (2013: 4,231,337,500) ordinary shares of HK$0.1 each	**906,180**	423,134

30. SHARE CAPITAL (Continued)

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue '000 shares	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2013	4,224,775	422,477	301,030	723,507
Exercise of share options (note 31)				
– Options granted on 6 November 2009	6,563	657	721	1,378
Transfer from share option reserve	–	–	893	893
Sub-total	6,563	657	1,614	2,271
At 31 December 2013 and 1 January 2014	4,231,338	423,134	302,644	725,778
Exercise of warrants (note c)	400,000	40,000	48,000	88,000
Transfer from warrant reserve	–	–	290	290
Sub-total	400,000	40,000	48,290	88,290
Subscription of new shares (note d)	400,000	40,000	88,050	128,050
Issue of shares upon placing (note a)	3,984,000	398,400	579,556	977,956
Exercise of share options (note 31)				
– Options granted on 7 March 2008	5,296	530	852	1,382
– Options granted on 5 May 2008	6,163	616	511	1,127
– Options granted on 6 November 2009	35,000	3,500	3,850	7,350
	46,459	4,646	5,213	9,859
Transfer from share option reserve	–	–	6,617	6,617
Sub-total	46,459	4,646	11,830	16,476
At 31 December 2014	9,061,797	906,180	1,030,370	1,936,550

30. SHARE CAPITAL (Continued)

Notes:

(a) Issue of shares upon placing

On 1 June 2014, the Company entered into a conditional placing agreement (the "Placing Agreement") with Vision Finance International Company Limited, as the placing agent to procure placees on a best effort basis for an aggregate of 3,984,000,000 new shares in the Company at the placing price of HK$0.25 per placing share. The new shares were to be issued under specific mandate which have been approved by shareholders of the Company by way of poll at the extraordinary general meeting on 31 July 2014.

On 29 August 2014, the terms of the Placing Agreement had been completed and all the 3,984,000,000 placing shares have been issued and allotted to not less than six placees at the placing price of HK$0.25 per placing share. The Company obtained a net proceeds from placing, after deducting the related expenses, of approximately HK$977,956,000 (of which HK$614,000 would be paid as placing expenses) which was applied towards the development of the existing projects of the group and/or any suitable investment(s). To the best of the directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the placees and, where applicable, his/her/its respective ultimate beneficial owners are independent third parties and not acting in concert with the connected persons of the Company; and (ii) none of the Placees has become a substantial shareholder upon completion of the placing.

(b) Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 31 to the financial statements.

(c) Warrants

On 21 January 2013, the Company entered into a conditional warrant subscription agreement (the "Warrant Subscription Agreement") with Mr. Liu Xuming, who is the Vice President of Shenzhen Agricultural Funds Management Co. Ltd. and the General Manager and the legal representative of Jiangsu Liyang Hyperion Agricultural Products Development Co. Ltd, (the "Subscriber") in relation to the subscription of a total of 400,000,000 warrants (the "Warrants") by the Subscriber at the issue price of HK$0.001 per unit of Warrants (the "Warrant Subscriptions"). The Warrants entitle the Subscriber to subscribe for in aggregate 400,000,000 shares in the Company at the subscription price of HK$0.22 per new share (subject to anti-dilutive adjustment) for a period commencing on the date falling three months after the date of issue of the Warrants and ending on the date falling 12 months after the date of issue of the Warrants. Each Warrant carries the right to subscribe for one new ordinary share in the Company. The Board considers that Warrant Subscription represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. The net proceeds from Warrant Subscription, after the deduction of the related expenses, are estimated to be approximately HK$290,000, representing a net issue price of approximately HK$0.0007 per Warrant. As at 21 January 2013 (the date when the terms of the unlisted warrants were fixed), the market closing price per share of the Company was HK$0.195.

The conditions set out in the Warrant Subscription Agreement have been fulfilled and completion of the Warrant Subscriptions took place on 29 January 2013. No Warrants were exercised during the year ended 31 December 2013.

On 29 January 2014, the holders of the warrants exercised the Warrants for 400,000,000 new shares at the subscription price of HK$0.22 per share and an aggregate consideration of HK$88,000,000 was received and applied as general working capital.

(d) Subscription of new shares

On 17 January 2014, the Company entered into a subscription agreement with Lucky Creation Limited, a company incorporated in Hong Kong and principally engaged in investment in military and network technology (the "Subscriber"), pursuant to which the Company has conditionally agreed to allot and issue up to 800,000,000 shares in the Company to the Subscriber at the subscription price of HK$0.325 per subscription share in up to two tranches, provided that the public float of the shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued shares of the Company upon completion of the subscription (the "Subscription").

The Board considers that the Subscription represents an opportunity to raise additional funds for the Company while broadening the Shareholder and capital base of the Company. As at 17 January 2014 (the date when the terms of the Subscription was fixed), the market closing price per share of the Company was HK$0.325.

The Subscriber is entitled to subscribe for all the subscription shares in one tranche of 800,000,000 subscription shares or up to two tranches of 400,000,000 subscription shares (subject to the compliance with the Public Float Requirement) each within the subscription period (the "Subscription Period") by serving a written notice to the Company.

With all the conditions precedent to the Subscription have been fulfilled on 23 July 2014, completion of the subscription of 400,000,000 subscription shares has taken place on 31 July 2014 (the "Completion Date") and 400,000,000 subscription shares were allotted and issued to the Subscriber in accordance with the terms of the subscription agreement. The net proceeds from the subscription, after deducting the related expenses, is approximately HK$128,050,000 which is intended to be used as the general working capital of the Group.

On the Completion Date, the Company had only received subscription monies for 400,000,000 Subscription Shares and had not received the subscription monies for the remaining 400,000,000 subscription shares from the Subscriber. As such, only 400,000,000 subscription shares were allotted and issued on the Completion Date.

31. SHARE OPTION SCHEME

2002 Scheme

Effective from 26 April 2002, the Company operates a share option scheme (the "2002 Scheme") for the purposes of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the 2002 Scheme include (i) any employee or proposed employee (whether full time or part time, including any executive Director but not any non-executive Director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds any equity interest; (ii) any non-executive Director or proposed non-executive Director (including independent non-executive Director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any supplier or potential supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer or potential customer of the Group or any Invested Entity; (v) any person or entity that provides or will provide research, development or other technological support to the Group or any Invested Entity; (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; and (vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (viii) any joint venture partner or business alliance that co-operates with any member of the Group or any Invested Entity in any area of business operation or development.

The maximum number of shares issuable upon exercise of the options which may be granted under the 2002 Scheme and any other share option scheme of the Company to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares as at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options.

The exercise price of the share options is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

The number and exercise price of the share options were adjusted as a result of the completion of the rights issue held on 10 August 2010.

The 2002 Scheme expired in April 2012. The provisions of the 2002 Scheme shall remain in full force and holders of all options granted under it prior to such termination shall be entitled to exercise the outstanding options pursuant to the terms of it until expiry of the said options.

31. SHARE OPTION SCHEME (Continued)

2013 Scheme

On 24 May 2013, the Company adopted a new share option scheme (the "2013 Scheme") to replace the 2002 Scheme. Upon termination of the 2002 Scheme, no share options can be granted under such scheme and holders of all share options granted under it prior to its termination shall be entitled to exercise the outstanding share options pursuant to the terms of it until expiry of such options.

The eligible participants and the terms of the 2013 Scheme is the same as 2002 Scheme. No share options was granted during the year under 2013 Scheme (2013: Nil).

The following tables summarise the movements of the Company's share options granted during the year under the 2002 Scheme. There was no share option granted prior to 18 August 2006.

	Group and Company	
	Share options outstanding	Weighted average exercise price per share HK$
Outstanding at 1 January 2013	73,027,668	0.277
Exercised	(6,562,500)	0.210
Lapsed	(2,329,495)	0.237
Outstanding at 31 December 2013	64,135,673	0.285
Exercised	(46,459,330)	0.212
Outstanding at 31 December 2014	17,676,343*	0.477

Options granted on 18 August 2006

Category	Adjusted exercise price per share HK$	Estimated fair value per share option at the date of grant HK$	Exercise period	Number of share options outstanding at 1 January 2013, 31 December 2013 and 31 December 2014
Directors	0.114	0.0319	note (i)	–
Employees	0.114	0.0330	note (ii)	–
Exercisable at the end of the year				–

Notes:

(i) The share options are exercisable one year after 18 August 2006 until 10 April 2012.

(ii) One-fifth of the share options granted to the employees will be vested annually in the next five years from 18 August 2006. Upon the lapse of the vesting period, the share options are exercisable until 10 April 2012.

31. SHARE OPTION SCHEME (Continued)

Options granted on 10 January 2008

Category	Adjusted exercise price per share HK$	Estimated fair value per share option at the date of grant HK$	Exercise period	Number of share options outstanding at 1 January 2013, 31 December 2013 and 31 December 2014
Employee	0.477	0.4648	note	17,676,343
Exercisable at the end of the year				17,676,343*

Note:

The first 8,838,172 share options will be vested in one year from 10 January 2008. The remaining 8,838,171 share options will be vested annually in the next two years from 10 January 2008. Upon the lapse of the vesting period, the share options are exercisable until 9 January 2018.

Options granted on 7 March 2008

Category	Adjusted exercise price per share HK$	Estimated fair value per share option at the date of grant HK$	Exercise period	Number of share options outstanding at 1 January 2013	Lapsed during the year	Number of share options outstanding at 31 December 2013	Exercised during the year	Number of share options outstanding at 31 December 2014
Employees	0.261	0.285	note	6,531,794	(1,235,745)	5,296,049	(5,296,049)	–
Exercisable at the end of the year						5,296,049		–

Note:

One-fifth of the share options granted to the employees will be vested annually in the next five years from 7 March 2008. Upon the lapse of the vesting period, the share options are exercisable until 6 March 2018.

31. SHARE OPTION SCHEME (Continued)

Options granted on 5 May 2008

Category	Adjusted exercise price per share HK$	Estimated fair value per share option at the date of grant HK$	Exercise period	Number of share options outstanding at 1 January 2013 and 31 December 2013	Exercised during the year	Number of share options outstanding at 31 December 2014
Employees	0.183	0.1769	note	6,163,281	(6,163,281)	–
Exercisable at the end of the year				6,163,281		–

Note:

The share options are exercisable immediately after 5 May 2008 and up to 4 May 2018.

Options granted on 6 November 2009

Category	Adjusted exercise price per share HK$	Estimated fair value per share option at the date of grant HK$	Exercise period	Number of share options outstanding at 1 January 2013	Lapsed during the year	Exercised during the year	Number of share options outstanding at 31 December 2013	Exercised during the year	Number of share options outstanding at 31 December 2014
Directors	0.210	0.1487	note	30,625,000	–	(3,281,250)	27,343,750	(27,343,750)	–
Employees	0.210	0.1487	note	12,031,250	(1,093,750)	(3,281,250)	7,656,250	(7,656,250)	–
Exercisable at the end of the year				42,656,250			35,000,000		–

Note:

One-third of the share options granted to the directors and employees will be vested annually in the next three years from 6 November 2009. Upon the lapse of the vesting period, the share options are exercisable until 5 November 2019.

The Group recognised the total expense of nil (2013: HK$9,000) for the year ended 31 December 2014 in relation to share options granted by the Company.

During the year ended 31 December 2014, nil (2013: 2,329,495) share options were lapsed and 46,459,330 (2013: 6,562,500) share options were exercised with the proceeds of HK$9,859,000 (2013: HK$1,378,000) received.

* At the end of the reporting period and at the date of approval of these financial statements, the number of outstanding share options under options granted on 10 January 2008 will be adjusted to 8,838,171 and the exercise price will be adjusted to HK$0.954 as a result of the share consolidation (note 40).

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 42 of the financial statements.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Merger reserve

The merger reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under the group reorganisation on 11 April 2002.

(b) Company

	Share premium HK$'000	Share option reserve HK$'000	Merger reserve HK$'000	Warrant reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2013	301,030	12,459	(200)	–	(64,505)	248,784
Loss and total comprehensive loss for the year	–	–	–	–	(7,409)	(7,409)
Issue of warrants	–	–	–	290	–	290
Recognition of equity-settled share-based payments	–	9	–	–	–	9
Release upon lapse of vested share options	–	(267)	–	–	267	–
Issue of share upon exercise of share options	1,614	(893)	–	–	–	721
At 31 December 2013 and 1 January 2014	302,644	11,308	(200)	290	(71,647)	242,395
Loss and total comprehensive loss for the year	–	–	–	–	(165,876)	(165,876)
Issue of share upon exercise of warrants	48,290	–	–	(290)	–	48,000
Issue of share upon subscription of new shares	88,050	–	–	–	–	88,050
Issue of share upon placing	579,556	–	–	–	–	579,556
Issue of share upon exercise of share options	11,830	(6,617)	–	–	–	5,213
At 31 December 2014	1,030,370	4,691	(200)	–	(237,523)	797,338

33. CONTINGENT LIABILITIES

As at 31 December 2014, the Group had contingent liabilities relating to guarantees in respect of mortgages granted by certain banks to certain purchasers of the Group's properties amounting to HK$113,462,000 (2013: HK$51,677,000). The contingent liabilities represented the guarantees in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled (including but not limited to) to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates which are generally available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the directors of the Company consider that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made for the guarantees in the consolidated financial statements as at 31 December 2014 (2013: Nil).

34. OPERATING LEASES ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from two to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Within one year	**3,090**	886
In the second to fifth years, inclusive	**11,016**	3,344
After five years	**7,363**	–
	21,469	4,230

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements, with leases negotiated for terms ranging from one to three years.

At 31 December 2014, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**1,395**	1,369	**508**	–
In the second to fifth years, inclusive	**–**	587	**–**	–
	1,395	1,956	**508**	–

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34(b) above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2014	2013
	HK$'000	HK$'000
Contracted, but not provided for:		
Plant and machinery	**–**	517
Authorised, but not contracted for:		
Acquisition a company (note 40)	**408,000**	–

36. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties during the year are as follows:

(a) During the year ended 31 December 2014, the Group paid rental expenses of HK$887,000 (2013: HK$930,000) to 上海曹峰置業有限公司 (Shanghai Caofeng Properties Company Limited*) ("Shanghai Caofeng"), which is wholly owned by Mr. Wang Zheng Chun, an executive director of the Company. The rental expenses were determined with reference to the prevailing market rental.

(b) Balance with a related company is as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
Amount due to Shanghai Caofeng	**122 ***	4,578

The amount due to Shanghai Caofeng is unsecured, interest-free and repayable on demand.

* The balance was included in liabilities directly associated with the assets classified as held for sale in the consolidated statement of financial position as at 31 December 2014.

(c) Compensation of key management personnel

In the opinion of the directors, the directors and the chief executive of the Company represented the key management personnel of the Group. Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

* *For identification only*

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets – Loans and receivables

	2014 HK$'000	2013 HK$'000
Trade receivables	**–**	32,317
Financial assets included in prepayments, deposits and other receivables	**9,565**	39,183
Cash and cash equivalents	**1,093,476**	201,772
	1,103,041	273,272

Financial liabilities – Financial liabilities at amortised cost

	2014 HK$'000	2013 HK$'000
Trade payables	**15,624**	101,314
Financial liabilities included in other payables and accruals	**9,336**	13,697
Interest-bearing bank and other borrowings	**–**	491,526
Loans from a related company	**–**	4,578
	24,960	611,115

Company

Financial assets – Loans and receivables

	2014 HK$'000	2013 HK$'000
Due from subsidiaries	**695,734**	421,522
Financial assets included in prepayments, deposits and other receivables	**24**	–
Cash and cash equivalents	**1,033,176**	102
	1,728,934	421,624

Financial liabilities – Financial liabilities at amortised cost

	2014 HK$'000	2013 HK$'000
Financial liabilities included in other payables and accruals	**641**	–

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest-bearing bank and other borrowings	**–**	491,526	**–**	491,526

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, current interest-bearing bank and other borrowing, financial liabilities included in other payables and accruals, loans from a related company and amounts due from subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2014 was assessed to be insignificant.

Fair value hierarchy

The Group and the Company did not have any financial assets and liabilities measured at fair value as at 31 December 2014 (2013: Nil).

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial assets of the Group mainly include cash and cash equivalents and deposits and other receivables, which arise directly from its operations. Financial liabilities of the Group mainly include trade payables, other payables and accruals and interest-bearing bank and other borrowings.

The main risks arising from the Group's financial instruments are interest rate risks, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

At present, the Group does not intend to hedge its exposure to interest rate fluctuations. However, the Group will constantly review the economic situation and its interest rate risk profile, and will consider appropriate hedging measures in future as may be necessary.

For year ended 31 December 2014, as all borrowing costs were attributed to the Group's properties under development and were capitalised, there would be no impact on the Group's profit as a result of the change in the borrowing interest rates.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (continued)

With all other variables held constant, a change in interest rates of 50 basis points per annum would cause a responding change in the Group's profit by approximately HK$2,277,000 for the year ended 31 December 2013.

As at 31 December 2014, the interest-bearing bank borrowings were included in liabilities directly associated with the assets classified as held for sale.

Foreign currency risk

The Group's businesses are mainly carried out by subsidiaries located in Mainland China and the majority of their transactions are conducted in RMB and USD. The Group has minimal transactional currency exposure as the sales or purchases transaction by operating units are mainly in currencies same as those units' functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movements in the foreign currency rates.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There is no significant credit risk to the Group as the Group usually receives deposits in advance from customers.

The Group has a customer whose outstanding trade receivable represents approximately 66% (2013: 42%) of the total trade receivables of the Group as at 31 December 2014 which expose the Group to the concentration of credit risk. The customer has good credit rating and repayment history and is a well-known distributor of power tools in the world. As at 31 December, the trade receivable balance was included in assets of disposal groups classified as held for sale. Other than that, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2014						
Group	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Liabilities directly associated with the assets classified as held for sale HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	**402,884**	**–**	**–**	**–**	**–**	**(402,884)**	**–**
Trade payables	**–**	**64,923**	**201,808**	**–**	**–**	**(251,107)**	**15,624**
Other payables	**6,668**	**10,679**	**–**	**–**	**–**	**(8,011)**	**9,336**
	409,552	**75,602**	**201,808**	**–**	**–**	**(662,002)**	**24,960**

	2013					
Group	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	–	9,335	18,670	479,392	–	507,397
Trade payables	–	101,314	–	–	–	101,314
Other payables	6,691	7,006	–	–	–	13,697
Loans from a related company	–	4,578	–	–	–	4,578
	6,691	122,233	18,670	479,392	–	626,986

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2014					
Company	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Other payables and accruals	–	**641**	–	–	–	**641**

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

40. EVENTS AFTER THE REPORTING PERIOD

(1) The Disposal Agreement dated 21 November 2014 in respect of the Disposal as mentioned in notes 1 and 13 to the financial statements and the guarantee given by Shanghai Zhuanfeng in favour of China Construction Bank Corporation in relation to a loan of RMB220 million granted to Jiangsu Zhuanfeng and the transaction contemplated thereunder have been approved by shareholders of the Company by way of poll at the extraordinary general meeting on 19 January 2015.

(2) On 30 January 2015, United Win agreed to purchase shares of Zhi Jian Limited, a company wholly owned by BPHL, at the consideration of HK$408 million. Zhi Jian Limited owned indirectly approximately 82.24% of shares of its operating subsidiary, Beijing Inland Port International Logistics Co. Ltd. ("Lugang"). Lugang is the owner of four parcels of industrial land with a total area of 161,498.66 square metres for a common term expiring on 17 May 2050 for warehouse and office use. Currently, such land is developed into 17 buildings with one or two storeys as warehouses and ancillaries, 1 building with five storeys and structures comprising container yard, boundary wall, drainage works and so on. Genvon Group intends to demolish the buildings and structures on such land, change the use of such land to non-logistics function and commence other kinds of property development thereon.

Lugang had outstanding balances of entrusted loans, which were provided by Beijing Yun Zhong Investment Consulting Co., Ltd. ("Beijing Yun Zhong", a wholly owned subsidiary of BPHL) which owned 18.92% issued shares of the Company, as at the date of approval of the financial statements, through a bank as the lending agent. Besides, Lugang had outstanding balances of the shareholder loan provided by BPHL. Upon completion of the acquisition transaction, Lugang will become an 82.24% owned subsidiary of the Company. As 18.92% issued shares of the Company were held by Beijing Yun Zhong, which was ultimately held by BPHL, the loans mentioned above will be balances of related party transactions upon completion of the acquisition transaction.

40. EVENTS AFTER THE REPORTING PERIOD (Continued)

(3) On 4 March 2015, in an extraordinary general meeting, the shareholders have approved the following:

(i) every two issued and unissued shares of HK$0.10 each will be consolidated into one consolidated share of HK$0.20 each; and

(ii) the authorised share capital of the Company will be increased from HK$1,000,000,000 divided into 5,000,000,000 consolidated shares to HK$2,000,000,000 divided into 10,000,000,000 consolidated shares by the creation of an additional 5,000,000,000 consolidated shares.

(4) On 10 March 2015, the Company entered into a conditional placing agreement (the "2015 Placing Agreement") with a placing agent for the placing of an aggregate of 465,000,000 new ordinary shares of HK$0.20 each to not less than six placees, independent third parties of the Group, at the placing price of HK$0.52 per placing share (the "2015 Placing"). The 2015 Placing was completed on 26 March 2015 and the net proceeds received from the 2015 Placing was approximately HK$239,350,000.

41. COMPARATIVE AMOUNTS

The comparative statement of profit or loss and other comprehensive income has been re-presented as if the operation discontinued during the current year has been discontinued at the beginning of the comparative period (note 13) and certain items in the consolidated financial statements have been reclassified to conform with the current year's presentation to facilitate comparison.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2015.