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GR PROPERTIES LIMITED

國銳地產有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE FIVE MONTHS ENDED 30 JUNE 2014

The board of directors (the “Board”) of GR Properties Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the five months ended 30 June 2014, together with comparative figures for the six months ended 31 July 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the five months ended 30 June 2014 (Unaudited) <i>HK\$</i>	For the six months ended 31 July 2013 (Restated and unaudited) <i>HK\$</i>
	<i>Note</i>		
CONTINUING OPERATIONS			
REVENUE	5	2,572,086	2,899,202
Cost of sales		(310,156)	(162,135)
Gross profit		2,261,930	2,737,067
Other income and gain, net	5	19,758	5,239,004
Administrative expenses		(4,703,226)	(4,561,715)
Other operating expenses		(565,939)	—
Fair value loss on the derivative component of convertible bonds		—	(164,577,718)
Finance costs	6	(1,783,059)	(13,091,321)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	(4,770,536)	(174,254,683)
Income tax	8	—	—

		For the five months ended 30 June 2014 (Unaudited) <i>HK\$</i>	For the six months ended 31 July 2013 (Restated and unaudited) <i>HK\$</i>
	<i>Note</i>		
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		<u>(4,770,536)</u>	<u>(174,254,683)</u>
DISCONTINUED OPERATION			
Profit for the period from a discontinued operation	9	<u>5,106,141</u>	<u>1,290,474</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>335,605</u>	<u>(172,964,209)</u>
Attributable to:			
Shareholders of the Company		335,605	(173,406,844)
Non-controlling interests		<u>–</u>	<u>442,635</u>
		<u>335,605</u>	<u>(172,964,209)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	10		
Basic and diluted			
– For profit/(loss) for the period		0.00	(1.31)
– For loss from continuing operations		<u>(0.01)</u>	<u>(1.32)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the five months ended 30 June 2014 (Unaudited) <i>HK\$</i>	For the six months ended 31 July 2013 (Restated and unaudited) <i>HK\$</i>
PROFIT/(LOSS) FOR THE PERIOD	335,605	(172,964,209)
OTHER COMPREHENSIVE LOSS		
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Translation of foreign operations	(2,150,710)	(3,287,691)
Reclassification adjustments for gain on disposal of interests in subsidiaries included in the consolidated statement of profit or loss	(542,866)	—
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	(2,693,576)	(3,287,691)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,357,971)	(176,251,900)
Attributable to:		
Shareholders of the Company	(2,357,971)	(176,775,229)
Non-controlling interests	—	523,329
	(2,357,971)	(176,251,900)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2014 (Unaudited) HK\$	31 January 2014 (Restated) HK\$
	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		4,765,029	4,811,456
Investment properties	11	95,075,691	97,512,431
Intangible assets		20,449,206	20,973,308
Deposit paid for purchase of items of property, plant and equipment		320,965	329,191
Total non-current assets		120,610,891	123,626,386
CURRENT ASSETS			
Deposits and other receivables		610,814	375,176
Cash and bank balances		46,674,287	2,534,319
		47,285,101	2,909,495
Assets of a disposal group classified as held for sale	9	–	11,907,729
Total current assets		47,285,101	14,817,224
CURRENT LIABILITIES			
Other payables and accruals		3,354,121	9,332,924
Due to shareholders	12	–	233,785,077
Due to a director	13	–	3,200,000
Convertible bonds	14	–	271,216,941
Income tax payables		1,013,501	1,027,244
		4,367,622	518,562,186
Liabilities of a disposal group classified as held for sale		–	11,008,931
Total current liabilities		4,367,622	529,571,117
NET CURRENT ASSETS/(LIABILITIES)		42,917,479	(514,753,893)
TOTAL ASSETS LESS CURRENT LIABILITIES		163,528,370	(391,127,507)

		30 June 2014 (Unaudited) HK\$	31 January 2014 (Restated) HK\$
	<i>Note</i>		
NON-CURRENT LIABILITIES			
Deferred tax liabilities		15,011,023	15,395,747
Net assets/(liabilities)		148,517,347	(406,523,254)
EQUITY/(DEFICIENCY IN ASSETS)			
Equity attributable to shareholders of the Company			
Issued capital	15	777,970,773	131,973,638
Reserves		(629,453,426)	(538,054,311)
		148,517,347	(406,080,673)
Non-controlling interests		–	(442,581)
Total equity/(deficiency in assets)		148,517,347	(406,523,254)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Pursuant to a resolution of the Company passed on 24 March 2014, the English name of the Company has been changed from “Buildmore International Limited” to “GR Properties Limited” and the Chinese name “國銳地產有限公司” has replaced “建懋國際有限公司”. The change of name was registered with the Registrar of Companies of Hong Kong on 7 April 2014.

2. CHANGE OF FINANCIAL YEAR END DATE AND BASIS OF PREPARATION

(a) Change of financial year end date

Pursuant to a resolution of the Board during the period, the Company’s financial year end date was changed from 31 January to 31 December. Accordingly, the next financial year end date of the Company will be 31 December 2014 and the current financial period covers the five months ended 30 June 2014. The comparative figures cover a six-month period from 1 February 2013 to 31 July 2013, which may not be comparable with the amounts shown for the current period.

The reason for such a change is to align the Company’s financial year end date with those of the Company’s principal subsidiaries which are the Group’s substantial investment.

(b) Basis of preparation

The unaudited interim condensed consolidated financial statements for the five months ended 30 June 2014 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The accounting policies and basis of preparation adopted in the preparation of these interim condensed financial statements are the same as those used in the annual financial statements for the year ended 31 January 2014 except for the change in functional currency adopted by the Company, and changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s financial statements, as further detailed in note 3 below.

These interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company’s audit committee.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Impact of new and revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s condensed consolidated financial statements.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets</i> – <i>Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> – <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC) – Int 21	<i>Leases</i>

The adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

(b) Change in functional currency of the Company

Pursuant to a resolution of the Board passed on 29 August 2014, the Company changed its functional currency from Renminbi to Hong Kong dollar (“HK\$”) effective from 1 February 2014. The reason for the change in functional currency of the Company was after taking into consideration, inter alia, the share subscription in February 2014 which was conducted in HK\$. The change in function currency was prospectively applied.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their operations and their products and services, and has three reportable operating segments as follows:

- Property investment: this segment leases premises to generate rental income and to gain from the appreciation in properties’ values in the long term. Currently the Group’s investment property portfolio is located entirely in the People’s Republic of China (the “PRC”).
- Hotel management: this segment provides management services to hotels. Currently, the Group’s activities in this regard are carried out in the PRC.
- Sales of dye-sublimation printed products: this segment engages in the manufacture and sales of the dye-sublimation printed products. These products are manufactured in Japan and sold to customers mainly located in Japan and United States of America.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax, except that imputed interest on convertible bonds, as well as head office and corporate expenses are excluded from such measurement.

Segment assets excluded other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities excluded amounts due to shareholders, an amount due to a director, convertible bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

For the five months ended 30 June 2014

	Continuing operation			Discontinued operation	Group (Unaudited) HK\$
				Sales of dye-	
	Property investment (Unaudited) HK\$	Hotel management (Unaudited) HK\$	Total (Unaudited) HK\$	sublimation printed products (Unaudited) HK\$	
Segment revenue	2,572,086	–	2,572,086	–	2,572,086
Segment results	(524,333)	(284,042)	(808,375)	–	(808,375)
Unallocated gains			19,758	–	19,758
Corporate and other unallocated expenses			(2,198,860)	–	(2,198,860)
Imputed interest on convertible bonds			(1,783,059)	–	(1,783,059)
Gain on disposal of interests in subsidiaries			–	5,106,141	5,106,141
Profit/(loss) before tax			(4,770,536)	5,106,141	335,605

For the six months ended 31 July 2013 (Restated)

	Continuing operation			Discontinued operation	Group (Unaudited) HK\$
				Sales of dye-	
	Property investment (Unaudited) HK\$	Hotel management (Unaudited) HK\$	Total (Unaudited) HK\$	sublimation printed products (Unaudited) HK\$	
Segment revenue	2,899,202	–	2,899,202	16,243,083	19,142,285
Segment results	418,947	(313,769)	105,178	1,517,555	1,622,733
Unallocated gains			5,239,004	137,052	5,376,056
Corporate and other unallocated expenses			(1,931,523)	(364,133)	(2,295,656)
Imputed interest on convertible bonds			(13,089,624)	–	(13,089,624)
Fair value loss on the derivative component of convertible bonds			(164,577,718)	–	(164,577,718)
Profit/(loss) before tax			(174,254,683)	1,290,474	(172,964,209)

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

As at 30 June 2014

	Continuing operations			Discontinued operation	
	Property investment (Unaudited) HK\$	Hotel management (Unaudited) HK\$	Total (Unaudited) HK\$	Sales of dye- sublimation printed products (Unaudited) HK\$	Group (Unaudited) HK\$
SEGMENT ASSETS					
Segment assets	113,673,135	5,666,787	119,339,922	–	119,339,922
Corporate and other unallocated assets:					
Property, plant and equipment			4,261,671	–	4,261,671
Deposits and other receivables			558,620	–	558,620
Cash and bank balances			43,735,779	–	43,735,779
Total assets			167,895,992	–	167,895,992
SEGMENT LIABILITIES					
Segment liabilities	19,099,060	37	19,099,097	–	19,099,097
Corporate and other unallocated liabilities:					
Other payables and accruals			279,548	–	279,548
Total liabilities			19,378,645	–	19,378,645

As at 31 January 2014 (Restated)

	Continuing operations			Discontinued operation	
	Property investment	Hotel management	Total	Sales of dye-sublimation printed products	Group
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
	HK\$	HK\$	HK\$	HK\$	HK\$
SEGMENT ASSETS					
Segment assets	116,598,024	5,820,593	122,418,617	11,907,729	134,326,346
	<u> </u>	<u> </u>			
Corporate and other unallocated assets:					
Property, plant and equipment			3,917,927	–	3,917,927
Deposits and other receivables			807	–	807
Cash and bank balances			198,530	–	198,530
			<u> </u>	<u> </u>	<u> </u>
Total assets			126,535,881	11,907,729	138,443,610
			<u> </u>	<u> </u>	<u> </u>
SEGMENT LIABILITIES					
Segment liabilities	19,263,540	38	19,263,578	11,008,931	30,272,509
	<u> </u>	<u> </u>			
Corporate and other unallocated liabilities:					
Other payables and accruals			6,492,337	–	6,492,337
Due to shareholders			233,785,077	–	233,785,077
Due to a director			3,200,000	–	3,200,000
Convertible bonds			271,216,941	–	271,216,941
			<u> </u>	<u> </u>	<u> </u>
Total liabilities			533,957,933	11,008,931	544,966,864
			<u> </u>	<u> </u>	<u> </u>

5. REVENUE, OTHER INCOME AND GAIN, NET

Revenue, which is also the Group's turnover, mainly represents the gross rental income received from investment properties, net of business tax and government surcharges.

An analysis of other income and gain, net from continuing operations is as follows:

	For the five months ended 30 June 2014 (Unaudited)	For the six months ended 31 July 2013 (Restated and unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Other income		
Bank interest income	<u>19,758</u>	<u>20,440</u>
Gain, net		
Foreign exchange differences, net	<u>–</u>	<u>5,218,564</u>
	<u>19,758</u>	<u>5,239,004</u>

6. FINANCE COSTS

Finance costs for the periods mainly represented imputed interest on convertible bonds.

7. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging:

	For the five months ended 30 June 2014 (Unaudited)	For the six months ended 31 July 2013 (Restated and unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Depreciation of property, plant and equipment	351,540	296,853
Imputed interest on convertible bonds	<u>1,783,059</u>	<u>13,089,624</u>

8. INCOME TAX

No provision for Hong Kong profits tax nor PRC corporate income tax have been made for the five months ended 30 June 2014 as the Group did not generate any assessable profit arising in Hong Kong and the PRC (six months ended 31 July 2013: Nil).

9. DISCONTINUED OPERATION

On 29 October 2013, the Group entered into a sale and purchase agreement with Huge Spread Limited, which was 50% owned by a shareholder of the Company and 50% owned by an independent third party, respectively, to dispose of the Group's 72.12% equity interest in Viswell International Limited and its subsidiary (the "Viswell Group") and an amount due from the Viswell Group.

The details of this transaction were set out in the Company's circular dated 24 January 2014. The cash consideration for the transaction was determined to be HK\$5,904,654 and the transaction was completed on 17 February 2014.

The Viswell Group is principally engaged in the sale of dye-sublimation printed products in Japan and the operation of the Viswell Group is considered as a separate major line of business of the Company. The Group's sales of dye-sublimation printed products operation, being a major separate reportable operating segment of the Group, was solely undertaken by the Viswell Group. Accordingly, the sales of dye-sublimation printed products operation of the Group was discontinued upon the completion of the disposal transaction.

The results of the discontinued operation for the periods are set out below:

	For the five months ended 30 June 2014 (Unaudited) HK\$	For the six months ended 31 July 2013 (Unaudited) HK\$
Revenue	–	16,243,083
Expenses	–	(15,051,659)
Other income	–	137,052
Finance costs	–	(38,002)
Profit before tax of the discontinued operation	–	1,290,474
Income tax	–	–
Profit of the discontinued operation	–	1,290,474
Gain on disposal of the discontinued operation net of income tax of nil	5,106,141	–
Profit for the period from discontinued operation	5,106,141	1,290,474

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

	For the five months ended 30 June 2014 (Unaudited) HK\$	For the six months ended 31 July 2013 (Unaudited) HK\$
Operating activities	–	912,663
Investing activities	–	(67,917)
Financing activities	–	436,692
Net cash inflow from the discontinued operation	–	1,281,438

Earnings per share from the discontinued operation are as follows:

	For the five months ended 30 June 2014 (Unaudited) HK\$	For the six months ended 31 July 2013 (Unaudited) HK\$
Basic and diluted	0.01	0.01

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

	For the five months ended 30 June 2014 (Unaudited) HK\$	For the six months ended 31 July 2013 (Unaudited) HK\$
Profit for the period from the discontinued operation attributable to shareholders of the Company	5,106,141	1,290,474
Weighted average number of ordinary shares in issue during the period, used in the basic and diluted earnings per share calculation	485,662,988	131,973,638

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

	(Audited) HK\$
Assets	
Property, plant and equipment	3,554,986
Intangible assets	33,219
Inventories	2,333,483
Trade and other receivables	5,097,574
Cash and bank balances	888,467
Assets classified as held for sale	11,907,729
Liabilities	
Trade payables	(3,637,628)
Other payables and accruals	(2,501,993)
Due to a shareholder	(957,977)
Finance lease payables	(1,833,161)
Bank borrowings	(2,078,172)
Liabilities classified as held for sale	(11,008,931)
Net assets directly associated with the disposal group	898,798
10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	

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

	For the five months ended 30 June 2014 (Unaudited) HK\$	For the six months ended 31 July 2013 (Unaudited) HK\$
Profit/(loss) for the period attributable to shareholders of the Company	335,605	(173,406,844)
Loss for the period from continuing operations attributable to shareholders of the Company	(4,770,536)	(174,254,683)

	For the five months ended 30 June 2014 (Unaudited)	For the six months ended 31 July 2013 (Unaudited)
Weighted average number of ordinary shares in issue during the period	<u>485,662,988</u>	<u>131,973,638</u>

In respect of the diluted earnings/(loss) per share amounts, no adjustment has been made to the basic earnings per share amounts presented for the current and prior periods, as the impact of the convertible bonds outstanding during these periods had no diluting effect on the basic earnings/(loss) per share amounts presented.

11. INVESTMENT PROPERTIES

The fair value of investment properties as at 30 June 2014 is determined based on the valuations carried out by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers, by using the income capitalisation approach which capitalised the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties. The decrease in carrying amount of investment properties was due to negative exchange realignment during the period.

12. DUE TO SHAREHOLDERS

As at 31 January 2014, the amounts due to shareholders are unsecured, interest-free and have no fixed terms of repayment. The Group entered into a repayment and waiver agreement (the “Repayment and Waiver Agreement”) with two shareholders and a then director on 29 October 2013, and a waiver notice (the “First Waiver Notice”) with a shareholder on 17 February 2014. Pursuant to the Repayment and Waiver Agreement and the First Waiver Notice, the Group agreed to repay the amounts due to shareholders in an aggregate amount of HK\$72,750,000 and a shareholder agreed to waive a total outstanding amount of HK\$159,535,077 owed by the Group after the repayment. Further details of the Repayment and Waiver Agreement were set out in the Company’s announcement dated 20 November 2013. The transaction was completed on 17 February 2014 and the amounts due to shareholders were decreased by HK\$232,285,077.

In addition to above, on 17 February 2014, the Company further entered into another waiver notice (the “Second Waiver Notice”) with a shareholder. Pursuant to the Second Waiver Notice, the shareholder agreed to further waive an outstanding amount of HK\$1,500,000 due by the Company to him and the transaction was completed on the same date.

13. DUE TO A DIRECTOR

As at 31 January 2014, the amount due to a director is unsecured, interest-free and has no fixed terms of repayment. Pursuant to the Repayment and Waiver Agreement disclosed in note 12 above, the Company conditionally agreed to repay the outstanding amount of HK\$3,200,000 owed by the Company to a director. The details of this transaction were set out in the Company’s announcement dated 20 November 2013 and the transaction was completed on 17 February 2014.

14. CONVERTIBLE BONDS

As at 31 January 2014, the balances of convertible bonds represented the carrying amounts of liability component of the convertible bonds upon modification of terms are effective from 29 June 2012. Further details of the modification of terms of convertible bonds are set out in the Company's circular dated 18 May 2012.

On 17 January 2014, the Company served the redemption notices to the bondholders for full redemption. The redemption was completed on 17 February 2014.

Imputed interest on convertible bonds of HK\$1,738,059 was recognised in the condensed consolidated statement of profit or loss, and the outstanding liability component of HK\$273,000,000 was repaid during the five months ended 30 June 2014.

15. SHARE CAPITAL

A summary of the movements in the Company's issued share capital during the five months ended 30 June 2014 is as follows:

		Number of ordinary shares in issue	Issued capital (Unaudited) HK\$
	<i>Notes</i>		
At 1 February 2014		131,973,638	131,973,638
Issue of shares	(a)	395,920,914	395,920,914
Transfer from share premium account	(b)	—	250,076,221
At 30 June 2014		<u>527,894,552</u>	<u>777,970,773</u>

Notes:

- (a) On 29 October 2013, the Company entered into a subscription agreement with a subscriber (the "Subscriber") pursuant to which the Subscriber conditionally agreed to subscribe in cash for and the Company conditionally agreed to allot and issue a total of 395,920,914 subscription shares at the subscription price of HK\$1.00 per subscription share (the "Subscription"). The details of this transaction were set out in the Company's announcement dated 20 November 2013 and the aggregate cash consideration for the Subscription is HK\$395,920,914. The Subscription has been completed on 17 February 2014 and the Company has received the full amount of the consideration on the same date.
- (b) Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance (Cap. 622) which became effective on 3 March 2014, the balances of share premium account as at 3 March 2014 have been transferred to issued capital.

16. DISPOSAL OF SUBSIDIARIES

	30 June 2014 (Unaudited) HK\$	31 July 2013 (Unaudited) HK\$
Net assets disposed of:		
Property, plant and equipment	3,554,986	—
Intangible assets	33,219	—
Inventories	2,333,483	—
Trade and other receivables	5,097,574	—
Cash and bank balances	888,467	—
Trade payables	(3,637,628)	—
Other payables and accruals	(2,501,993)	—
Due to a shareholder	(957,977)	—
Finance lease payables	(1,833,161)	—
Bank borrowings	(2,078,172)	—
Non-controlling interests	442,581	—
	1,341,379	—
Exchange fluctuation reserve realised	(542,866)	—
Gain on disposal of interests in subsidiaries	5,106,141	—
	5,904,654	—
Satisfied by cash	5,904,654	—

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	30 June 2014 (Unaudited) HK\$	31 July 2013 (Unaudited) HK\$
Cash consideration	5,904,654	—
Cash and bank balances disposed of	(888,467)	—
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	5,016,187	—

Further details of the disposal of subsidiaries is set out in note 9 above.

17. COMPARATIVE AMOUNTS

Owing to the disposal of the Group's interest in the Viswell Group during the period, the Group's sales of dye-sublimation printed products operation was discontinued. Accordingly, certain comparative amounts for the condensed consolidated statement of profit or loss have been restated to conform to the current period's presentation. In addition, the Group's other financial assets have been reclassified as intangible assets and the corresponding comparative amount has been reclassified to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

1. GROUP OVERVIEW

The year of 2014 is a milestone of GR Properties Limited (formerly known as “Buildmore International Limited”) (the “Company”, together with its subsidiaries, the “Group”).

1.1 The Subscription, the Redemption, the Repayment and Waiver and the Disposal

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

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

- On 29 October 2013, the Group entered into a repayment and waiver agreement (the “Repayment and Waiver Agreement”) with two shareholders and a then director. Pursuant to which the Group conditionally agreed to repay the amounts due to the two shareholders in the aggregate amount of HK\$78,800,000 and one of the two shareholders conditionally agreed to waive the remaining portion of the outstanding loans in the amount of HK\$153,485,077 owed by the Group after the repayment (the “Repayment and Waiver”). Pursuant to the Repayment and Waiver Agreement, the Company conditionally agreed to repay in full the outstanding loans owed by the Company to a then director in the aggregate amount of HK\$3,200,000.
- On 29 October 2013, the Group entered into a sale and purchase agreement (the “Disposal Agreement”) to dispose of approximately 72.1% equity interest in Viswell International Limited (“Viswell”) and Viswell’s wholly owned subsidiary, Rakupuri Inc (“Rakupuri”, together with Viswell, the “Viswell Group”) (the “Disposal”). Pursuant to the Disposal Agreement, the purchaser conditionally agreed to acquire and the Group conditionally agreed to dispose of the Group’s 72.1% equity interest in the Viswell Group and an amount due from the Viswell Group at a total consideration of HK\$5,904,654.
- On 12 February 2014, the shareholders passed a resolution at the extraordinary general meeting in approving the Subscription Agreement, the Repayment and Waiver Agreement, the Disposal Agreement and the Redemption.

- On 17 February 2014, the Company fully redeemed the aggregate outstanding principal amount of the convertible bonds amounted to HK\$273,000,000 funded by the proceeds from the Subscription (the “Redemption”). The Subscription, the Redemption, the Repayment and Waiver and the Disposal were completed. Accordingly, the Company allotted 395,920,914 shares at HK\$1.00 per share to the Subscriber, i.e. Wintime Company Limited, fully redeemed the convertible bonds in the aggregate outstanding principal amount of HK\$273,000,000 and settled the amounts due to two shareholders in the aggregate amount of HK\$78,800,000 (among them, HK\$6,050,000 has been waived by the relevant shareholder) and to a then director in the amount of HK\$3,200,000 respectively.

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

1.2 Change to the board composition

Upon completion of the Subscription, the Redemption, the Repayment and Waiver and the Disposal on 17 February 2014, the following changes to the board composition were effected:

Executive Directors:

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

Independent Non-executive Directors:

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

1.3 Change of Company name

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

The trading in securities of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was effected on 15 April 2014.

1.4 Change of financial year end date

Pursuant to a resolution of the board of directors of the Company passed during the period, it has resolved to change the financial year end date of the Company from 31 January to 31 December. Accordingly, the next financial year end date of the Company will be 31 December 2014.

The reason for such a change is to align the Company’s financial year end date with those of the Company’s principal subsidiaries which are the Group’s substantial investments.

1.5 Adoption of the new articles of association of the Company

Pursuant to a special resolution passed at the annual general meeting of the Company held on 27 June 2014, the adoption of the new articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association of the Company was approved.

The new articles of the Company is published in the websites of the Company and the Stock Exchange.

2. BUSINESS REVIEW AND PROSPECTS

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

During the five months ended 30 June 2014, the Group’s operations are being categorised into two divisions: property investment and hotel management. Both divisions are located in Fujian Province, the People’s Republic of China (the “PRC”).

2.1 Property investment

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

* For identification only

Jiacheng Fujian also made investments in 福建中青創業投資有限公司 (Fujian Channel Capital Co., Ltd.*) and 佳信 (福建) 光電科技有限公司 (Jiaxin (Fujian) Opto-Electronic Technology Co., Ltd.*). Both companies are private entities incorporated in the PRC and engage in property development in 海西高新技術產業園區 (New & High Technology Industry Zone*) located in Fuzhou City of Fujian Province. Under the terms of the investments, the Group is entitled to occupy, use or obtain the income derived from certain properties located in the PRC held by these two private entities. The Central People's Government of the PRC had laid down concrete measures to promote the construction and encourage the development of this economic zone.

2.2 Hotel management

保成 (福建) 酒店管理有限公司 (Vast Glory (Fujian) Hotel Management Limited*) (“Vast Glory Fujian”), concluded a hotel management contract with an independent third party to provide hotel management service for a hotel in prior year. This subject hotel, which is under construction, is located at Pingtan Island, Fujian, the fifth largest island in China. The expected commencement date of operation of the hotel is third quarter of 2015. The Company believes that upon the commencement of operations of the subject hotel, the hotel management business of the Group will generate steady revenue for the Group.

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

2.3 Discontinued operations of the sales of dye-sublimation printed products

Previously, the Group was also engaged in the manufacture and sales of dye-sublimation printed products through Rakupuri Inc. (“Rakupuri”). Despite the fact that Rakupuri had successfully derived profitable results for two consecutive years, having considered that (i) it had failed to successfully implement a number of important business expansion plans for its sublimely dyeing and zipper businesses as envisaged; (ii) the Company could not foresee any particular change in factors that could potentially stimulate the growth of Rakupuri in the coming years; and (iii) completion of the Disposal (which involves, inter alia, the disposal of Rakupuri) was a condition for the Subscriber to provide the Company with additional capital through the Subscription, Rakupuri was disposed of upon completion of the Disposal. Upon completion of the Disposal, results from this division have been classified as discontinued operation, in accordance with the applicable accounting standards for the period ended 30 June 2014.

* For identification only

3. LIQUIDITY AND FINANCIAL RESOURCES

3.1 Financial Analysis

During the period, the Group recorded a profit attributable to shareholders of the Company of approximately HK\$336,000 (six months ended 31 July 2013: loss of approximately HK\$173,407,000). Loss for the six months ended 31 July 2013 was mainly attributed to the fair value loss on the derivative component of convertible bonds of approximately HK\$164,578,000 and imputed interest on convertible bonds of approximately HK\$13,090,000. Upon completion of the Redemption on 17 February 2014, for the five months 30 June 2014, imputed interest on convertible bonds of approximately HK\$1,783,000 is recognised in profit or loss.

As at 30 June 2014, the Group had available bank balances and cash of approximately HK\$44,135,000 and RMB2,033,000 (31 January 2014: approximately HK\$209,000 and RMB1,815,000), representing a capital liquidity ratio (bank balances and cash divided by current liabilities) of 10.686 (31 January 2014: 0.005).

As at 30 June 2014, the Group's debts to assets ratio was nil (31 January 2014: 4.02). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included amounts due to shareholders of nil (31 January 2014: approximately HK\$233,785,000), amount due to a director of nil (31 January 2014: approximately HK\$3,200,000) and the liability component of the convertible bonds of nil (31 January 2014: approximately HK\$271,217,000) over the amount of total assets of approximately HK\$167,896,000 (31 January 2014: approximately HK\$126,536,000).

3.2 Share capital

During the period, the Company issued a total of 395,920,914 ordinary shares of HK\$1.00 each in the share capital of the Company as a result of allotment to the Subscriber. The proceeds of the Subscription amounted to HK\$395,920,914 and were received in cash.

Upon the coming into force of the new Hong Kong Companies Ordinance Cap. 622, amalgamation of the share premium account with share capital took effect during the period.

3.3 Foreign currency exposure

During the period, majority of the subsidiaries of the Company operates in the PRC with most of the transactions denominated and settled in RMB. In this respect, there is no significant currency mismatch in its operational cashflows and the Group is not exposed to any significant foreign currency exchange risk in its operations.

3.4 Employees and remuneration policy

As at 30 June 2014, the total number of employees of the Group (excluding directors of the Company) was 30 (31 January 2014: 44). Most of them are located at the PRC.

The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong and the PRC and with reference to market trend, as well as individual competence and performance of the staff. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance, and medical insurance funds.

3.5 Interim dividend

The Board resolved not to declare any interim dividend for the period ended 30 June 2014 (6 months ended 31 July 2013: Nil).

3.6 Pledge of assets

As at 30 June 2014, the Group did not pledge any of its assets for bank credits. Also, the Group was not subject to any responsibilities in accordance with any bank credit documents.

3.7 Capital commitments and contingent liabilities

As at 30 June 2014, the Group had no material capital commitments and contingent liabilities.

3.8 Material acquisition and disposal

Pursuant to the Disposal Agreement, the purchaser conditionally agreed to acquire and the Group conditionally agreed to dispose of the Group's 72.1% equity interest in Viswell and shareholder's loan to the Viswell Group at a total consideration of HK\$5,904,654. The Disposal was completed on 17 February 2014.

Save as disclosed herein, the Group had no material significant investments and acquisitions of subsidiaries during the five months ended 30 June 2014.

3.9 Share options

No share option scheme has been adopted by the Group.

Save as disclosed herein, there has been no material change to information disclosed in the Company's annual financial statements for the year ended 31 January 2014 which necessitates additional disclosure to be made in this section.

4. FUTURE PROSPECT

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

Looking ahead, the second half of this financial year is full of challenges. As a result of rationalization of business operations, it is the intention of the management to continue the existing property investment and hotel management business of the Group. The Company will review the existing businesses, operations and/or directions of the Group from time to time and may implement changes with regard to such review when appropriate. In addition, the management of the Group will closely monitor the market and seize the opportunities to adopt appropriate measures and strategies to strive for the best returns to the shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the issue of a total of 395,920,914 ordinary shares to the Subscriber pursuant to the Subscription, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

Save as disclosed below, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as stated in Appendix 14 of the Listing Rules throughout the five months ended 30 June 2014.

In respect of code provision A.6.7 of the CG Code, one of the independent non-executive directors was not able to attend the annual general meeting of the Company held on 27 June 2014 due to his other business commitments.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors of the Company, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the period.

AUDIT COMMITTEE

The Audit Committee of the Company is to review and supervise the financial reporting process and internal control procedures of the Group. The Group's interim results for the five months ended 30 June 2014 have been reviewed by the Audit Committee.

The Audit Committee of the Company comprises of three independent non-executive directors, namely, Mr. Tung Woon Cheung Eric ("Mr. Tung"), Mr. Wong Kai Tung Simon and Mr. Mak Kwong Yiu, with Mr. Tung as the Chairman.

PUBLICATION OF RESULTS ON WEBSITES

Pursuant to the discloseable financial information of Appendix 16 to the Listing Rules, the results of the Company will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.capitalfp.com.hk/eng/index.jsp?co=108) in due course.

By order of the Board
GR Properites Limited
Wei Chunxian
Chairman

Hong Kong, 29 August 2014

As at the date of this announcement, the executive directors of the Company are Mr. Wei Chunxian, Mr. Sun Zhongmin and Ms. Liu Shuhua; and the independent non-executive directors of the Company are Mr. Tung Woon Cheung Eric, Mr. Wong Kai Tung Simon, and Mr. Mak Kwong Yiu.