GENVON GROUP LIMITED
正峰集團有限公司

GENVON GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2389)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of Genvon Group Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively the "Group") prepared in accordance with Hong Kong Financial Reporting Standards for the year ended 31 December 2014, together with the comparative figures for the year 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 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	6	**(249,315)**	–
Selling and distribution expenses		**(5,439)**	(8,333)
Administrative expenses		**(25,210)**	(22,233)
Finance costs	7	**–**	(524)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	8	**(223,908)**	95,596
Income tax expense	9	**(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	10	**67,053**	51,850
(LOSS)/PROFIT FOR THE YEAR		**(169,907)**	90,626

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
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
(Loss)/profit attributable to:			
Owners of the parent		**(174,565)**	94,120
Non-controlling interests		**4,658**	(3,494)
		(169,907)	90,626
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(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	*12*		
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 11 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,233**	31,360
Intangible assets		**–**	2,595
Investment properties		**66,333**	26,734
Deferred tax assets		**21,987**	24,532
Total non-current assets		**89,553**	85,221
CURRENT ASSETS			
Inventories		**–**	22,720
Properties under development		**–**	1,276,941
Properties held for sale		**70,499**	182,433
Trade and bills receivables	*13*	**–**	32,317
Prepayments, deposits and other receivables		**10,270**	185,662
Cash and cash equivalents		**1,093,476**	201,772
		1,174,245	1,901,845
Assets of disposal groups classified as held for sale	*10*	**1,697,541**	–
Total current assets		**2,871,786**	1,901,845
CURRENT LIABILITIES			
Trade payables	*14*	**15,624**	101,314
Other payables and accruals		**90,230**	336,678
Loans from a related company		**–**	4,578
Tax payable		**103,324**	122,346
		209,178	564,916
Liabilities directly associated with the assets classified as held for sale	*10*	**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		**–**	4,190
Interet-bearing bank and other borrowings		**–**	491,526
Deferred income		**–**	25,251
Total non-current liabilities		**–**	520,967
Net assets		**1,932,691**	901,183
Equity			
Equity attributable to owners of the parent			
Share capital	*15*	**906,180**	423,134
Reserves		**817,340**	272,851
		1,723,520	695,985
Non-controlling interests	*10*	**209,171**	205,198
Total equity		**1,932,691**	901,183

NOTES

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 Group 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 21 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 Stock Exchange.

2 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. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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. 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.

3. 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

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 HKAS 36.

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(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.

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

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.

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	**(5,933)**	15,158
	(5,933)	22,426

6. 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.

7. 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

8. (LOSS)/PROFIT BEFORE TAX

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

	Group	
	2014	2013
	HK$'000	*HK$'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):		
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	**249,315**	–
Changes in fair value of investment properties	**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).

9. 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	**(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.

10. DISCONTINUED OPERATION AND DISPOSAL GROUPS

On 21 November 2014, the Company announced the decision of its board of directors to dispose of the Disposal Groups. The Disposal Groups engage in business of manufacturing and trading of power tools and part of property development. The Group principally 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 (Restated)
Revenue	**172,594**	183,305
Expenses	**(95,971)**	(128,758)
Finance costs	**–**	(2,697)
Profit before tax from the discontinued operation (i)	**76,623**	51,850
Income tax	**(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	2013
	HK$'000	*HK$'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**	–

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

	2014	2013
	HK$'000	*HK$'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 in March 2015 (note 16(3)):		
Basic, from the discontinued operation	**HK2.17 cents**	HK2.45 cents
Diluted, from the discontinued operation	**HK2.17 cents**	HK2.43 cents

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 12)	**3,083,676,526**	2,115,354,110
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 12)	**3,091,441,586**	2,132,679,790

Non-recurring fair value measurements:

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

Assets held for sale with a carrying amount of HK$1,698 million is 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.

Note:

(i) 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 instalment 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 costs 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 HK$12,630,000 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.

11. DIVIDENDS

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

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

The calculation of the basic earnings per share 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 rights issue during the year, as adjust to reflect the share consolidation on 4 March 2015 (note 16(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	2013
	HK$'000	*HK$'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

	Number of shares	
	2014	2013
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.

13. TRADE AND BILLS RECEIVABLES

	Group 2014	2013
	HK$'000	*HK$'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	2013
	HK$'000	*HK$'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

14. TRADE PAYABLES

	Group	
	2014	2013
	HK$'000	*HK$'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:

	Group	
	2014	2013
	HK$'000	*HK$'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

15. 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

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

	Number of shares in issue	Share capital
	'000 shares	*HK$'000*
At 1 January 2013	4,224,775	422,477
Exercise of share options		
– Options granted on 6 November 2009	6,563	657
Transfer from share option reserve	–	–
Sub-total	6,563	657
At 31 December 2013 and 1 January 2014	4,231,338	423,134
Warrants:		
– 2013 Warrant Subscription *(note c)*	400,000	40,000
Transfer from warrant reserve	–	–
Sub-total	400,000	40,000
Subscription of new shares *(note d)*	400,000	40,000
Issue of shares upon placing *(note a)*	3,984,000	398,400
Exercise of share options		
– Options granted on 7 March 2008	5,296	530
– Options granted on 5 May 2008	6,163	616
– Options granted on 6 November 2009	35,000	3,500
	46,459	4,646
Transfer from share option reserve	–	–
Sub-total	46,459	4,646
At 31 December 2014	9,061,797	906,180

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.

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.

(b) Share options

During the year ended 31 December 2014, nil (2013: 2,329,495) share options lapsed and 46,459,330 (2013: 6,562,500) share options were exercised during the year.

(c) Warrants

On 21 January 2013, the Company entered into a conditional warrant subscription agreement (the "Warrant Subscription Agreement") with an independent third party (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 conditions set out in the Warrant Subscription Agreement have been fulfilled and completion of the Warrant Subscriptions took place on 29 January 2013. The net proceeds from the Warrant Subscriptions were approximately HK$290,000. On 31 July 2013, the Subscriber transferred 200,000,000 warrants each to two independent third parties for an aggregate consideration of HK$600,000. 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.

(d) Subscription of new shares

On 17 January 2014, the Company entered into a subscription agreement with Lucky Creation Limited (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 (the "Subscription").

With all the conditions precedent to the Subscription have been fulfilled on 23 July 2014, completion of the Subscription has been taken place on 31 July 2014 (the "Completion Date").

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.

16. EVENTS AFTER THE REPORTING PERIOD

(1) The Disposal Agreement dated 21 November 2014 in respect of the Disposal as mentioned in note 1 and note 10 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 polled and agreed at the extraordinary general meeting on 19 January 2015.

(2) On 30 January 2015, United Win International Corporation, a company wholly owned by Genvon Group, 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. The Group intends to demolish the buildings and structures on such land, change the use of such land to non-logistics function and commence other kind 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) with 18.92% shares in the Company as at the date of this announcement, through a bank as the lending agent. Besides, Lugang had outstanding balances of the shareholder loan provided by BPHL. Upon completion of the acquisition, 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.

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

    (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.

17. 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 10) and certain items in the consolidated financial statements have been reclassified to conform with the current year's presentation to facilitate comparison.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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	頤峰南苑–瑞麗名邸	Highrise blocks	104	984	9,462	100%
Shanghai	頤峰北苑–中景水岸	Duplexes	5,922	97,196	16,413	100%
	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 specific 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 located in the PRC and most of the transactions are conducted in RMB. Except for the Group's HKD denominated cash and cash equivalents, majority of the Group's assets and liabilities are denominated in RMB. 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.

CORPORATE GOVERNANCE CODE PRACTICES

The Company is committed to maintaining high standards of corporate governance. Corporate governance requirements keep changing, therefore the Board periodically reviews the corporate governance practices of the Company to meet the rising expectations of the shareholders and comply with the increasingly stringent regulatory requirements. Throughout the year under review, the Company has complied with provisions as set out in the Corporate Government Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except for the deviations as listed below:

Code Provision A.2.1

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.

Mr. Wang Zheng Chun held the offices of Chairman and Chief Executive Officer of the Company until 23 September 2014. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

On 23 September 2014, Mr. Zhang Jing Ming was appointed as the Chief Executive Officer of the Company to take up the relevant 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.

Code Provisions A.4.1 and A.4.2

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 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, but they are subject to retirement by rotation in accordance with the Article of Association of the Company. 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, 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 during the year as Directors of the Company to fill casual vacancies or as addition to the Board, should have retired at the extraordinary general meeting of the Company held on 19 January 2015, being the first general meeting after the appointment but they have not. Nevertheless, those Directors except Mr. Xu Guang Yu and Mr. Dong Qi, who 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.

Code Provision A.5.1

Code provision A.5.1 of the CG Code stipulates that listed issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of 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 vacancies arising from the aforesaid resignation with effect from 18 August 2014 and has since then re-complied with the aforesaid requirements of the Listing Rules.

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 as its own code of conduct regarding Directors’ securities transactions. All the Directors have confirmed, following specific enquiry by the Company on each of them, that they had fully complied with the Model Code throughout the year ended 31 December 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

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

AUDIT COMMITTEE

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2014.

THE ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2014 will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchange and Clearing Limited and the Company in due course.

By Order of the Board
Genvon Group Limited
Zhu Shi Xing
Chairman

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises six Executive Directors, namely Mr. Zhu Shi Xing, Mr. Liu Xue Heng, Mr. Gu Shan Chao, Mr. Hu Xiao Yong, Mr. Zhang Jing Ming and Mr. Wang Zheng Chun and three Independent Non-Executive Directors, namely Mr. Xie Ming, Mr. Tse Man Kit, Keith and Mr. Wu Yong Xin.