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BUILDMORE INTERNATIONAL LIMITED

建懋國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JANUARY 2013

The board of directors (the “Board”) of Buildmore International Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 January 2013, which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 January 2013

	<i>Note</i>	2013 HK\$	2012 HK\$
Turnover	3	40,458,354	30,079,684
Cost of sales		(20,354,453)	(18,250,111)
Gross profit		20,103,901	11,829,573
Other revenue	4	225,452	2,706,574
Other net income	4	36,785,273	103,594,057
Selling and distribution costs		(3,768,639)	(3,258,147)
General and administrative expenses		(16,830,125)	(18,278,652)
Finance costs	5(a)	(32,902,523)	(67,868,822)
Profit before taxation	5	3,613,339	28,724,583
Income tax	6	(527,461)	(185,021)
Profit for the year		3,085,878	28,539,562
Other comprehensive income			
Exchange difference arising on translation of functional currency to presentation currency		(986,147)	(8,220,985)
Total comprehensive income for the year, net of tax		2,099,731	20,318,577

	<i>Note</i>	2013 HK\$	2012 HK\$
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		2,463,465	29,055,029
Non-controlling interests		622,413	(515,467)
		<u>3,085,878</u>	<u>28,539,562</u>
Total comprehensive income/(expense) for the year attributable to:			
Equity shareholders of the Company		1,145,511	21,227,535
Non-controlling interests		954,220	(908,958)
		<u>2,099,731</u>	<u>20,318,577</u>
Earnings/(loss) per share	7		
Basic		<u>0.02</u>	<u>0.22</u>
Diluted		<u>(0.005)</u>	<u>(0.13)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 January 2013

	<i>Note</i>	2013 HK\$	2012 HK\$
Non-current assets			
Investment properties		94,867,854	92,180,969
Property, plant and equipment		6,719,311	6,852,205
Intangible assets		5,268,362	5,138,923
Other financial assets		15,194,531	12,048,193
Deposit for property, plant and equipment		320,268	–
		<u>122,370,326</u>	<u>116,220,290</u>
Current assets			
Inventories		1,923,173	1,649,925
Trade and other receivables	8	3,858,882	4,010,357
Cash and cash equivalents		2,837,155	6,198,989
		<u>8,619,210</u>	<u>11,859,271</u>
Current liabilities			
Trade and other payables	9	7,943,468	10,195,026
Amounts due to shareholders		229,243,054	226,243,054
Amount due to a director		3,252,239	2,052,239
Borrowings – due within one year		803,115	1,438,220
Obligations under finance leases		254,589	81,951
Convertible bonds		–	241,374,113
Tax liabilities		948,636	873,686
		<u>242,445,101</u>	<u>482,258,289</u>
Net current liabilities		<u>(233,825,891)</u>	<u>(470,399,018)</u>
Total assets less current liabilities		<u>(111,455,565)</u>	<u>(354,178,728)</u>
Non-current liabilities			
Borrowings – due after one year		1,398,860	2,647,934
Obligations under finance leases		786,909	340,284
Convertible bonds		240,763,836	–
Deferred taxation		14,849,895	14,187,850
		<u>257,799,500</u>	<u>17,176,068</u>
Net liabilities		<u>(369,255,065)</u>	<u>(371,354,796)</u>
Capital and reserves			
Share capital		131,973,638	131,973,638
Share premium and reserves		(500,374,960)	(501,520,471)
Equity attributable to equity shareholders of the Company		<u>(368,401,322)</u>	<u>(369,546,833)</u>
Non-controlling interests		<u>(853,743)</u>	<u>(1,807,963)</u>
Total deficit		<u>(369,255,065)</u>	<u>(371,354,796)</u>

Notes:

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements for the year ended 31 January 2013 comprise the Company and its subsidiaries.

(a) Going concern

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group and the Company in light of the fact that, as of 31 January 2013, the Group’s total liabilities exceeded its total assets by HK\$369,255,065, the Group’s current liabilities exceeded its current assets by HK\$233,825,891, the Company’s total liabilities exceeded its total assets by HK\$148,840,295 and the Company’s current liabilities exceeded its current assets by HK\$10,811,785. The directors of the Company have taken the following actions to mitigate the liquidity issues faced by the Group and the Company:

- (i) the substantial shareholder of the Company has undertaken to the Company not to demand repayment of the advance with carrying amount of HK\$219,285,077 (as included in the amounts due to shareholders) at 31 January 2013 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment;
- (ii) the substantial shareholders of the Company have undertaken to the Company not to demand repayment of the other advances with carrying amounts of HK\$9,000,000 (as included in the amounts due to shareholders) at 31 January 2013 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment;
- (iii) the director of the Company has undertaken to the Company not to demand repayment of the amount due to the director with carrying amount of HK\$3,200,000 (as included in the amount due to a director) at 31 January 2013 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment;
- (iv) the holders of convertible bonds have undertaken to the Company not to demand redemption of any amount of convertible bonds which remains outstanding on the maturity date unless the Group has sufficient funds to redeem the outstanding amount of the convertible bonds and still be able to meet in full its financial obligations after the redemption; and

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

The directors of the Company consider that taking into account of the above, the cash requirements of the Group for the next twelve months from the end of the reporting period and the Group's ability to obtain external financing from banks by pledging the investment properties of the Group, if required, the Group and the Company will have sufficient working capital to meet in full their financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

(b) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investment properties, financial assets at fair value through profit or loss and derivatives embedded in convertible bonds are stated at their fair values.

(c) Use of estimates and judgements

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

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

2. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*
- Amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

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

Amendments to HKFRS 7, Financial instruments: Disclosures

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12, Income taxes

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, *Investment property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

As a result of adopting the amendments to HKAS 12, the Group has determined that each of the investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in the amended HKAS 12 is rebutted for these properties. As a result, the Group continues to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

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

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Gross rentals from investment properties	5,141,085	4,542,170
Sales of dye-sublimation printed products	35,317,269	25,537,514
	40,458,354	30,079,684

(b) Segment reporting

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

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

(i) Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the results generated by each segment without allocation of corporate administrative expenses including directors' salaries, other income, imputed interest expenses on amount due to a shareholder and imputed interest expenses on convertible bonds. This is the measure reported to the chief operating decision maker for the purposes of resource allocations and performance assessment.

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

For the year ended 31 January 2013

	Property investment <i>HK\$</i>	Hotel management <i>HK\$</i>	Sales of dye- sublimation printed products <i>HK\$</i>	Consolidated <i>HK\$</i>
REVENUE				
Segment revenue – external sales	<u>5,141,085</u>	–	<u>35,317,269</u>	<u>40,458,354</u>
RESULTS				
Segment results	<u>2,554,397</u>	<u>(850,732)</u>	<u>3,164,624</u>	4,868,289
Unallocated income				225,452
Unallocated corporate expenses				(5,396,996)
Imputed interest expense on convertible bonds				(32,511,749)
Loss on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds				(2,982,947)
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency				627,489
Foreign exchange gain on liability component of the convertible bonds				2,678,828
Gain on modification of the terms of convertible bonds				<u>36,104,973</u>
Profit before taxation				<u>3,613,339</u>

For the year ended 31 January 2012

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

There was no inter-segment sales for both years.

(ii) *Segment assets and liabilities*

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments, other than corporate assets of the Group.
- All liabilities are allocated to reportable segments, other than liabilities not directly related to operation of segments such as other payables and accruals for corporate, amounts due to shareholders, amount due to a director and convertible bonds.

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

As at 31 January 2013

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

As at 31 January 2012

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

(iii) *Other segment information*

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

For the year ended 31 January 2013

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

For the year ended 31 January 2012

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

(iv) *Geographical information*

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

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

	Revenue from		Non-current assets	
	external customers		(other than	
	2013	2012	2013	2012
	HK\$	HK\$	HK\$	HK\$
PRC and others	6,306,484	4,542,170	104,793,370	101,878,815
Hong Kong	–	–	137,993	186,095
Japan	20,690,703	22,096,500	2,244,432	2,107,187
USA	13,461,167	3,441,014	–	–
	40,458,354	30,079,684	107,175,795	104,172,097

(v) *Information about major customers*

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

	2013	2012
	HK\$	HK\$
Customer A – Sales of dye-sublimation printed products	13,402,853	3,221,639
Customer B – Sales of dye-sublimation printed products	–	3,441,014

4. OTHER REVENUE AND NET INCOME

	2013	2012
	HK\$	HK\$
Other revenue		
Total interest income on financial assets not at fair value through profit or loss:		
Interest income from bank	14,009	110,367
Government grants (<i>note</i>)	–	2,332,146
Sundry income	211,443	264,061
	225,452	2,706,574

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

	2013	2012
	HK\$	HK\$
Other net income		
(Loss)/gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds	(2,982,947)	92,702,616
Gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into the functional currency	627,489	2,458,294
	(2,355,458)	95,160,910
Gain on modification of the terms of convertible bonds	36,104,973	–
Valuation gain/(loss) on investment properties	1,392,645	(2,188,131)
Gain on change in fair value of other financial assets designated as at fair value through profit or loss	61,621	726,231
Foreign exchange gain on liability component of the convertible bonds	2,678,828	9,007,395
Other exchange (loss)/gain	(718,767)	887,652
Loss on disposal of property, plant and equipment	(378,569)	–
	36,785,273	103,594,057

5. PROFIT BEFORE TAXATION

	2013 HK\$	2012 HK\$
Profit before taxation is arrived at after charging/(crediting):		
(a) Finance costs		
Interest expenses on borrowings wholly repayable within five years	368,877	161,194
Finance charges on obligations under finance leases	21,897	24,122
Imputed interest expense on amount due to a shareholder	–	30,668,332
Imputed interest expense on convertible bonds	32,511,749	37,015,174
	<u>32,902,523</u>	<u>67,868,822</u>
Total interest expenses on financial liabilities not at fair value through profit or loss	<u>32,902,523</u>	<u>67,868,822</u>
(b) Staff costs (including directors' emoluments)		
Contribution to defined contribution retirement plans	816,925	613,145
Salaries, wage and other benefits	10,904,380	9,180,013
	<u>11,721,305</u>	<u>9,793,158</u>
(c) Other items		
Auditor's remuneration		
– Audit Services	660,000	645,000
– Other Services	50,000	20,000
Cost of inventories recognised as an expense	9,507,902	11,001,918
Depreciation of property, plant and equipment	1,513,738	1,975,292
Amortisation of intangible assets	29,830	224,153
Impairment loss		
– trade receivables	129,687	2,432
– other receivables, deposits and prepayments	–	132,918
– intangible assets	–	1,212,916
Gross rents from investment properties under operating leases	(5,141,085)	(4,542,170)
Less: direct outgoings	–	41,468
Net rental income	(5,141,085)	(4,500,702)
Operating lease rentals in respect of:		
Premises	1,012,220	966,565
Equipment	13,860	164,194
	<u>1,026,080</u>	<u>1,130,759</u>

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Taxation charged to profit or loss:		
Current tax – the PRC:		
Provision for the year	67,624	60,212
Deferred tax:		
Origination and reversal of temporary differences	459,837	124,809
	527,461	185,021

Pursuant to the income tax laws and regulations of the PRC, the companies comprising the Group in the PRC are liable to PRC Corporate Tax at a rate of 25% during the years ended 31 January 2013 and 2012.

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

Income tax arising in Japan is calculated at an effective corporate tax rate of 39.43% (2012: 40.69%), comprising the aggregate of national tax, inhabitants tax and enterprise tax for a corporation with share capital below or equal to JPY100 million. No provision for Japan corporate tax is provided in the consolidated statement of comprehensive income for the year ended 31 January 2013, since the Group has accumulated tax losses brought forward which exceeds the estimated assessable profits arising in Japan for that year (2012: the Group has no estimated assessable profits in Japan).

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

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

The Group's profit for the year attributable to equity shareholders of the Company

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
Profit for the year attributable to equity shareholders of the Company	2,463,465	29,055,029
Number of shares		
Weighted average number of shares	131,973,638	131,973,638

(b) Diluted loss per share

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

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

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
The Group's profit for the year attributable to equity shareholders of the Company	2,463,465	29,055,029
After tax effect of imputed interest expense on convertible bonds	32,511,749	37,015,174
After tax effect of foreign exchange gain on liability component of the convertible bonds	(2,678,828)	(9,007,395)
After tax effect of gain on translation of derivatives embedded in convertible bonds denominated in a foreign currency into functional currency	(627,489)	(2,458,294)
After tax effect of loss/(gain) on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in the convertible bonds	2,982,947	(92,702,616)
After tax effect of gain on modification of the terms of convertible bonds	(36,104,973)	–
	<hr/>	<hr/>
The Group's loss for the year attributable to equity shareholders of the Company (diluted)	<u>(1,453,129)</u>	<u>(38,098,102)</u>

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

	2013	2012
Weighted average number of ordinary shares (basic) at 31 January	131,973,638	131,973,638
Effect of conversion of convertible bonds	162,500,000	162,500,000
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 January	<u>294,473,638</u>	<u>294,473,638</u>

8. TRADE AND OTHER RECEIVABLES

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

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
0 – 90 days	1,963,838	2,648,911
91 – 180 days	69,594	129,592
181 – 365 days	–	30,699
Over 365 days	–	204,020
	<hr/>	<hr/>
	<u>2,033,432</u>	<u>3,013,222</u>

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

As at 31 January 2013 and 2012, the whole amount of trade debtors was related to the sale of dye-sublimation printed products and were all past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

Included in the trade and other payables are trade payables with the following ageing analysis presented based on the invoice date at the reporting date:

	2013	2012
	<i>HK\$</i>	<i>HK\$</i>
0 – 90 days	2,361,229	3,351,397
91 – 180 days	–	47,295
181 – 365 days	93	258,255
Over 365 days	–	110,866
	<hr/>	<hr/>
	<u>2,361,322</u>	<u>3,767,813</u>

As at 31 January 2013 and 2012, the whole amount of trade payables was related to the sale of dye-sublimation printed products. There is no specific credit terms for payment granted by the suppliers in which invoice is due on presentation.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The auditors of the Company will issue a qualified opinion on the consolidated financial statements for the year. An extract of the auditors' report is as below.

“Basis for Qualified Opinion

Because we were appointed as auditors of the Company on 17 June 2011, we were not able to observe the counting of the physical inventories at the beginning of the year ended 31 January 2012 or satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening accumulated losses might be necessary for the year ended 31 January 2012. Our audit opinion on the consolidated financial statements for the year ended 31 January 2012 was modified accordingly. Our opinion on the current year's consolidated financial statements is also modified because of the possible effect of the matter on the comparability of the current period's figures and the corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 January 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2(b)(i) to the consolidated financial statements which indicates that, as of 31 January 2013, the Group's total liabilities exceeded its total assets by HK\$369,255,065, the Group's current liabilities exceeded its current assets by HK\$233,825,891, the Company's total liabilities exceeded its total assets by HK\$148,840,295 and the Company's current liabilities exceeded its current assets by HK\$10,811,785. These conditions, along with other matters as set forth in note 2(b)(i) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.”

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year (2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

During the year, the Group's operations are being categorised into three divisions: property investment; hotel management and sales of dye sublimation printed products. The Group's property investment and hotel management divisions were mainly located at Fujian Province, the People's Republic of China (the "PRC") and the sales of dye sublimation printed products division was principally located at Japan.

In respect of the property investment division, the Group has generated its revenue mainly by leasing out properties held in Fuzhou City, PRC to independent tenants through Jiacheng (Fujian) Investments Co., Ltd. ("Jiacheng Fujian") and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company. In the past couple of years, as a result of the implementation of government policies, the property leasing business of Jiacheng and Faith Stand China have been improving.

Jiacheng Fujian is also engaged in investment 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 (Jiixin (Fujian) Opto-Electronic Technology Co., Ltd.*). Both companies are private entities incorporated in the PRC and engage in property development in 海西高新技術產業園區 (Fuzhou New & High Technology Industry Development Zone*) located at the western side of the Taiwan Strait. The Central Government had laid down concrete measures to promote the construction and encourage the development of this economic zone. During the year, the Group made an additional investment of approximately HK\$2,890,000 in one of these two private entities. With this additional investment, the Group is entitled to occupy, use or obtain the income derived from the additional areas of certain property held by this private entity.

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 hotel is under construction and is located at Pingtan Island, Fujian, the fifth largest island in China. The expected commencement date of operation of the hotel is middle of 2014, it will generate steady revenue for the Group by then.

Looking forward, as the PRC Central Government has laid down concrete development plans for the coastal area in Fujian Province, Fujian usher in better development opportunities, this will certainly be beneficial to the development of real estate industry and hotel industry, the management of the Group will continue to explore potential business opportunities which may generate greater return to the shareholders.

Rakupuri Inc. ("Rakupuri") is engaged in the manufacture and sale of dye-sublimation printed products. With reorganization, strengthened management, suitable inputs and exploration into overseas markets in the North America. The management of Rakupuri has successfully driven Rakupuri to deliver profitable results this year. The management of the Group will closely monitor the business development of Rakupuri and implement corresponding measures when the appropriate time comes.

* For identification purpose only

The Company will continue to expand its business scope and identify all kinds of investment opportunities in a proactive yet prudent manner, so as to diversify its business development, strengthen its risk resistance capability and improve profitability.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group recorded a profit attributable to equity shareholders of the Company of approximately HK\$2,463,000 (2012: approximately HK\$29,055,000). The substantial decrease is mainly attributed to recognition of a loss on change in fair value of derivatives embedded in convertible bonds of approximately HK\$2,983,000 (2012: gain of HK\$92,703,000, approximately).

As at 31 January 2013, the Group had available bank balances and cash of approximately HK\$108,000, RMB1,262,000 and JPY13,677,000 (2012: approximately HK\$829,000, RMB3,512,000 and JPY10,362,000), representing a capital liquidity ratio (bank balances and cash divided by current liabilities) of 0.01 (2012: 0.01).

As at 31 January 2013, the Group's debts to assets ratio was 3.21 (2012: 3.69). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included amounts due to shareholders of approximately HK\$229,243,000 (2012: approximately HK\$226,243,000), an amount due to a director of approximately HK\$3,252,000 (2012: approximately HK\$2,052,000), borrowings of approximately HK\$2,202,000 (2012: approximately HK\$4,086,000), obligations under finance leases of HK\$1,041,000 (2012: HK\$422,000) and the liability component of the convertible bonds of approximately HK\$185,317,000 (2012: approximately HK\$240,271,000) over the amount of total assets of approximately HK\$130,990,000 (2012: approximately HK\$128,080,000).

During the year, the Group's business operations were principally in the PRC and Japan, and the main operational currencies are HK\$, RMB and JPY. The exchange rate fluctuations between RMB and HK\$ and JPY and HK\$ have no material adverse impact to the Group throughout the year. The Group will closely monitor the exchange rate trend and take corresponding measures in a timely manner to reduce foreign currency exchange risk and exposure.

EMPLOYEES AND REMUNERATION POLICY

As at 31 January 2013, the total number of employees of the Group (excluding directors of the Company) was 43 (2012: 44). 23 of them worked in the PRC, 18 worked in Japan, while 2 worked in Hong Kong (2012: 23 of them worked in the PRC, 19 worked in Japan, while 2 worked in Hong Kong).

During the year, the Group paid employees' emoluments (including emoluments for directors and employees) amounting to HK\$2,738,000 (2012: HK\$2,877,000), RMB1,660,000 (2012: RMB1,517,000) and JPY71,037,000 (2012: JPY51,510,000). The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong, Japan and the PRC and with reference to market trend, as well as individual competence and performance of the staff. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance, and medical insurance funds.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company is committed to maintain and ensure high standards of corporate governance practice. The Company stresses the importance of maintaining the quality of the Board by ensuring that the directors possess a wide range of expertise and the effective implementation of an accountability system, so as to ensure that business activities and decision making processes are regulated in a proper manner.

Save as disclosed below, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effective from 1 April 2012) (collectively, the "CG Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year.

Code provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. Prior to 15 February 2012, none of the Independent Non-executive Directors of the Company was appointed for a specific term, but in accordance with Article 81 of the Company's Article of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the CG code.

On 15 February 2012, each Independent Non-executive Director, except Mr. See Tak Wah who resigned on 29 June 2012, entered into a letter of appointment with the Company in respect of their individual service term, subject to re-election. Mr. Lam Yiu Por who was appointed as an Independent Non-executive Director on 29 June 2012 has also entered into a letter of appointment with the Company in respect of his service term, subject to re-election, upon his appointment. Code provision of A.4.1 has been complied with effect from 29 June 2012.

In respect of code provision A.6.7, one of the Independent Non-executive Directors did not attend the annual general meeting of the Company held on 29 June 2012 due to his other business commitments.

The Company will seek to improve its management and raise its control level to enhance the Company's competitiveness and operating efficiency, to ensure its sustainable development and to generate greater returns for the shareholders.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors of the Company, the Company is not aware of any non-compliance with the Model Code regarding the trading of the Company's securities for the year.

AUDIT COMMITTEE

The audit committee has reviewed with the annual results and has no dissenting view on the accounting policies adopted by the Group and on the Group's internal controls and risk management, accounting and financial reporting functions.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company will be posted at the website of the Company (<http://www.capitalfp.com.hk/eng/index.jsp?=108>) and the website of the Stock Exchange (<http://www.hkexnews.hk>). Annual Report 2013 of the Company containing all information as required by the Listing Rules will be despatched to the shareholders of the Company later and posted at the above websites.

By order of the Board
Buildmore International Limited
Lo Cheung Kin
Chairman

Hong Kong, 26 April 2013

As at the date of this announcement, the executive directors of the Company are Mr. Lo Cheung Kin, Madam Huang Haiping, Mr. Li Jianbo and Madam Song Xiaoling; and the independent non-executive directors of the Company are Mr. Lam Yiu Por, Mr. Wong Cheong, and Mr. Ngai Sai Chuen.