

# BUILDMORE INTERNATIONAL LIMITED

## 建懋國際有限公司

(Incorporated in Hong Kong with limited liability)

### INTERIM REPORT 2001

The directors of Buildmore International Limited (the "Company") present the unaudited Interim Report of the Company and its subsidiaries (the "Group") for the half-year ended 31st July, 2001.

#### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31ST JULY, 2001

	Notes	Unaudited Half-year ended 31st July	
		2001 HK\$	2000 HK\$
Turnover		4,470,086	215,000
Cost of sales and direct operating costs	4	(3,257,150)	(14,466)
Gross profit		1,212,936	200,534
Other revenue		198,307	113,838
Administrative expenses		(1,049,992)	(1,373,500)
Profit (Loss) from operations		361,251	(1,059,128)
Finance costs		(315,822)	(291,630)
Share of results of associates		(4,290)	(182,851)
Profit (Loss) before taxation		41,139	(1,533,609)
Taxation	6	-	-
Profit (Loss) before minority interests		41,139	(1,533,609)
Minority interests		(121,402)	61,913
Net loss for the period		(80,263)	(1,471,696)
Loss per share	7	(0.10) cent	(1.84) cents

There were no recognised gains or losses other than the net loss for the period.

#### CONDENSED CONSOLIDATED BALANCE SHEET AT 31ST JULY, 2001

	Notes	31st July, 2001 (unaudited) HK\$	31st January, 2001 (audited) HK\$
<b>NON-CURRENT ASSETS</b>			
Investment properties	8	9,700,000	9,700,000
Property, plant and equipment	8	12,145	13,379
Interests in associates		11,400,018	11,404,308
Properties under development		44,420,129	44,384,384
Pledged bank deposits		138,601	136,491
		65,670,893	65,638,562
<b>CURRENT ASSETS</b>			
Properties held for sale		-	3,243,407
Sundry receivables	10	6,519,230	6,520,314
Bank balances and cash		5,210,796	2,972,618
		11,730,026	12,736,339
<b>CURRENT LIABILITIES</b>			
Sundry payables	11	7,789,816	8,686,459
Tax liabilities		2,043,252	2,043,252
Borrowings - due within one year		2,188,235	2,306,714
		12,021,303	13,036,425
<b>NET CURRENT LIABILITIES</b>		(291,277)	(300,086)
		65,379,616	65,338,476
<b>CAPITAL AND RESERVES</b>			
Share capital	9	89,173,638	89,173,638
Share premium and reserves		(37,416,478)	(37,336,215)
		51,757,160	51,837,423
<b>MINORITY INTERESTS</b>			
		6,824,568	6,703,166
<b>NON-CURRENT LIABILITIES</b>			
Borrowings - due after one year		6,797,888	6,797,887
		65,379,616	65,338,476

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31ST JULY, 2001**

	Unaudited	
	Half-year ended 31st July	
	2001	2000
	HK\$	HK\$
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	2,637,004	(363,412)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(242,493)	(205,471)
INVESTING ACTIVITIES	(37,855)	(35,746)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING	2,356,656	(604,629)
FINANCING	(116,609)	(2,058,061)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,240,047	(2,662,690)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,039,580	4,056,062
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>3,279,627</u>	<u>1,393,372</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	5,210,796	3,126,735
Bank overdrafts	(1,931,169)	(1,733,363)
	<u>3,279,627</u>	<u>1,393,372</u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31ST JULY, 2001**
**1. Accounting policies**

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties. The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice 25 (SSAP 25) Interim Reporting. The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 31st January, 2001.

**2. Segment information**

An analysis of turnover and contribution to profit (loss) before taxation of the Group by business and geographical segments is as follows:

	Contribution to profit		Contribution to loss	
	Turnover	before taxation	Turnover	before taxation
	2001	2001	2000	2000
	HK\$	HK\$	HK\$	HK\$
<u>Business Segment</u>				
Property development & trading	4,146,586	661,592	–	(337,401)
Property investment	323,500	(616,163)	215,000	(1,013,357)
	<u>4,470,086</u>	<u>45,429</u>	<u>215,000</u>	<u>(1,350,758)</u>
Share of results of associates		(4,290)		(182,851)
Profit (Loss) before taxation		<u>41,139</u>		<u>(1,533,609)</u>
<u>Geographical Segment</u>				
Hong Kong	323,500	(616,163)	215,000	(1,013,357)
Macau	4,146,586	661,592	–	(337,401)
	<u>4,470,086</u>	<u>45,429</u>	<u>215,000</u>	<u>(1,350,758)</u>
Share of results of associates		(4,290)		(182,851)
Profit (Loss) before taxation		<u>41,139</u>		<u>(1,533,609)</u>

**3. Results for the period**

The unaudited consolidated loss of the Group attributable to shareholders for the half-year ended 31st July, 2001 was HK\$80,263. Loss per share for the period was 0.10 cent. In comparison with the interim results of 2000, loss per share decreased by 1.74 cents.

**4. Cost of sales and direct operating costs**

Included in the cost of sales of HK\$3,257,150 (2000: HK\$14,466) is an amount of HK\$13,472, representing the rates and government rent paid for the investment properties held by the Group and an amount of HK\$3,243,407, representing the cost of stock held for sales for property development.

**5. Depreciation**

During the period, depreciation charged to the Group was HK\$1,234 (2000: HK\$1,529).

**6. Taxation**

No provision for Hong Kong Profits Tax has been made in the financial statements as there was no assessable profits for the period.

**7. Loss per share**

The calculation of the basic loss per share is based on the net loss for the period of HK\$80,263 (2000: HK\$1,471,696) and on the number of 80,076,923 (2000: 80,076,923) ordinary shares in issue during the period.

No diluted loss per share is computed as the conversion of the Company's preference shares would result in a decrease in net loss per share.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31ST JULY, 2001 – continued

### 8. Investment properties and property, plant and equipment

The Group did not acquire any new property to be held for investment purposes nor did the Group add any new plant or equipment to its assets during the half-year ended 31st July, 2001.

### 9. Share capital

There was no movement in the share capital of the Company in the current reporting period.

### 10. Sundry receivables

The Group does not allow any credit terms to its clients.

The following is the aged analysis of sundry receivables at the reporting date:

	31st July, 2001 HK\$	31st January, 2001 HK\$
Aging within one year	471,422	472,506
Aging over one year	6,047,808	6,047,808
	<u>6,519,230</u>	<u>6,520,314</u>

### 11. Sundry payables

The following is the aged analysis of sundry payables at the reporting date:

	31st July, 2001 HK\$	31st January, 2001 HK\$
Aging within one year	886,249	1,782,892
Aging over one year	6,903,567	6,903,567
	<u>7,789,816</u>	<u>8,686,459</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

The major financial resources of the Group are derived from the sales and renting of properties. All these activities are based in Hong Kong and Macau.

Due to the Interests Benefits Plans launched by the Macau Government, the sales of the remaining units of the multi-storey building "Little Lisboa", which is solely developed by Ka Fai Land Investment Company Limited ("Ka Fai"), a 81.65% owned subsidiary of the Group, was completed and recorded in the results for the half-year ended 31st July, 2001.

The unaudited consolidated turnover of the Group amounts to HK\$4,470,086 for the period under review (2000: HK\$215,000). The Group recorded a loss of HK\$80,263 (2000: HK\$ 1,471,696) for the half-year ended 31st July, 2001. Loss per share was 0.10 cent for the period under review (2000: 1.84 cents).

As at 31st July, 2001, the Group's net current liabilities amounted to HK\$291,277 representing a liquidity ratio of 0.98:1.00. This is due to the reason that a provision of HK\$5,500,000 had been made for the account receivable from Lune Kin Investment and Development Company Limited ("Lune Kin"), which is in dispute with Ka Fai in respect of the development of Phases II to V of Lisboa Gardens.

Although the Injunction Order had been put aside by the Court of First Instance of Macau SAR, Lune Kin had filed an appeal to the Court of Second Instance of Macau SAR. Ka Fai is now waiting for the decision from the Court of Second Instance of Macau in relation to the release of the Injunction Order.

The composite building "Hudong Building" in Fuzhou, China, which is developed by Staten (Fujian) Real Estate Co., Ltd. ("Staten"), a 45% owned associate of the Group, has been completed as scheduled. The installation of water, electricity and fire systems, air-conditioners and lifts in the building have also been completed. Staten is now negotiating with an intended purchaser of the whole composite building. As requested by that intended purchaser, Staten has postponed the decoration of lobby, lift-hall and toilets as well as the installation of communication systems and escalators so that the intended purchaser can make revisions if an agreement is reached. It is expected that the results of the negotiation will be concluded at the beginning of November 2001.

The investment properties of the Group with a book value of HK\$9,700,000 (2000: HK\$10,850,000) were pledged to secure banking facilities granted to the Group. In addition, the Group had obtained bank overdrafts of HK\$2,000,000. As at 31st July, 2001, the Group has an utilizable fund in cash of HK\$5,210,796.

The gearing ratio of the Group, calculated as total liabilities to shareholders' funds, is 0.36.

The Group is not subject to fluctuations in exchange rates as its investment portfolio is based in Hong Kong, Macau and Mainland China only.

For the half-year ended 31st July, 2001, the total emoluments paid to a director amounted to HK\$60,000.

The emoluments of the only one employee of the Group, other than the directors' fees paid to an independent non-executive director, during the half-year ended 31st July, 2001 were HK\$42,390.

Save as disclosed above, there has been no material change in the information disclosed in the Company's annual report for the year ended 31st January, 2001 which necessitates additional disclosure to be made in this section.

## INTERIM DIVIDEND

In view of the loss of the Company, no interim dividend has been declared by the directors in respect of the year ending 31st January, 2002 (2000: nil).

## DIRECTORS' INTERESTS IN SHARE CAPITAL

At 31st July, 2001, the interests of the directors in the ordinary share capital of the Company as recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name	Number of ordinary shares held	
	Personal interests	Corporate interests
Mr. Jong Kong Ki	—	21,600,000 (Note a)
Mr. So Yiu Kong	982,000	—
Mr. Chu Kwok Chue	420,000	—
Mr. Lo Cheung Kin	—	8,076,923 (Note b)
Ms. Yin Hoi Yeung	—	8,076,923 (Note b)

### Notes:

- 16,650,000 ordinary shares are held in the name of Nordstan Company Limited, 89.5% issued share capital of which is beneficially owned by Mr. Jong Kong Ki. 3,918,000 ordinary shares and 1,032,000 ordinary shares are held in the name of Kik Keung Finance Limited and Benwee Company Limited respectively. Both are beneficially owned by Mr. Jong Kong Ki.
- The ordinary shares are held in the name of Mass Honour Investment Limited which is controlled by Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung.

In addition, Mr. Jong Kong Ki also holds 3,000,000 ordinary shares on behalf of an independent third party.

Other than as disclosed above, at 31st July, 2001, neither the directors nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined by the SDI Ordinance.

As at 31st July, 2001, the Company has not granted any right to subscribe for shares in the Company to any director of the Company or to the spouse or children under 18 years of age of any such director.

## SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, the register of substantial shareholders maintained by the Company pursuant to section 16(1) of the SDI Ordinance discloses no person having an interest of 10% or more in the issued share capital of the Company as at 31st July, 2001.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the half-year ended 31st July, 2001.

## CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the half-year ended 31st July, 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the Company's independent non-executive directors were not appointed for a specific term.

## AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the half-year ended 31st July, 2001.

On behalf of the Board  
**Jong Kong Ki**  
Chairman

Hong Kong, 19th October, 2001