BUILDMORE INTERNATIONAL LIMITED
建 懋 國 際 有 限 公 司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 108)

INTERIM REPORT 2006

The board of directors (the "Board") of Buildmore International Limited (the "Company") presents the unaudited Interim Report of the Company and its subsidiaries (the "Group") for the six months ended 31st July, 2006.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 31st July, 2006 HK$ (unaudited)	2005 HK$ (unaudited)
Revenue		**396,394**	96,000
Cost of sales and direct operating costs		**(96,938)**	(13,397)
Gross profit		**299,456**	82,603
Other income		**778,310**	–
Administrative expenses		**(2,549,979)**	(693,043)
Finance costs		**(179,908)**	(70,797)
Fair value change on investment property		**–**	190,000
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary	6	**(11,253,191)**	–
Share of results of associate		**4,378,061**	111,632
Loss before taxation		**(8,527,251)**	(379,605)
Taxation	5	**–**	–
Loss for the period	6	**(8,527,251)**	(379,605)
Loss per share	7		
Basic and diluted		**(9.90) HK cents**	(0.44) HK cent

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	31st July, 2006 HK$ (unaudited)	31st January, 2006 HK$ (audited)
NON-CURRENT ASSETS			
Investment properties	8	**67,136,101**	–
Property, plant and equipment		**28,449**	1,393
Interests in associate		**–**	13,322,872
		67,164,550	13,324,265
CURRENT ASSETS			
Trade and other receivables	9	**2,313,142**	693,249
Amount due from an associate		**–**	2,130,328
Bank balances and cash		**1,092,307**	43,853,152
		3,405,449	46,676,729
Assets classified as held for sale	14	**19,791,261**	–
		23,196,710	46,676,729
CURRENT LIABILITIES			
Other payables, deposits received and accruals		**1,567,862**	622,329
Amount due to an associate		**439,167**	430,866
Shareholder's loan – due within one year		**–**	1,368,974
Preference share dividend payable		**1,615,426**	1,615,426
Taxation		**480,000**	480,000
		4,102,455	4,517,595
NET CURRENT ASSETS		**19,094,255**	42,159,134
TOTAL ASSETS LESS CURRENT LIABILITIES		**86,258,805**	55,483,399
CAPITAL AND RESERVES			
Share capital		**89,173,638**	89,173,638
Share premium and reserves		**(37,680,595)**	(33,690,239)
TOTAL EQUITY		**51,493,043**	55,483,399
NON-CURRENT LIABILITIES			
Deferred taxation	10	**12,996,926**	–
Amount due to a shareholder	11	**21,768,836**	–
		34,765,762	–
		86,258,805	55,483,399

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK$	Share premium HK$	Shareholder's contribution HK$	Accumulated losses HK$	Total HK$
As at 1st February, 2005	89,173,638	196,187,821	–	(229,827,659)	55,533,800
Loss for the period and total recognised expense	–	–	–	(379,605)	(379,605)
As at 31st July, 2005	89,173,638	196,187,821	–	(230,207,264)	55,154,195
Profit for the period and total recognised profit	–	–	–	329,204	329,204
As at 31st January, 2006	89,173,638	196,187,821	–	(229,878,060)	55,483,399
Arising from acquisition of a subsidiary *(note 12)*	–	–	4,536,895	–	4,536,895
Loss for the period and total recognised expense	–	–	–	(8,527,251)	(8,527,251)
As at 31st July, 2006	89,173,638	196,187,821	4,536,895	(238,405,311)	51,493,043

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31st July, **2006** **HK$** (unaudited)	2005 HK$ (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(683,854)**	(595,329)
NET CASH USED IN INVESTING ACTIVITIES		
Purchase of subsidiaries, net of cash and cash equivalents acquired	**(40,850,090)**	–
Other investing cash flows	**142,073**	–
	(40,708,017)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(1,368,974)**	593,379
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(42,760,845)**	(1,950)
CASH AND CASH EQUIVALENTS AT 1ST FEBRUARY	**43,853,152**	3,261
CASH AND CASH EQUIVALENTS AT 31ST JULY	**1,092,307**	1,311
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**1,092,307**	1,311

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST JULY, 2006

1. **Basis of preparation**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. **Principal accounting policies**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties which are measured at fair values as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st January, 2006 except for a property interest held under an operating lease which was acquired on the acquisition of a subsidiary at 15th June, 2006 with carrying amount of HK$386,101 has not been measured at fair value at the date of acquisition, as set out in note 12, which does not comply with the requirements of Hong Kong Financial Reporting Standard ("HKFRS") 3 "Business Combinations". In addition, the aforesaid property interest is classified as an investment property and has not been measured at fair value as at 31st July, 2006, as set out in note 8, which does not comply with the requirements of Hong Kong Accounting Standard ("HKAS") 40 "Investment Property".

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006 respectively. The adoption of the new HKFRSs has no material effect on how the Group's results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. **Potential impact arising from the Hong Kong Financial Reporting Standards issued but not effective**

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[4]
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment[5]

[1] Effective for accounting periods beginning on or after 1st January, 2007.
[2] Effective for accounting periods beginning on or after 1st March, 2006.
[3] Effective for accounting periods beginning on or after 1st May, 2006.
[4] Effective for accounting periods beginning on or after 1st June, 2006.
[5] Effective for accounting periods beginning on or after 1st November, 2006.

4. Segment information

The Group is mainly engaged in property trading, property investment and property management. This is the basis on which the Group reports its primary segment information.

An analysis of revenue and segment results of the Group for each of the six months ended 31st July, 2006 and 2005 is as follows:

Six months ended 31st July, 2006

	Property trading HK$	**Property investment** HK$	**Property management** HK$	**Consolidated** HK$
Revenue	–	293,113	103,281	396,394
Segment results	–	286,952	12,504	299,456
Unallocated corporate income				778,310
Unallocated corporate expenses				(2,549,979)
Finance costs				(179,908)
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary	–	(11,253,191)	–	(11,253,191)
Share of results of associate				4,378,061
Loss for the period				(8,527,251)

Six months ended 31st July, 2005

	Property trading HK$	**Property investment** HK$	**Property management** HK$	**Consolidated** HK$
Revenue	–	96,000	–	96,000
Segment results	(5,280)	272,603	–	267,323
Unallocated corporate expenses				(687,763)
Finance costs				(70,797)
Share of results of associates				111,632
Loss for the period				(379,605)

5. Taxation

No provision for both Hong Kong Profits Tax and tax of other jurisdiction has been made in the financial statements as the Group entities either has no assessable profits or incurred tax losses for both periods.

6. Loss for the Period

	For the six months ended 31st July,	
	2006 **HK$** (unaudited)	2005 HK$ (unaudited)
Loss for the period has been arrived at after charging (crediting):		
Bank interest income	**(142,073)**	–
Depreciation of property, plant and equipment	**653**	133
Exchange gain	**(619,958)**	–
Share of tax of an associate (included in share of results of associate)	**591,465**	19,932
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary *(note)*	**11,253,191**	–

Note: As the recoverable amount of the cash generating unit acquired on the acquisition of a subsidiary is less than the total consideration paid at the acquisition, an impairment loss of goodwill of HK$11,253,191 has been recognised during the period.

7. Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	For the six months ended 31st July,	
	2006 **HK$**	2005 HK$
Loss for the purposes of basic and diluted loss per share (loss for the period attributable to equity holders of the Company)	**(8,527,251)**	(379,605)
Number of ordinary shares for the purposes of basic and diluted loss per share	**86,141,399**	86,141,399

The computation on diluted loss per share for both periods do not assume the conversion of the Company's preference shares since their conversion would result in a decrease in loss per share.

8. Movements in investment properties

During the period, the Group acquired investment properties at a cost of HK$67,136,101 from the acquisition of subsidiaries (see note 12).

Except as disclosed below, the Group's investment properties were fair-valued by an independent professional valuer, DTZ Debenham Tie Leung Limited at 31st July, 2006 at an aggregate fair value of HK$66,750,000.

A property interest held under an operating lease with a carrying amount of HK$386,101 as at 31st July, 2006 is classified as an investment property and is not measured at fair value, which does not comply with the requirements of HKAS 40. As the Group is still in the process of obtaining the title certificate for this property, in the opinion of the directors of the Company, valuation on this property would not be meaningful to the Group.

9. Trade and other receivables

Rents and management fees are normally payable in advance. The Group's rents and management fees receivables of HK$1,126,493 (2005: nil) as at 31st July, 2006 aged less than 90 days.

The fair value of the Group's trade and other receivables at 31st July, 2006 was approximate to the corresponding carrying amount.

10. Deferred taxation

The following is the major deferred tax liability recognised by the Group and movement thereon during the period:

	Revaluation of investment properties HK$
At 1st February, 2006	–
Acquisition of subsidiaries	12,996,926
At 31st July, 2006	12,996,926

11. Amount due to a shareholder

The amount represents the fair value of a deferred consideration payable on acquisition of entire issued share capital of Faith Stand (China) Limited (see also note 12). The deferred consideration amounted HK$24,906,925, bears interest at 3% per annum after a 18-month interest free period starting from 15th June, 2006. The principal and interest, if any, are repayable on demand after the interest free period provided that the Company has the ability to do so.

On application of HKAS 39 "Financial instruments: Recognition and Measurement", the fair value of the deferred consideration was determined based on an effective interest rate of 10% and assuming the deferred consideration will be repayable after the 18-month interest free period.

12. Acquisition of subsidiaries

On 15th June, 2006, the Group acquired 100% of the issued share capital of Victorfield (Fujian) Property Development Company Limited from Mr. Lo Cheung Kin ("Mr. Lo"), a shareholder and an executive director of the Company, for a cash consideration of HK$41,441,726.

	Acquiree's carrying amount before combination and at fair value, except as disclosed below HK$
Net assets acquired:	
Property, plant and equipment	27,709
Investment properties *(note)*	42,136,101
Trade and other receivables	1,402,395
Bank and cash balances	585,860
Other payables, deposits received and accruals	(1,021,322)
Deferred taxation	(12,942,208)
	30,188,535
Goodwill *(note 6)*	11,253,191
Satisfied by cash consideration	41,441,726
Net cash outflow arising on acquisition:	
Cash consideration paid	(41,441,726)
Cash and cash equivalents acquired	585,860
	(40,855,866)

Note: Included in the carrying amount of HK$42,136,101 of investment properties acquired, a property interest with a carrying amount of HK$386,101 has not been measured at fair value at the date of acquisition, which does not comply with the requirements of HKFRS 3.

On 15th June, 2006, the Group acquired the shareholder's loan and 100% of the issued share capital of Faith Stand (China) Limited for HK$24,906,925 from Mr. Lo, satisfied by a deferred consideration (see note 11 for details).

	Acquiree's carrying amount before combination and at fair value HK$
Net assets acquired:	
Investment properties	25,000,000
Trade and other receivables	1,271,320
Bank and cash balances	5,776
Other payables and accruals	(96,555)
Deferred taxation	(54,718)
	26,125,823
Discount on acquisition	(4,536,895)
Satisfied by deferred acquisition consideration payable	21,588,928
Net cash outflow arising on acquisition:	
Cash consideration paid	–
Cash and cash equivalents acquired	5,776
	5,776

The excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is deemed as a shareholder's contribution from Mr. Lo and credited to equity. The discount on acquisition arising on the acquisition of Faith Stand (China) Limited is mainly due to the off-market interest rate loan granted by Mr. Lo.

The subsidiaries acquired during the six months ended 31st July, 2006 contributed HK$406,177 and HK$889,381 to the Group's revenue and loss before taxation for the period between the date of acquisition and 31st July, 2006 respectively.

If the acquisitions had been completed on 1st February, 2006, total unaudited group revenue for the period would have been HK$2,526,952, and unaudited loss for the period would have been HK$7,254,673. The pro forma information is for illustrative purposes only and is not necessarily an indicative of the revenue and results of the Group that actually would have been achieved had the acquisitions been completed on 1st February, 2006, nor is it intended to be a projection of future results.

13. Related party transactions

The shareholder's loan at 31st July, 2005, as disclosed on the balance sheet, represented the short term advance from a shareholder. The amount was unsecured, interest-free and was settled during the period.

The Group also has balances with an associate and a shareholder, details of which are set out on the balance sheet and note 11, respectively.

The Group acquired two subsidiaries from Mr. Lo during the period as disclosed in note 12.

The Group is managed by certain executive directors, who are also the shareholders of the Company, and no remuneration (2005: nil) has been paid during the period.

14. Post balance sheet event

On 4th July, 2006, the Company entered into an agreement with an independent third party for the disposal of its 36.74% equity interest in Gladiolus Trading Limited, an associate of the Group, and the amount due from the associate for a total cash consideration of HK$54,763,160. Details of the disposal were set out in the Company's circular dated 31st July, 2006. The investment in associate and amount due from the associate with aggregate carrying amount of HK$19,791,261, which are expected to be disposed of within twelve months, have been classified as assets held for sale and are presented separately on the balance sheet.

Pursuant to a resolution passed at an extraordinary general meeting held on 16th August, 2006, the disposal was approved by the shareholders of the Company. The disposal was completed on 18th August, 2006 and resulted in a gain on disposal of approximately HK$34,000,000.

Deloitte.
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To the Board of Directors of
BUILDMORE INTERNATIONAL LIMITED
建懋國際有限公司
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out above.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquires of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

The scope of our review was limited because we were unable to obtain sufficient documentary evidence to satisfy ourselves as to the Group's legal ownership of an investment property with a carrying amount of HK$386,101 at 31st July, 2006.

MODIFIED REVIEW CONCLUSION ARISING FROM LIMITATION OF REVIEW SCOPE AND DISAGREEMENT ABOUT ACCOUNTING TREATMENT

As detailed in note 12 to the financial statements, one of the investment property interest (which includes leasehold land held under an operating lease and a building element) was acquired on the acquisition of a subsidiary at 15th June, 2006 with carrying amount of HK$386,101 has not been measured at fair value at the date of acquisition. This accounting treatment is not in accordance with the requirements of Hong Kong Financial Reporting Standard 3 "Business Combinations", which requires all the identifiable assets, liabilities, and contingent liabilities acquired at the date of acquisition of the relevant subsidiary to be stated at fair value. In the absence of a reliable valuation of the above property interest, we are unable to quantify the effect of this departure (if any). Any adjustments to this figure would also affect the deferred taxation and goodwill arising from acquisition on that subsidiary, and accordingly would also affect the impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary included in the consolidated income statement for the six months ended 31st July, 2006.

In addition, Hong Kong Accounting Standard ("HKAS") 40 "Investment Property" allows a property interest that is held by a lessee under an operating lease to be classified and accounted for as investment property, provided that the property held for rental purposes is measured using the fair value model. As disclosed in note 8 to the financial statements, the investment property interest referred to in the above paragraph is not measured at fair value as at 31st July, 2006, this does not comply with the requirements of HKAS 40. In the absence of a reliable valuation of the above property interest, we are unable to quantify the effect of this departure (if any) on the amount shown in the consolidated balance sheet as at 31st July, 2006.

On the basis of our review which does not constitute an audit, with the exception of the possible adjustments that might have been found to be necessary had the above limitation not existed and with the exception of the accounting treatment for investment property as described above, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31st July, 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 20th October, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

The major financial resources of the Group are derived from the sale and renting of properties in the People's Republic of China ("PRC").

The unaudited consolidated revenue of the Group for the six months ended 31st July, 2006 (the "Period") amounted to HK$396,394 (2005: HK$96,000). The Group recorded a loss for the Period of HK$8,527,251 (2005: loss of HK$379,605). Basic loss per share for the Period was 9.90 HK cents (2005: 0.44 HK cent). Such huge amount of loss for the Period as compare with the last corresponding period was only due to an impairment loss recognised in respect of goodwill arising on acquisition of Victorfield Fujian (as defined below) which was completed on 15th June, 2006.

As at 31st July, 2006, the Group's liquid assets, being utilisable fund in cash, amounted to HK$1,092,307 (31st January, 2006: HK$43,853,152) representing a liquidity ratio of 0.27 (31st January, 2006: 0.42).

The acquisition of the entire issued share capital of Victorfield (Fujian) Property Development Co., Ltd ("Victorfield Fujian") and Faith Stand (China) Limited ("Faith Stand") by the Company was completed on 15th June, 2006. Both Victorfield Fujian and Faith Stand have now become wholly owned subsidiaries of the Company. The leasing agreements entered into by Victorfield Fujian and Faith Stand with independent tenants provide the Group with a steady inflow of rental income. An exchange gain of HK$619,958 was recorded on the consideration paid.

On 14th July, 2006, the Company entered into an agreement with an independent purchaser for the disposal of 36.74% of the issued share capital of Gladiolus Trading Limited ("Gladiolus") for a consideration of HK$54,763,160. Gladiolus was the Company's 36.74% owned associate which possesses 81.65% shareholding of Ka Fai Land Investment Company Limited ("Ka Fai"). The principal activity of Ka Fai is the development of Lisboa Gardens in Macau. The disposal was approved by the independent shareholders of the Company at an Extraordinary General Meeting held on 16th August, 2006 and the entire transaction was subsequently completed on 18th August, 2006. Details of this disposal were set out in the Company's circular to shareholders on 31st July, 2006.

As at 31st July, 2006, the gearing ratio of the Group was 0.45 (31st January, 2006: 0.027). The gearing ratio is calculated by dividing total external borrowings over shareholders' equity.

The Group was not subject to any significant exposure to foreign exchange risk as the majority of the transactions of the Group were denominated in Renminbi, which was relatively stable during the Period. Hence, no financial instrument or hedging was employed.

During the Period, the total emoluments paid by the Group amounted to HK$196,000 (2005:HK$156,000), of which HK$148,000 was paid to the three independent non-executive directors of the Company and HK$48,000 was paid to the qualified accountant of the Company. In addition to the said emoluments, a pension scheme was arranged by a pension scheme agent for the Company which covers each of the said directors and qualified accountant of the Company receiving emoluments.

Other than the said fees paid to the independent non-executive directors and the qualified accountant of the Company, no emolument was paid to any other director of the Company or employee of the Group during the Period (2005: nil).

Save as disclosed above, there has been no material change to information disclosed in the Company's annual report for the year ended 31st January, 2006 which necessitates additional disclosure to be made in this section.

INTERIM DIVIDEND

No interim dividend has been declared by the Board for the Period (2005: nil).

INTERESTS OF DIRECTORS

As at 31st July, 2006, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Jong Kong Ki	Corporate *(Note 1)*	21,600,000 ordinary shares of HK$1.00 each ("Shares") *(L)*	25.08%
Lo Cheung Kin	Corporate *(Note 2)*	14,141,399 Shares *(L)* 3,032,239 convertible preference shares of HK$1.00 each ("CP Shares") *(L)*	16.42%
So Yiu Kong	Beneficial	982,000 Shares *(L)*	1.14%
Chu Kwok Chue	Beneficial	420,000 Shares *(L)*	0.49%

(L) denotes long position

Notes:

1. 16,650,000 Shares were held in the name of Nordstan Company Limited, 89.50% of the issued shares of which was beneficially owned by Mr. Jong Kong Ki, 3,918,000 Shares and 1,032,000 Shares were held in the name of Kik Keung Finance Limited and Benwee Company Limited respectively, both of which were beneficially owned by Mr. Jong Kong Ki.
2. These Shares and CP Shares were held in the name of Mass Honour Investment Limited which was controlled by Mr. Lo Cheung Kin.

Save as disclosed herein, as at 31st July, 2006, none of the directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors and the chief executive of the Company, as at 31st July, 2006, the following persons (not being directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Nordstan Company Limited	Beneficial	16,650,000 Shares *(L)*	19.33%
Mass Honour Investment Limited	Beneficial	14,141,399 Shares *(L)* 3,032,239 CP Shares *(L)*	16.42%
Hooi Tak Piu	Beneficial	4,692,000 Shares *(L)*	5.45%
Li Jianbo	Beneficial	4,594,000 Shares *(L)*	5.33%

(L) denotes long position

Save as disclosed above, as at 31st July, 2006, the directors and the chief executive of the Company were not aware of any other person (other than the directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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 Period.

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company had complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the Period.

The Company does not fully comply with the code provision A.4.1 and A.4.2 in the CG Code. Under code provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company (the "Articles"). Under code provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. According to the Articles, any director of the Company appointed to fill a casual vacancy shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. At each annual general meeting of the Company, one-third of the directors of the Company for the time being shall retire from office by rotation. In exceptional circumstances, a director may hold office for more than 3 years before retirement.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee, comprising the three then members, Mr. Siu Wing Keung, Mr. David Gregory Jeaffreson, *CBE, JP* and Mr. See Tak Wah, has on 18th October, 2006 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 Period.

By order of the Board
Jong Kong Ki
Chairman

Hong Kong, 20th October, 2006

As at the date of this Interim Report, the executive directors of the Company are Mr. Jong Kong Ki, Mr. Lo Cheung Kin, Mr. So Yiu Kong, Ms. Yin Hoi Yeung and Mr. Li Jianbo; the non-executive director of the Company is Ms. Jong Lai Ching; and the independent non-executive directors of the Company are Mr. David Gregory Jeaffreson, CBE, JP, Mr. See Tak Wah and Mr. Wong Cheong.