BUILDMORE INTERNATIONAL LIMITED

Stock Code : 108

2008

ANNUAL REPORT

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AUDITOR

Deloitte Touche Tohmatsu

REGISTRAR

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Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

REGISTERED OFFICE

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STOCK CODE

108

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CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the Annual Report of the Company and its subsidiaries (the "Group") for the year ended 31st January, 2008 (the "Year").

FINANCIAL RESULTS

In respect of the results of the Group for the Year, the audited profit attributable to shareholders was HK$4,303,851 (2007: HK$24,711,158). Basic earnings per share was HK$0.05 (2007: HK$0.29).

BUSINESS REVIEW

The financial resources of the Group are all derived from the leasing of properties in the People's Republic of China (excluding Hong Kong) (the "PRC") as well as the property management services in Fuzhou City, Fujian Province, the PRC and bank interests.

On 10th September, 2007, the Company and Taiwan Securities (Hong Kong) Company Limited (the "Placing Agent") entered into a placing agreement. Pursuant to the Placing Agreement, the Company agreed to place 17,800,000 new ordinary shares of the Company of HK$1.00 each at a placing price of HK$1.10 per share to independent investors through the Placing Agent. The transaction was completed before 31st October, 2007.

The car parking space held by Victorfield (Fujian) Property Development Co., Ltd. ("Victorfield Fujian") for investment purpose that was yet granted the property ownership certificate (產權證) upon acquiring of Victorfield Fujian has been granted the property ownership certificate by relevant authorities on 1st February, 2008.

For the past few years, the continued prosperous economy in the PRC had put the domestic housing price at a high level that prompted the PRC government to intensify its macro-austerity policy and subjected the domestic real estate market to major target of such macro-control measures. It was for this reason that the Group had not acquired additional properties for the Year.

Benefited by the continued economic growth, the shop properties held by the Group through its wholly-owned subsidiaries for leasing had all rented out and brought steady rental income.

In light of the shortage of manpower across all industries caused by the continued booming economy in the recent years in the PRC, and the soaring operating cost resulting from the fierce competition in property management business, the Group is in the process of phased retrenchment of its contracted property management business as well as related staff.

CHAIRMAN'S STATEMENT

PROSPECTS

Despite the State Government's intensified macro-austerity efforts to prevent over-heat of economy against a backdrop of continued steady development of economy in the PRC, it is believed that the focus of such austerity measures has shifted from over-heat of real estate market to deteriorating price-hike and inflation. This is favorable to the Group's effort in identifying investment property projects in the PRC. The Group is closely monitoring the development and opportunities of the property market with an aim to improve its profitability and enlarge its income base.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31st January, 2008, the Group had available cash and bank deposit of HK$42,669,609 and RMB1,831,502 (2007: HK$29,481,736 and RMB1,296,241), representing a capital liquidity ratio (cash and bank balance divided by current liabilities) of 10.17 (2007: 6.03).

As at 31st January, 2008, the Group's gearing ratio was zero (2007: zero). This gearing ratio was calculated by dividing the external total borrowings by shareholders' equity.

The Group's business operations are all in the PRC and the main operational currencies are HK$ and RMB. As RMB appreciated about 7% in 2007, the Group foresees no exchange rate trend unfavorable to the Group. Therefore, the Group did not enter into any foreign exchange hedge arrangement to reduce foreign exchange risk and exposure.

EMPLOYEES

During the Year, the total emoluments for the Group's employees in the PRC amounted to RMB1,514,141 (2007: RMB362,893), while those for the employees in Hong Kong amounted to HK$936,000 (2007: HK$453,526). The remuneration offered by the Group is determined with reference to market level and individual competence of the staff.

The Group has established a retirement scheme according to the mandatory provident fund requirement set out in the Mandatory Provident Fund Schemes Ordinance (Chapter 485, Laws of Hong Kong).

APPRECIATION

On behalf of all members of the Board, I would like to express our gratitude to the shareholders for their continuing support and all staff of the Group for their hard work and contribution.

LO CHEUNG KIN
CHAIRMAN

23rd May, 2008

EXECUTIVE DIRECTORS

Mr. Lo Cheung Kin, 61, was appointed as an executive director of the Company on 30th September, 1998 and is the Chairman of the Company. Mr. Lo also acts as directors of Keen Luck (China) Limited, Faith Stand (China) Limited and Victorfield (Fujian) Property Development Co., Ltd., all of which are wholly owned subsidiaries of the Company. In addition, Mr. Lo currently serves as an independent non-executive director, a member of the audit committee and a member the remuneration committee of China Grand Forestry Resources Group Limited (Stock Code: 0910), a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Lo has over 20 years of experience in the property investment and development market. Mr. Lo is a director and the beneficial owner of Mass Honour Investment Limited, a substantial shareholder of the Company. Save as disclosed, Mr. Lo does not have any other relationship with the other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Madam Huang Haiping, 56, was appointed as an executive director and the Chief Executive Officer of the Company on 1st February, 2007. Madam Huang also acts as the chairman of the Company's remuneration committee. Madam Huang is an engineer and a senior economist. Madam Huang is vastly experienced in construction design, budgetary estimate, finance and administration. Madam Huang does not have any relationship with the other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Li Jianbo, 47, was appointed as an executive director of the Company on 20th October, 2006. Mr. Li is also acting as the chairman of the Company's nomination committee. Mr. Li also acts as director of Keen Luck (China) Limited and Victorfield (Fujian) Property Development Co., Ltd., both of which are wholly owned subsidiaries of the Company. Mr. Li graduated from Fujian Teachers University of the PRC. Mr. Li previously served as secretary of the General Office of Fujian Provincial People's Municipal Government of the PRC and its representative office in Hong Kong, Fujian Enterprises (Holdings) Company Limited. Currently, he is principally engaged in managing a private fund in Hong Kong and is also a director of that private fund company, and he has extensive experience in fund investment. Mr. Li currently holds 776,000 ordinary shares, representing approximately 0.725% of the issued share capital of the Company. Mr. Li does not have any relationship with the other directors, senior management, substantial shareholders or controlling shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. David Gregory Jeaffreson, *CBE, JP*, 76, was appointed as an independent non-executive director of the Company on 2nd January, 2002. Mr. Jeaffreson, *CBE, JP*, is also acting as a member of the Company's audit committee and remuneration committee respectively. Mr. Jeaffreson, *CBE, JP*, is a retired civil servant. He joined the Hong Kong Government in 1961. Mr. Jeaffreson, *CBE, JP*, is now Deputy Chairman of Big Island Asia Limited. Mr. Jeaffreson, *CBE, JP*, does not have any relationship with the other directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. See Tak Wah, aged 45, was appointed as an independent non-executive director of the Company on 30th September, 2004. Mr. See is also acting as the chairman of the audit committee of the Company and a member of each of the remuneration committee and nomination committee of the Company. Mr. See, graduated from the Management School of Waikato University of New Zealand with a first class honours in Bachelor of Management Studies and is a member of the Institute of Chartered Accountants of New Zealand and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. See has over 18 years' experience in financial and general management where he previously worked as the regional business controller of Nokia Mobile Phones Asia Pacific, the managing director of Nokia Mobile Phones Hong Kong, the chief operating officer of First Mobile Group Holdings Limited and held key management position in the North Asia office of Philips and Siemens. Mr. See is currently running his own strategic consultancy business. Mr. See currently serves as an independent non-executive director of Sun East Technology (Holdings) Limited (Stock Code: 365), and First Mobile Group Holdings Limited (Stock Code: 8110), which are listed on the main board and growth enterprise market of the Stock Exchange respectively.

Mr. Wong Cheong, 53, was appointed as an independent non-executive director of the Company on 20th October, 2006. Mr. Wong is also acting as a member of the Company's audit committee and nomination committee respectively. Mr. Wong has been serving as engineer of several companies in Macau for over 15 years. Mr. Wong has extensive experience in the areas of construction engineering and property repair, maintenance and management. Mr. Wong does not have any relationship with the other directors, senior management, substantial shareholders or controlling shareholders of the Company.

COMPANY SECRETARY

Mr. Kwok On Sang, 54, was appointed as the company secretary of the Company on 7th November, 1989. Prior to his appointment as the company secretary of the Company, Mr. Kwok acted as company secretaries of various listed companies in Hong Kong. Mr. Kwok does not have any relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company.

QUALIFIED ACCOUNTANT

Mr. Chiu Wai On, 39, was appointed as the qualified accountant of the Company on 30th September, 2004. Mr. Chiu is an associate member of the Hong Kong Institute of Certified Public Accountants and has over 11 years' working experience in the accountancy field. He has acted as a manager in a firm of Certified Public Accountants for over 5 years. Mr. Chiu currently serves as an independent non-executive director of New Times Group Holdings Limited (Stock Code: 166), a company listed on the main board of the Stock Exchange. Mr. Chiu does not have any relationship with the directors, senior management, substantial shareholders or controlling shareholders of the Company.

CORPORATE GOVERNANCE PRACTICES

The board of directors of the Company (the "Board") 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 on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Year.

The Company does not fully comply with code provisions 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. Mr. David Gregory Jeaffreson, *CBE, JP* and Mr. See Tak Wah, being independent non-executive directors of the Company, have not been 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 of Association"). 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 every annual general meeting one-third of the directors for the time being or, if their number is not a multiple of three, then the nearest number to but not less than one-third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election.

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.

BOARD OF DIRECTORS

Currently, the Board comprises three executive directors and three independent non-executive directors. The directors of the Company during the Year and up to the date of this report were:–

Executive directors

Mr. Lo Cheung Kin *(Chairman)*

Madam Huang Haiping *(Chief Executive Officer)*

Mr. Li Jianbo

Mr. Jong Kong Ki (resigned on 1st February, 2007)

Mr. So Yiu Kong (resigned on 23rd May, 2007)

Madam Yin Hoi Yeung (resigned on 1st February, 2007)

Non-executive director

Madam Jong Lai Ching (resigned on 1st February, 2007)

Independent non-executive directors

Mr. David Gregory Jeaffreson, *CBE, JP*

Mr. See Tak Wah

Mr. Wong Cheong

The biographical details of the current directors are set out on pages 5 to 6 of this Annual Report. The Board possesses a balance of skills and experience which are appropriate for the requirements of the business of the Company. The opinions raised by the independent non-executive directors of the Company in the Board meetings facilitate the maintenance of good corporate governance practices. Mr. See Tak Wah, one of the independent non-executive directors, has the appropriate professional qualifications and accounting and related financial management expertise as required by Rule 3.10(1) and (2) of the Listing Rules. A balanced composition of executive and independent non-executive directors also generates a strong independent element on the Board, which allows independent and objective decision making process for the best interests of the Company. The Company will review the composition of the Board regularly to ensure the Board possesses the appropriate and necessary expertise, skills and experience to meet the developmental needs of the business of the Group.

All independent non-executive directors are free from any business or other relationship with the Company. The Company has received from each independent non-executive director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the three independent non-executive directors to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of senior management. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

Regular Board meetings are held at least four times a year to approve annual and interim results, and to review the business operation and the internal control system of the Group. The meeting schedule will be fixed at the beginning of each year. Apart from these regular meetings, Board meetings are also held to approve major issues. At least 14 days' notice of each regular meeting is given to all directors. Agendas and accompanying Board papers are sent not less than 3 days before the date of Board meetings to ensure that the directors are given sufficient time to review the same. Draft minutes of Board meetings and Board committee meetings are circulated to directors for their review and comment while final versions of the said minutes, when duly signed, are sent to all members of the Board for their records. All the said minutes are kept by the company secretary of the Company and are open for inspection at any reasonable time on reasonable notice by any director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Lo Cheung Kin while the Chief Executive Officer ("CEO") is Madam Huang Haiping. There is a clear division of responsibilities between the Chairman and the CEO, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the CEO is authorised and responsible for the management of the day-to-day business of the Group as well as the implementation of the strategies approved by the Board.

AUDIT COMMITTEE

The Board set up the Audit Committee in July 1999 with specific written terms of reference which clearly deal with its authority and duties. The Audit Committee's role is to review the Group's financial reporting, internal controls and corporate governance issues and to make relevant recommendations to the Board.

The members of the Audit Committee are as follows:–

Mr. See Tak Wah	Chairman *(independent non-executive director)*
Mr. David Gregory Jeaffreson, *CBE, JP*	Member *(independent non-executive director)*
Mr. Wong Cheong	Member *(independent non-executive director)*

In discharging its responsibilities, the Audit Committee had performed the following tasks during the Year:–

(i) reviewed the effectiveness of the audit process in accordance with the applicable standards;

(ii) reviewed the draft interim and annual financial statements and the related draft results announcements;

(iii) reviewed the change in accounting standards and assessed the potential impacts on the Group's financial statements;

(iv) reviewed the Group's internal control system and discussed the relevant issues including financial, operational and compliance controls and risk management functions; and

(v) made recommendation on the appointment or reappointment of the external auditors and approved their terms of engagement.

NOMINATION COMMITTEE

The Board set up the Nomination Committee on 9th March, 2007 with specific written terms of reference which clearly deal with its authority and duties. The Nomination Committee's roles are principally to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes; identify individuals suitably qualified to become Board members and make recommendations to the Board in this regard; and assess the independence of independent non-executive directors.

The members of the Nomination Committee are as follows:–

Mr. Li Jianbo	Chairman *(executive director)*
Mr. See Tak Wah	Member *(independent non-executive director)*
Mr. Wong Cheong	Member *(independent non-executive director)*

During the Year, no Nomination Committee meeting was held.

REMUNERATION COMMITTEE

The Board set up the Remuneration Committee in May 2005 with specific written terms of reference which clearly deal with its authority and duties. The Remuneration Committee's role is to make recommendations to the Board on the remuneration policy and structure for directors and senior management and to ensure that they are fairly rewarded for their individual contribution to the Group's overall performance, having regard to the interests of shareholders. The principal duties of the Remuneration Committee include determining the specific remuneration packages of all executive directors and senior management as well as reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time. No director or any of his/her associates may be involved in any decisions as to his/her own remuneration.

The members of the Remuneration Committee are as follows:–

Madam Huang Haiping	Chairman *(executive director)*
Mr. David Gregory Jeaffreson, *CBE, JP*	Member *(independent non-executive director)*
Mr. See Tak Wah	Member *(independent non-executive director)*

CORPORATE GOVERNANCE REPORT

During the Year, the individual attendance of the directors for Board meetings, Audit Committee meetings and Remuneration Committee meeting is set out below:–

	No. of meetings attended/ no. of meetings held		
Directors	**Board meetings**	**Audit Committee meetings**	**Remuneration Committee meeting**
Executive directors			
Mr. Lo Cheung Kin	6/6	Not applicable	Not applicable
Madam Huang Haiping	5/6	Not applicable	0/1
Mr. Li Jianbo	6/6	Not applicable	Not applicable
Mr. Jong Kong Ki (resigned on 1st February, 2007)	0/6	Not applicable	Not applicable
Mr. So Yiu Kong (resigned on 23rd May, 2007)	0/6	Not applicable	Not applicable
Madam Yin Hoi Yeung (resigned on 1st February, 2007)	0/6	Not applicable	Not applicable
Non-executive director			
Madam Jong Lai Ching (resigned on 1st February, 2007)	0/6	Not applicable	Not applicable
Independent non-executive directors			
Mr. David Gregory Jeaffreson, *CBE, JP*	4/6	2/2	1/1
Mr. See Tak Wah	5/6	2/2	1/1
Mr. Wong Cheong	4/6	2/2	Not applicable

AUDITOR'S REMUNERATION

During the Year, Deloitte Touche Tohmatsu, the external auditor of the Company, provided the following services to the Group and their respective fees charged are set out below:–

Type of services	Fees charged for the year ended 31st January **2008** *HK$*	2007 *HK$*
Audit fee for the Group	**490,000**	460,000
Taxation services	**21,500**	9,500
Agreed upon procedure engagements	**30,000**	28,000
Special engagements	**95,000**	945,000
Total	**636,500**	1,442,500

RESPONSIBILITY FOR PREPARATION AND REPORTING OF ACCOUNTS

The directors of the Company acknowledge their responsibility for preparing the accounts which were prepared in accordance with statutory requirements and applicable accounting standards. A statement by the auditor about their reporting responsibilities is set out on pages 20 to 21 of this Annual Report.

There are no material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROLS

A sound and effective internal control system is important to safeguard the shareholders' investment and the Company's assets. During the Year, the Board reviewed the effectiveness of the internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group.

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31st January, 2008.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and the principal activities of its subsidiaries are set out in note 17 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31st January, 2008 are set out in the consolidated income statement on page 22.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 22 to the consolidated financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out on page 25 and in note 23 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers of the Group accounted for 60% of the Group's revenue. The aggregate purchase attributed to the Group's five largest suppliers were 8% of total purchases of the Group. The largest customer and supplier accounted for approximately 30% and 4% of Group's turnover and purchases respectively.

Save as disclosed above, none of the directors, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) has an interest in any of the Group's two customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this Annual Report were:

Executive directors:

Mr. Lo Cheung Kin	
Mr. Li Jianbo	
Madam Huang Haiping	(appointed on 1st February, 2007)
Mr. Jong Kong Ki	(resigned on 1st February, 2007)
Mr. So Yiu Kong	(resigned on 23rd May, 2007)
Madam Yin Hoi Yeung	(resigned on 1st February, 2007)

Non-executive director:

Madam Jong Lai Ching	(resigned on 1st February, 2007)

Independent non-executive directors:

Mr. David Gregory Jeaffreson, *CBE, JP*
Mr. See Tak Wah
Mr. Wong Cheong

In accordance with Articles 81 of the Company's Articles of Association, Mr. Li Jianbo and Mr. See Tak Wah will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office of each of Mr. Lo Cheung Kin, Mr. David Gregory Jeaffreson, *CBE, JP* and Mr. See Tak Wah is the period up to his retirement by rotation in accordance with the Company's Articles of Association. The term of office of each of Madam Huang Haiping, Mr. Li Jianbo and Mr. Wong Cheong is two years from her/his date of appointment as director.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS

At 31st January, 2008, the interests and short positions of the directors and the chief executive and their associates in the shares 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 Companies, were as follows:

Name of director	Capacity	Number of securities	Percentage of issued ordinary share capital
Lo Cheung Kin	Corporate *(Note)*	17,173,638 ordinary shares of HK$1.00 each ("Shares") (L)	16.05%
Li Jianbo	Beneficial	776,000 Shares (L)	0.725%

(L) denotes long position

Note:

The Shares are held in the name of Mass Honour Investment Limited which is controlled by Mr. Lo Cheung Kin.

Save as disclosed herein, at 31st January, 2008, 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 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 of Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors, at 31st January, 2008, 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 pursuant to section 336 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 of securities	Percentage of issued ordinary share capital
Nordstan Company Limited	Beneficial	16,650,000 Shares (L)	15.56%
Mass Honour Investment Limited	Beneficial	17,173,638 Shares (L)	16.05%

(L) denotes long position

Save as disclosed above, at 31st January, 2008, the directors 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 section 336 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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement to enable the directors of the Company or their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company considers all of the independent non-executive directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices of the Company is set out in the "Corporate Governance Report" on pages 7 to 13.

SUFFICIENCY OF PUBLIC FLOAT

At the latest practicable date prior to the issue of this Annual Report, based on the information that is publicly available to the Company and within the knowledge of its directors, the Company has maintained sufficient public floats as required under the Listing Rules throughout the year ended 31st January, 2008.

AUDITOR

A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

LO CHEUNG KIN

CHAIRMAN

23rd May, 2008

Deloitte.
德勤

TO THE MEMBERS OF BUILDMORE INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Buildmore International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 22 to 67, which comprise the consolidated balance sheet and Company's balance sheet as at 31st January, 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st January, 2008 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 Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23rd May, 2008

CONSOLIDATED INCOME STATEMENT

For the year ended 31st January, 2008

	NOTES	2008 HK$	2007 HK$
Revenue	6	**4,630,522**	2,796,661
Cost of sales		**(1,162,315)**	(714,249)
Gross profit		**3,468,207**	2,082,412
Other income		**1,168,589**	1,338,953
Administrative expenses		**(4,018,195)**	(5,716,834)
Increase in fair value of investment properties		**823,082**	3,679,040
Finance costs	8	**–**	(989,493)
Share of results of associates		**–**	4,408,514
Gain on disposal of associates	9	**–**	35,397,566
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary	11	**–**	(11,253,191)
Loss on early repayment of loan from a director	24	**–**	(2,328,504)
Allowance for bad and doubtful debts		**–**	(661,217)
Profit before taxation		**1,441,683**	25,957,246
Taxation credit (charge)	10	**2,862,168**	(1,246,088)
Profit for the year	11	**4,303,851**	24,711,158
Earnings per share	14		
Basic		**HK$0.05**	HK$0.29
Diluted		**N/A**	HK$0.28

CONSOLIDATED BALANCE SHEET

At 31st January, 2008

	NOTES	**2008** **HK$**	2007 HK$
Non-current assets			
Investment properties	15	**85,379,452**	73,199,281
Property, plant and equipment	16	**836,827**	405,453
		86,216,279	73,604,734
Current assets			
Trade and sundry receivables and prepayments	18	**1,052,818**	1,585,524
Bank balances and cash	19	**44,669,825**	30,777,977
		45,722,643	32,363,501
Current liabilities			
Sundry payables, deposits received and accruals		**1,596,848**	2,394,077
Amount due to a director	20	**59,239**	70,209
Preference share dividend payable		**1,615,426**	1,615,426
Taxation		**1,120,745**	1,024,647
		4,392,258	5,104,359
Net current assets		**41,330,385**	27,259,142
Total assets less current liabilities		**127,546,664**	100,863,876
Non-current liability			
Deferred taxation	21	**12,042,263**	14,166,193
Net assets		**115,504,401**	86,697,683
Capital and reserves			
Share capital	22	**106,973,638**	89,173,638
Share premium and reserves		**8,530,763**	(2,475,955)
Equity attributable to equity holders of the Company		**115,504,401**	86,697,683

The consolidated financial statements on pages 22 to 67 were approved and authorised for issue by the Board of Directors on 23rd May, 2008 and are signed on its behalf by:

LO CHEUNG KIN	**LI JIANBO**
DIRECTOR	*DIRECTOR*

BALANCE SHEET

At 31st January, 2008

	NOTES	2008 HK$	2007 HK$
Non-current assets			
Property, plant and equipment	16	**19,077**	1,253
Interests in subsidiaries	17	**66,887,113**	60,226,186
		66,906,190	60,227,439
Current assets			
Sundry receivables and prepayments		**244,955**	244,955
Amounts due from subsidiaries	20	**3,517,174**	116,451
Bank balances and cash	19	**42,669,609**	29,475,772
		46,431,738	29,837,178
Current liabilities			
Sundry payables and accruals		**767,143**	850,684
Amounts due to subsidiaries	20	**1,117,861**	6,590,992
Preference share dividend payable		**1,615,426**	1,615,426
		3,500,430	9,057,102
Net current assets		**42,931,308**	20,780,076
Net assets		**109,837,498**	81,007,515
Capital and reserves			
Share capital	22	**106,973,638**	89,173,638
Share premium and reserves	23	**2,863,860**	(8,166,123)
Equity attributable to equity holders of the Company		**109,837,498**	81,007,515

LO CHEUNG KIN
DIRECTOR

LI JIANBO
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st January, 2008

	Share capital	**Share premium**	**Shareholder's contribution**	**Translation reserve**	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1st February, 2006	89,173,638	196,187,821	–	–	(229,878,060)	55,483,399
Exchange difference arising on translation from functional to presentation currency recognised directly in equity	–	–	–	1,966,231	–	1,966,231
Profit for the year	–	–	–	–	24,711,158	24,711,158
Total recognised income for the year	–	–	–	1,966,231	24,711,158	26,677,389
Discount arising on acquisition of a subsidiary *(note 24)*	–	–	4,536,895	–	–	4,536,895
At 31st January, 2007 and 1st February, 2007	89,173,638	196,187,821	4,536,895	1,966,231	(205,166,902)	86,697,683
Exchange difference arising on translation from functional to presentation currency recognised directly in equity	–	–	–	5,314,467	–	5,314,467
Profit for the year	–	–	–	–	4,303,851	4,303,851
Total recognised income for the year	–	–	–	5,314,467	4,303,851	9,618,318
Share issued during private placement	17,800,000	1,780,000	–	–	–	19,580,000
Share issue expenses	–	(391,600)	–	–	–	(391,600)
At 31st January, 2008	106,973,638	197,576,221	4,536,895	7,280,698	(200,863,051)	115,504,401

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st January, 2008

	2008	2007
	HK$	*HK$*
OPERATING ACTIVITIES		
Profit before taxation	**1,441,683**	25,957,246
Adjustments for:		
Depreciation of property, plant and equipment	**54,089**	3,765
Interest income	**(1,043,890)**	(693,501)
Finance costs	**–**	989,493
Share of results of associates	**–**	(4,408,514)
Gain on disposal of associates	**–**	(35,397,566)
Increase in fair value of investment properties	**(823,082)**	(3,679,040)
Loss on early repayment of loan from a director	**–**	2,328,504
Allowance for bad and doubtful debts	**–**	661,217
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary	**–**	11,253,191
Operating cash flows before movements in working capital	**(371,200)**	(2,985,205)
Decrease in trade and sundry receivables and prepayments	**817,089**	1,120,223
(Decrease) increase in sundry payables, deposits received and accruals	**(840,921)**	274,610
(Decrease) increase in amount due to a director	**(10,970)**	70,209
Cash used in operations	**(406,002)**	(1,520,163)
Hong Kong and overseas profit tax paid	**(290,445)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(696,447)**	(1,520,163)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st January, 2008

	NOTES	2008 HK$	2007 HK$
INVESTING ACTIVITIES			
Purchase of an investment property		**(5,328,586)**	–
Purchase of property, plant and equipment		**(454,658)**	–
Interest received		**1,043,890**	693,501
Repayment from an associate		**–**	65,254
Proceeds on disposal of associates and advances to associates	9	**–**	54,763,160
Acquisition of subsidiaries	24	**–**	(40,850,090)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(4,739,354)**	14,671,825
FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**19,580,000**	–
Share issue expenses		**(391,600)**	–
Repayment of shareholder's loan		**–**	(1,368,974)
Repayment of loan from a director		**–**	(24,906,925)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**19,188,400**	(26,275,899)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**13,752,599**	(13,124,237)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**30,777,977**	43,853,152
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**139,249**	49,062
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY			
Bank balances and cash		**44,669,825**	30,777,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office of the Company are disclosed in the "Corporate Information" section of the annual report.

The principal activities of the Group are property investment and property management.

The financial statements are presented in Hong Kong dollars and the functional currency of the Company and its subsidiaries is Renminbi ("RMB"). As the Company is listed on The Stock Exchange of Hong Kong Limited, the directors consider that it is appropriate to present the consolidated financial statements in Hong Kong dollars.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

In the current year, the Group has applied, for the first time, the following new standard, amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st February, 2007.

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

The adoption of these New HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (continued)

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements [1]
HKAS 23 (Revised)	Borrowing costs [1]
HKAS 27 (Revised)	Consolidated and separate financial statements [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [1]
HKFRS 3 (Revised)	Business combinations [2]
HKFRS 8	Operating segments [1]
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions [3]
HK(IFRIC) – INT 12	Service concession arrangements [4]
HK(IFRIC) – INT 13	Customer loyalty programmes [5]
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction [4]

1 Effective for annual periods beginning on or after 1st January, 2009.

2 Effective for annual periods beginning on or after 1st July, 2009.

3 Effective for annual periods beginning on or after 1st March, 2007.

4 Effective for annual periods beginning on or after 1st January, 2008.

5 Effective for annual periods beginning on or after 1st July, 2008.

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable,which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property management income is recognised when services are provided.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities which are dominated in the functional currency of the respective group companies other than the presentation currency of the Group are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") and other schemes managed by the People's Republic of China (excluding Hong Kong) ("PRC") government, are charged as an expense when employees have rendered services entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Effective interest method (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and sundry receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and sundry receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. In determining whether there is any impairment for a portfolio of receivables, the Group considers past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days and other observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and sundry receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and sundry receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including sundry payables, amount due to a director and preference share dividend payable are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Effective interest method (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets, other than goodwill as stated above, to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the equity balance. The Group's overall strategy remains unchanged from both years.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*
Financial assets				
Loans and receivables (including cash and cash equivalents)	**45,000,350**	31,468,143	**46,212,786**	29,618,226
Financial liabilities				
Amortised cost	**2,613,262**	2,539,901	**2,733,287**	8,206,418

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies

The Group's major financial instruments include trade and sundry receivables, bank balances, sundry payables, deposits received, amount due to a director and preference share dividend payable. The Company's major financial instruments include sundry receivables, amounts due from subsidiaries, bank balances, sundry payables, amounts due to subsidiaries and preference share dividend payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

In the current financial year, the Group collected all of its revenue in RMB and incurred most of the expenditures as well as capital expenditures in RMB. Hence, the directors considered that the Group's exposure to foreign currency exchange risk arising from its operating activities is insignificant as the majority of the Group's operating activities are denominated in functional currency of the respective group entities.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets at the reporting date are as follows:

	2008	2007
	HK$	*HK$*
Hong Kong Dollars ("HKD")	**42,669,609**	29,475,772

The Group and the Company currently do not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Sensitivity analysis

The Group and Company are mainly exposed to the HKD.

The following table details the sensitivity to a 5% increase and decrease in RMB against HKD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where RMB weakens 5% against HKD. For a 5% strengthening of RMB against HKD, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2008	2007
	HK$	*HK$*
Profit or loss	**2,133,000**	1,474,000

This is mainly attributable to the exposure on HKD bank balance at year end in the Group and the Company.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Group's credit risk are primarily attributable to trade and sundry receivable and bank balances. The Company's credit risk are primarily attributable to sundry receivable, amounts due from subsidiaries and bank balances.

The Group and Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st January, 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated and the Company's balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimise the credit risk of the Company on the amounts due from subsidiaries, the management of the Company closely monitored the recoverability of the amounts due. In this regard, the directors of the Company consider that the Company's credit risk on it is significantly reduced.

The Group and Company's bank balances and cash are deposited with banks in Hong Kong and the PRC. The credit risk on liquid funds is limited because the counterparties are banks with good credit-rating.

The Group does not have any other significant concentration of credit risk on trade debtors. As at 31st January, 2008 and 2007, the Group's trade receivables were neither past due nor impaired and management closely monitors the subsequent settlement of the tenants and does not grant long credit period to the counterparties. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade debtors consit of a large numbers of customers.

5. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Liquidity risk

The directors consider that liquidity risk is limited after considering the future cash flow of the Group and the Company in the foreseeable future as the Group and the Company have mainly short-term liabilities which are to be repaid within two months from the respective balance sheet dates. The Group and the Company manage liquidity risk by maintaining sufficient reserves and bank balances by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Fair value

The fair value of other financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis, using prices or rates from observable market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the balance sheet date.

6. REVENUE

Revenue represents property rental and property management fee received and receivable during the year. An analysis of turnover, which has the same meaning as revenue as defined above, is set out in note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

7. SEGMENT INFORMATION

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

(a) Business Segments

INCOME STATEMENT

	Property investment		Property management		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Turnover	**3,738,511**	1,744,538	**892,011**	1,052,123	**4,630,522**	2,796,661
Segment results	**3,930,431**	4,235,412	**(427,989)**	(470,876)	**3,502,442**	3,764,536
Unallocated corporate income					**1,168,589**	1,338,953
Unallocated corporate expenses					**(3,229,348)**	(6,709,639)
Finance costs					**-**	(989,493)
Share of results of associates					**-**	4,408,514
Gain on disposal of associates					**-**	35,397,566
Impairment loss recognised in respect of goodwill	**-**	(11,253,911)	**-**	–	**-**	(11,253,191)
Profit before taxation					**1,441,683**	25,957,246
Taxation					**2,862,168**	(1,246,088)
Profit for the year					**4,303,851**	24,711,158

7. SEGMENT INFORMATION (continued)

(a) Business Segments (continued)

BALANCE SHEET

	Property investment		Property management		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
ASSETS						
Segment assets	**86,501,724**	74,287,157	**23,341**	176,893	**86,525,065**	74,464,050
Unallocated corporate assets					**45,413,857**	31,504,185
Consolidated total assets					**131,938,922**	105,968,235
LIABILITIES						
Segment liabilities	**711,125**	315,175	**14,228**	695,105	**725,353**	1,010,280
Unallocated corporate liabilities					**15,709,168**	18,260,272
Consolidated total liabilities					**16,434,521**	19,270,552

OTHER INFORMATION

	Property investment		Property management		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Allowance for bad and doubtful debts	**–**	–	**–**	661,217	**–**	661,217
Depreciation	**54,089**	3,765	**–**	–	**54,089**	3,765
Increase in fair value of investment properties	**823,082**	3,679,040	**–**	–	**823,082**	3,679,040

7. SEGMENT INFORMATION (continued)

(b) Geographical Segments

The Group's turnover is principally generated in the PRC. Accordingly, no analysis of the turnover by geographically segment is presented.

The carrying amount of segment assets, analysed by the geographical area in which all the segment assets are located in the PRC.

8. FINANCE COSTS

	2008	2007
	HK$	*HK$*
Interest on:		
Imputed interest expenses on loan from a director	**–**	989,493
	–	989,493

9. GAIN ON DISPOSAL OF ASSOCIATES

Pursuant to an agreement dated 4th July, 2006 entered into between the Company and an independent third party, the Company disposed of its 36.74% equity interest in Gladiolus Trading Limited ("Gladiolus") and the outstanding loan granted by the Company to a subsidiary of Gladiolus for an aggregate consideration of HK$54,763,160, resulting in a gain on disposal of HK$35,397,566.

10. TAXATION CREDIT (CHARGE)

	2008	2007
	HK$	*HK$*
Current tax charge:		
PRC	**(350,031)**	(536,067)
Deferred tax:		
Current year *(note 21)*	**(313,453)**	(710,021)
Attributable to a change in tax rate *(note 21)*	**3,525,652**	–
Taxation credit (charge) attributable to the Company and its subsidiaries	**2,862,168**	(1,246,088)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

10. TAXATION CREDIT (CHARGE) (continued)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits for both years. Taxation arising in the PRC is calculated at the rate prevailing in the relevant jurisdiction.

Details of the deferred taxation are set out in note 21.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations have changed the tax rate from 33% to 25% for a subsidiary from 1st January, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the liability is settled.

The taxation for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2008	2007
	HK$	*HK$*
Profit before taxation	**1,441,683**	25,957,246
Tax at income tax rate of 33%	**475,755**	8,565,892
Tax effect of share of results of associates	**–**	(771,490)
Tax effect of expenses not deductible for tax purpose	**20,483**	3,008,453
Tax effect of income not taxable for tax purpose	**(190,323)**	(6,455,934)
Tax effect of estimated tax losses not recognised	**467,503**	756,121
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(109,934)**	(3,856,954)
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate	**(3,525,652)**	–
Taxation (credit) charge for the year	**(2,862,168)**	1,246,088

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

11. PROFIT FOR THE YEAR

	2008	2007
	HK$	*HK$*
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**642,700**	460,000
Bank interest income	**(1,043,890)**	(693,501)
Depreciation of property, plant and equipment	**54,089**	3,765
Directors' emoluments *(note 12)*	**1,028,959**	408,017
Exchange gain	**–**	(619,957)
Gross rents from investment properties under operating lease	**(3,738,511)**	(1,744,538)
Less: Outgoings	**319,347**	76,754
Net rental income	**(3,419,164)**	(1,667,784)
Impairment loss recognised in respect of goodwill arising on acquisition of a subsidiary *(note)*	**–**	11,253,191
Other staff costs (including contribution to retirement benefits schemes of HK$17,200 (2007: HK$11,213)	**1,610,058**	808,955
Operating lease rentals in respect of premises	**59,595**	32,482
Share of taxation of an associate (included in share of results of associates)	**–**	591,465

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 year ended 31st January, 2007.

12. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 10 (2007: 12) directors were as follows:

For the year ended 31st January, 2008

	Lo Cheung Kin	Li Jianbo	Huang Haiping	Jong Kong Ki	So Yiu Kong	Yin Hoi Yeung	Jong Lai Ching	David Gregory Jeaffreson	See Tak Wah	Wong Cheong	Total
	HK$	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***
Fees	**339,398**	**162,911**	**180,000**	**-**	**-**	**-**	**-**	**96,000**	**96,000**	**96,000**	**970,309**
Other emoluments											
Salaries and other benefits	**-**	**-**	**15,000**	**-**	**-**	**-**	**-**	**8,000**	**8,000**	**8,000**	**39,000**
Contributions to retirement benefits schemes	**-**	**-**	**9,250**	**-**	**-**	**-**	**-**	**-**	**5,200**	**5,200**	**19,650**
Total emoluments	**339,398**	**162,911**	**204,250**	**-**	**-**	**-**	**-**	**104,000**	**109,200**	**109,200**	**1,028,959**

For the year ended 31st January, 2007

	Lo Cheung Kin	Li Jianbo	Jong Kong Ki	So Yiu Kong	Jong Tat Fung	Yin Hoi Yeung	Chu Kwok Chue	Jong Lai Ching	David Gregory Jeaffreson	See Tak Wah	Wong Cheong	Siu Wing Keung	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Fees	–	–	–	–	–	–	–	–	88,000	96,000	24,000	90,000	298,000
Other emoluments													
Salaries and other benefits	30,852	–	–	–	–	30,852	–	–	–	–	–	–	61,704
Contributions to retirement benefits schemes	–	–	–	–	–	–	–	–	–	11,213	1,600	35,500	48,313
Total emoluments	30,852	–	–	–	–	30,852	–	–	88,000	107,213	25,600	125,500	408,017

12. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS (continued)

Directors' emoluments (continued)

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

Employee's emoluments

Of the five individuals with the highest emoluments in the Group, four (2007: four) were directors of the Company whose emoluments are included in the disclosures as above. The emoluments of the remaining one (2007: one) individual was as follows:

	2008	2007
	HK$	*HK$*
Salaries and allowances	**325,000**	96,000
Contributions to retirement benefits schemes	**12,000**	11,213
	337,000	107,213

During the year, no emoluments were paid by the Group to the above highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the balance sheet date (2007: nil).

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2008	2007
	HK$	*HK$*
Earnings for the purposes of basic and diluted earnings per share attributable to equity holders of the Company	**4,303,851**	24,711,158
Weighted average number of ordinary shares for the purpose of basic earnings per share	**94,001,583**	86,515,237
Effect of dilutive potential ordinary shares for preference shares		2,658,401
Weighted average number of ordinary shares for the purpose of diluted earnings per share		89,173,638

No computation of diluted earning per share for the year ended 31st January, 2008 is presented as there is no potential ordinary shares for the year.

15. INVESTMENT PROPERTIES

	HK$
FAIR VALUE	
At 1st February, 2006	–
Acquired on an acquisition of subsidiaries	67,136,101
Increase in fair value recognised in the consolidated income statement	3,679,040
Exchange adjustments	2,384,140
At 31st January, 2007	73,199,281
Additions	5,328,586
Increase in fair value recognised in the consolidated income statement	823,082
Exchange adjustments	6,028,503
At 31st January, 2008	85,379,452

The fair value of the Group's investment properties with carrying amounts of HK$85,379,452 at 31st January, 2008 (2007: HK$73,199,281) have been arrived at on the basis of a valuation carried out on that date by Messrs DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. Messrs DTZ Debenham Tie Leung Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the property.

The investment properties were situated outside Hong Kong and held on medium-term lease. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

16. PROPERTY, PLANT AND EQUIPMENT

	Air-conditioning system	Furniture and fixtures	Office equipment	Computer system	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
THE GROUP						
COST						
At 1st February, 2006	38,000	43,410	39,540	197,300	–	318,250
Acquired on acquisition of subsidiaries	–	–	27,709	–	–	27,709
Additions	–	–	–	–	379,261	379,261
Exchange adjustments	–	–	1,333	–	–	1,333
At 31st January, 2007	38,000	43,410	68,582	197,300	379,261	726,553
Additions	–	4,380	20,911	6,290	423,077	454,658
Exchange adjustments	–	–	3,241	–	29,071	32,312
At 31st January, 2008	38,000	47,790	92,734	203,590	831,409	1,213,523
DEPRECIATION						
At 1st February, 2006	36,908	43,410	39,483	197,056	–	316,857
Provided for the year	109	–	3,632	24	–	3,765
Exchange adjustments	–	–	478	–	–	478
At 31st January, 2007	37,017	43,410	43,593	197,080	–	321,100
Provided for the year	98	876	9,259	1,302	42,554	54,089
Exchange adjustments	–	–	1,507	–	–	1,507
At 31st January, 2008	37,115	44,286	54,359	198,382	42,554	376,696
NET BOOK VALUES						
At 31st January, 2008	885	3,504	38,375	5,208	788,855	836,827
At 31st January, 2007	983	–	24,989	220	379,261	405,453

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

16. PROPERTY, PLANT AND EQUIPMENT (continued)

	Air-conditioning system	Furniture and fixtures	Office equipment	Computer system	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY					
COST					
At 1st February, 2006 and 31st January, 2007	38,000	43,410	39,540	197,300	318,250
Additions	–	4,380	11,800	6,290	22,470
At 31st January, 2008	38,000	47,790	51,340	203,590	340,720
DEPRECIATION					
At 1st February, 2006	36,908	43,410	39,483	197,056	316,857
Provided for the year	109	–	7	24	140
At 31st January, 2007	37,017	43,410	39,490	197,080	316,997
Provided for the year	98	876	2,370	1,302	4,646
At 31st January, 2008	37,115	44,286	41,860	198,382	321,643
NET BOOK VALUES					
At 31st January, 2008	885	3,504	9,480	5,208	19,077
At 31st January, 2007	983	–	50	220	1,253

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Air-conditioning system	10%
Furniture and fixtures	20%
Office equipment	20%
Computer system	20%
Motor vehicles	20%

17. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	HK$	*HK$*
Unlisted shares, at cost	**69,110,948**	69,110,948
Less: Impairment losses recognised *(note)*	**(2,223,835)**	(8,884,762)
	66,887,113	60,226,186

Note: As at 31st January, 2008, the directors reviewed the carrying value of the investment cost in subsidiaries with reference to the business operated by these subsidiaries. During the year ended 31st January, 2008, a reversal of impairment losses of HK$6,660,927 (2007: recognition of impairment losses of HK$8,307,404) is made as a result of the improvement of the operating results of these subsidiaries.

17. INTERESTS IN SUBSIDIARIES (continued)

Details of the Company's subsidiaries at 31st January, 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued capital/ registered capital held by the Company directly	Paid up issued share capital/ registered capital	Principal activities
Buildmore Finance Limited	Hong Kong	Ordinary	100%	HK$1,000,000	Inactive
Keen Luck (China) Limited	Hong Kong/ PRC	Ordinary	100%	HK$10,000	Inactive
Lloyd Bridge Investment (H.K.) Limited	Hong Kong	Ordinary	100%	HK$100,000	Inactive
Faith Stand (China) Limited ("Faith Stand")	Hong Kong/ PRC	Ordinary	100%	HK$1	Property investment
Victorfield (Fuijin) Property Development Company Limited ("Victorfield ") (wholly foreign-owned enterprise)	PRC	Paid in capital	100%	US$500,000	Property investment and property management

None of the subsidiaries had issued any debt securities during the year or at year end. There was no change on the proportion of nominal value of issued capital/registered capital held by the Company directly at 31st January, 2008 and 2007.

18. TRADE AND SUNDRY RECEIVABLES AND PREPAYMENTS

	THE GROUP	
	2008	2007
	HK$	*HK$*
Trade receivables aged 0-30 days	**304,522**	683,677
Sundry receivables and prepayments	**748,296**	1,563,064
	1,052,818	2,246,741
Less: Allowance for bad and doubtful debts for sundry receivables	**–**	(661,217)
	1,052,818	1,585,524

The Group allows a general credit period of one month to its trade customers. In general, credit will only be offered to customers in accordance with their financial credit abilities and established payment records.

As at 31st January, 2008 and 2007, trade receivables were neither past due nor impaired. No counterparty default was noted in the past. As at 31st January, 2007, sundry receivables of HK$661,217 were past due and in dispute with the Group. The Group has provided fully for these. The Group does not hold any collateral over these balances.

Movement in the allowance for bad and doubtful debts for sundry receivables

	2008	2007
	HK$	*HK$*
Balance at beginning of the year	**661,217**	–
Impairment losses recognised on sundry receivables	**–**	661,217
Written off as against sundry receivables	**(661,217)**	–
Balance at end of the year	**–**	661,217

In determining the recoverability of trade and sundry receivables, the Group considers any change in the credit quality of the trade and sundry receivables from the date credit was initially granted up to the report date. Accordingly, the directors believe that there is no further credit provision required.

19. BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

The bank balances of the Group are mainly denominated in RMB and HKD, while the bank balances of the Company are denominated in HKD. The balances carried interest at interest rates which range from 0.72% to 2.85% per annum (2007: 0.72% to 2% per annum). Included in the bank balances and cash of the Group are amounts in RMB of approximately HK$2,000,000 (2007: HK$1,296,000), which is not free convertible into other currencies.

The bank balances of approximately HK$42,670,000 (2007: HK$29,476,000) were denominated in HKD, the currency other than the functional currency of the respective group entity.

20. AMOUNTS DUE FROM/TO SUBSIDIARIES AND A DIRECTOR

THE GROUP AND THE COMPANY

The amounts are unsecured, non-interest bearing and repayable on demand. The directors of the Company expect that the amounts due from subsidiaries will be recovered within one year.

21. DEFERRED TAXATION

THE GROUP

The following is the major deferred tax liability recognised and movement thereon during the current and prior year:

	Investment properties
	HK$
At 1st February, 2006	–
Acquired on acquisition of subsidiaries	12,996,926
Exchange adjustments	459,246
Charge to consolidated income statement for the year	710,021
At 31st January, 2007	14,166,193
Exchange adjustments	1,088,269
Charge to consolidated income statement for the year	313,453
Effect of change in tax rate	(3,525,652)
At 31st January, 2008	12,042,263

THE GROUP

At the balance sheet date, estimated unused tax losses of HK$15,135,000 (2007: HK$12,465,000) are available for offset against future profits. No deferred tax asset has been recognised in respect of unrecognised estimated tax losses due to the unpredictability of future profit stream. The tax losses may be carried forward indefinitely.

THE COMPANY

At the balance sheet date, estimated unused tax losses of HK$15,083,000 (2007: HK$12,455,000) are available for offset against future profits. No deferred tax asset has been recognised in respect of unrecognised estimated tax losses due to the unpredictability of future profit stream. The tax losses may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st January, 2008

22. SHARE CAPITAL

	Number of shares		Share capital	
	2008	2007	**2008**	2007
			HK$	*HK$*
Authorised:				
Ordinary shares of HK$1.00 each				
At beginning of year	**200,000,000**	196,967,761	**200,000,000**	196,967,761
Increase on conversion of preference shares	**–**	3,032,239	**–**	3,032,239
Increase on 15th October, 2007 *(Note 1)*	**4,800,000,000**	–	**4,800,000,000**	–
At end of year	**5,000,000,000**	200,000,000	**5,000,000,000**	200,000,000
5% convertible preference shares of HK$1.00 each				
At beginning of year	**–**	3,032,239	**–**	3,032,239
Decrease on conversion of preference shares	**–**	(3,032,239)	**–**	(3,032,239)
At end of year	**–**	–	**–**	–
	5,000,000,000	200,000,000	**5,000,000,000**	200,000,000
Issued and fully paid:				
Ordinary shares of HK$1.00 each				
At beginning of year	**89,173,638**	86,141,399	**89,173,638**	86,141,399
Conversion of preference shares	**–**	3,032,239	**–**	3,032,239
Private placement *(Note 2)*	**17,800,000**	–	**17,800,000**	–
At end of year	**106,973,638**	89,173,638	**106,973,638**	89,173,638
5% convertible preference shares of HK$1.00 each				
At beginning of year	**–**	3,032,239	**–**	3,032,239
Conversion of preference shares	**–**	(3,032,239)	**–**	(3,032,239)
At end of year	**–**	–	**–**	–
	106,973,638	89,173,638	**106,973,638**	89,173,638

22. SHARE CAPITAL (continued)

Notes:

(1) Pursuant to the resolution passed on 15th October, 2007, the authorised share capital of the Company is increased from HK$200,000,000 divided into 200,000,000 ordinary shares of HK$1.00 each to HK$5,000,000,000 dividend into 5,000,000,000 ordinary shares by creation of an additional 4,800,000,000 ordinary shares.

(2) On 24th October 2007, the Company placed 17,800,000 new ordinary shares of HK$1.00 each, for consideration of HK$1.10 per share, to independent third parties. The new shares rank pari passu with the then existing shares in all respects. The Group applied the proceeds as general working capital of the Group and/or will be applied to any suitable future investments.

The holders of the preference shares were not entitled to vote at the general meetings of the Company. The Company has a contractual obligation for payment of dividends.

On 18th December, 2006, the preference shares were converted into ordinary shares of the Company on one to one basis. These shares rank pari passu in all respects with other shares in issue.

23. SHARE PREMIUM AND RESERVES

	Share premium account	**Shareholder's contribution**	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
THE COMPANY				
At 1st February, 2006	196,187,821	–	(236,292,338)	(40,104,517)
Discount on the loan from a director *(note)*	–	3,317,997	–	3,317,997
Profit for the year	–	–	28,620,397	28,620,397
At 31st January, 2007 and 1st February, 2007	196,187,821	3,317,997	(207,671,941)	(8,166,123)
Additional share premium resulted from placing of new shares	1,780,000	–	–	1,780,000
Share issue expenses	(391,600)	–	–	(391,600)
Profit for the year	–	–	9,641,583	9,641,583
At 31st January, 2008	197,576,221	3,317,997	(198,030,358)	2,863,860

At each of 31st January, 2008 and 2007, the Company has no reserves available for distribution to shareholders.

Note: The amount is arising from the fair value assessment of the loan from Mr. Lo (as defined in note 24), a shareholder and an executive director of the Company, of HK$24,906,925 with the fair value of HK$21,588,928 as disclosed in note 24.

24. ACQUISITION OF SUBSIDIARIES

On 15th June, 2006, the Group acquired 100% of the issued share capital of Victorfield from Victorfield Limited (in which the directors of the Company, Mr. Lo Cheung Kin ("Mr. Lo") and Madam Yin Hoi Yeung (resigned on 1st February, 2007) have beneficial interests), for a cash consideration of HK$41,441,726.

	Acquiree's carrying amount before combination and at fair value
	HK$
Net assets acquired:	
Investment properties	42,136,101
Property, plant and equipment	27,709
Trade and sundry receivables	1,402,395
Bank balances and cash	585,860
Sundry payables, deposits received and accruals	(1,021,322)
Deferred taxation	(12,942,208)
	30,188,535
Goodwill *(note 11)*	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)

24. ACQUISITION OF SUBSIDIARIES (continued)

On 15th June, 2006, the Group acquired the shareholder's loan and 100% of the issued share capital of Faith Stand for HK$24,906,925 from Mr. Lo, satisfied by a loan from a director.

	Acquiree's carrying amount before combination and at fair value
	HK$
Net assets acquired:	
Investment properties	25,000,000
Trade and sundry receivables	1,271,320
Bank balances and cash	5,776
Sundry payables and accruals	(96,555)
Deferred taxation	(54,718)
	26,125,823
Discount on acquisition *(note 1)*	(4,536,895)
Satisfied by fair value of the loan from a director *(note 2)*	21,588,928
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Cash and cash equivalents acquired	5,776
	5,776

24. ACQUISITION OF SUBSIDIARIES (continued)

Notes:

(1) 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 is mainly due to the off-market interest rate loan granted by Mr. Lo.

(2) Pursuant to a loan agreement dated 15th June, 2006 ("Loan Agreement") entered into between the Company and Mr. Lo, the loan from a director of HK$24,906,925 bears interest at 3% per annum after a 18-month interest free period starting from 15th June, 2007 and is repayable on demand after 18-month from the date of the Loan Agreement.

On application of HKAS 39 "Financial instruments: Recognition and Measurement", the fair value of the loan from a director was determined based on an effective interest rate of 10% and assuming the loan from a director will be repayable after 18-month from the date of the Loan Agreement.

With the surplus of cash held by the Group, the amount was fully repaid in December 2006, and resulted in loss on early repayment of loan from a director amounting to approximately HK$2,329,000.

The subsidiaries acquired during the year ended 31st January, 2007 contributed, respectively, HK$2,796,661 and HK$3,619,921 to the Group's revenue and profit for the period between the date of acquisition and the balance sheet date.

If the acquisitions had been completed on 1st February, 2006, total group revenue for the year ended 31st January, 2007 would have been HK$4,900,594, and profit for the year ended 31st January, 2007 would have been HK$26,010,007. 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.

25. MAJOR NON-CASH TRANSACTION

During the year ended 31st January, 2007, the Group acquired the shareholder's loan and 100% of the issued share capital of Faith Stand for a total consideration of HK$24,906,925 from Mr. Lo, satisfied by a loan from a director. Details of the acquisition and its term were set out in note 24.

26. RETIREMENT BENEFITS SCHEMES

The Group operates a MPF Scheme under rules and regulations of Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. The Group has followed the minimum statutory contribution requirements of 5% of eligible employees' relevant aggregate income with a maximum monthly contribution of HK$1,000 per person. Contributions are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31st January, 2008 and 2007.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

During the year, the total amounts contributed by the Group to the schemes and cost charged to the consolidated income statement of HK$36,850 (2007: HK$59,526) represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

27. OPERATING LEASES

The Group as lessee

At the balance sheet date, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2008	2007
	HK$	*HK$*
Within one year	**68,980**	34,986
In the second to fifth years inclusive	**111,931**	–
	180,911	34,986

Operating lease payments represent rentals payable by the Group for certain of its office properties and car parks in the PRC. Leases are negotiated for a lease term of 2 years with fixed rental at initial recognition.

27. OPERATING LEASES (continued)

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	HK$	*HK$*
Within one year	**3,129,057**	2,143,324
In the second to fifth year inclusive	**3,021,302**	4,502,052
	6,150,359	6,645,376

The properties are expected to generate rental yields of 3.66% (2007: 5.25%) per annum on an ongoing basis. All the properties held have committed tenants for the next 2 years.

28. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transaction with a related party in which certain directors of the Company have beneficial interests:

	2008	2007
	HK$	*HK$*
Rental expense to a related company	**–**	32,482

The Group acquired two subsidiaries from Victorfield Limited (in which the directors of the Company, Mr. Lo and Madam Yin Hoi Yeung, have beneficial interest) and Mr. Lo respectively during the year ended 31st January, 2007 as disclosed in note 24.

The Group's key management comprises of certain executive directors, who are also the shareholders of the Company. The details of remuneration of key management personnel are set out in note 12.

FINANCIAL SUMMARY

	Year ended 31st January,				
	2004	2005	2006	2007	**2008**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
	(restated)	(restated)			
Revenue	370,000	304,000	45,757,333	2,796,661	**4,630,522**
Profit (loss) before taxation	14,269,574	3,300,743	(767,078)	25,957,246	**1,441,683**
Taxation credit (charge)	–	–	716,677	(1,246,088)	**2,862,168**
Profit (loss) for the year	14,269,574	3,300,743	(50,401)	24,711,158	**4,303,851**
Attributable to:					
Equity holders of the Company	14,338,882	3,300,743	(50,401)	24,711,158	**4,303,851**
Minority interests	(69,308)	–	–	–	**–**
	14,269,574	3,300,743	(50,401)	24,711,158	**4,303,851**

	At 31st January,				
	2004	2005	2006	2007	**2008**
	HK$	*HK$*	*HK$*	*HK$*	***HK$***
	(restated)	(restated)			
Total assets	66,382,637	62,522,818	60,000,994	105,968,235	**131,938,922**
Total liabilities	(14,149,580)	(6,989,018)	(4,517,595)	(19,270,552)	**(16,434,521)**
Shareholders' funds	52,233,057	55,533,800	55,483,399	86,697,683	**115,504,401**
Attributable to equity holders of the Company	52,233,057	55,533,800	55,483,399	86,697,683	**115,504,401**

Note: The Group's profit before taxation for the year ended 31st January, 2004 and 31st January, 2005 and total assets, total liabilities and total equity attributable to equity holders of the Company as at 31st January, 2004 and 31st January, 2005 are restated as a consequence of the adoption of HKAS 32 "Financial instruments: Disclosure and Presentation".