

# BUILDMORE INTERNATIONAL LIMITED

建懋國際有限公司

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

## INTERIM REPORT 2009

The board of directors (the "Board") of Buildmore International Limited (the "Company") presents the unaudited Interim Report of the Company and its subsidiaries (the "Group") for the six months ended 31 July 2009.

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended	
		31.7.2009 HK\$ (unaudited)	31.7.2008 HK\$ (unaudited)
<b>Continuing operations</b>			
Revenue		1,205,475	1,874,498
Other income		9,013	366,442
Administrative expenses		(2,364,420)	(1,713,012)
Exchange loss		-	(1,844,581)
Change in fair value of investment properties		(22,352,581)	(1,616,130)
Loss before taxation		(23,502,513)	(2,932,783)
Taxation	4	3,205,753	(20,238)
Loss for the period from continuing operations		(20,296,760)	(2,953,021)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	5	(236,042)	(83,188)
Loss for the period	6	(20,532,802)	(3,036,209)
<b>Other comprehensive income for the period</b>			
Exchange difference arising on translation of functional currency to presentation currency		57,633	5,505,911
Total comprehensive (expense) income for the period		<u>(20,475,169)</u>	<u>2,469,702</u>
Loss per share	7		
<i>From continuing and discontinued operations</i>			
Basic		<u>HK(19.2) cents</u>	<u>HK(2.8) cents</u>
<i>From continuing operations</i>			
Basic		<u>HK(19.0) cents</u>	<u>HK(2.8) cents</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	31.7.2009 HK\$ (unaudited)	31.1.2009 HK\$ (audited)
<b>Non-current assets</b>			
Investment properties	8	63,460,915	85,749,294
Property, plant and equipment	8	4,541,380	775,386
Deposit	9	1,815,438	–
		<u>69,817,733</u>	<u>86,524,680</u>
<b>Current assets</b>			
Trade and sundry receivables and prepayments	10	284,645	372,199
Bank balances and cash		30,643,995	37,701,724
		<u>30,928,640</u>	<u>38,073,923</u>
<b>Current liabilities</b>			
Sundry payables, deposits received and accruals		1,308,957	1,362,638
Amount due to a director		52,239	52,239
Taxation payable		596,475	665,923
		<u>1,957,671</u>	<u>2,080,800</u>
<b>Net current assets</b>		<u>28,970,969</u>	<u>35,993,123</u>
<b>Total assets less liabilities</b>		<u>98,788,702</u>	<u>122,517,803</u>
<b>Non-current liability</b>			
Deferred taxation		7,684,771	10,938,703
		<u>91,103,931</u>	<u>111,579,100</u>
<b>Capital and reserves</b>			
Share capital		106,973,638	106,973,638
Share premium and reserves		(15,869,707)	4,605,462
		<u>91,103,931</u>	<u>111,579,100</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital HK\$	Share premium HK\$	Shareholders' contribution HK\$	Translation reserve HK\$	Accumulated losses HK\$	Total HK\$
As at 1 February 2009 (audited)	106,973,638	197,576,221	4,536,895	11,646,522	(209,154,176)	111,579,100
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	57,633	–	57,633
Loss for the period	–	–	–	–	(20,532,802)	(20,532,802)
<b>As at 31 July 2009 (unaudited)</b>	<u>106,973,638</u>	<u>197,576,221</u>	<u>4,536,895</u>	<u>11,704,155</u>	<u>(229,686,978)</u>	<u>91,103,931</u>
As at 1 February 2008 (audited)	106,973,638	197,576,221	4,536,895	7,280,698	(200,863,051)	115,504,401
Exchange difference arising on translation of functional currency to presentation currency	–	–	–	5,505,911	–	5,505,911
Loss for the period	–	–	–	–	(3,036,209)	(3,036,209)
<b>As at 31 July 2008 (unaudited)</b>	<u>106,973,638</u>	<u>197,576,221</u>	<u>4,536,895</u>	<u>12,786,609</u>	<u>(203,899,260)</u>	<u>117,974,103</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended	
	31.7.2009	31.7.2008
	HK\$	HK\$
	(unaudited)	(unaudited)
Net cash used in operating activities	(3,190,012)	(2,257,922)
Investing activities		
Purchase of investment properties	-	(5,450,419)
Purchase of property, plant and equipment	(3,878,039)	(22,816)
Other investing cash flows	9,013	497,152
Net cash used in investing activities	<u>(3,869,026)</u>	<u>(4,976,083)</u>
Net decrease in cash and cash equivalents	(7,059,038)	(7,234,005)
Cash and cash equivalent at 1 February	37,701,724	44,669,825
Effect of foreign exchange rate changes	1,309	1,751,005
Cash and cash equivalents at 31 July	<u>30,643,995</u>	<u>39,186,825</u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	<u>30,643,995</u>	<u>39,186,825</u>

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 JULY 2009

#### 1. BASIS OF PREPARATION

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

#### 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 January 2009.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are effective for the Group's financial year beginning on 1 February 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRS issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>1</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>1</sup>
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters <sup>3</sup>
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions <sup>3</sup>
HKFRS 3 (Revised)	Business combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of assets from customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>4</sup> Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 February 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 February 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, represented by the board of directors of the Company, in order to allocate resources to the segment and to assess its performance. The adoption of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

As a result, following the adoption of HKFRS 8, the Group's reportable segments remains the same as prior year, including property investment segment and property management segment. During the period, the Group has discontinued the operation on the property management.

The following is an analysis of the Group's unaudited revenue and results by operating segment for the period under review:

	Continuing operations Property investment		Discontinued operation Property management		Consolidated	
	31.7.2009 HK\$	31.7.2008 HK\$	31.7.2009 HK\$	31.7.2008 HK\$	31.7.2009 HK\$	31.7.2008 HK\$
Revenue	<u>1,205,475</u>	<u>1,874,498</u>	<u>96,470</u>	<u>196,048</u>	<u>1,301,945</u>	<u>2,070,546</u>
Segment results	<u>(21,656,417)</u>	<u>(136,499)</u>	<u>(236,042)</u>	<u>(83,188)</u>	(21,892,459)	(219,687)
Unallocated corporate income					9,013	366,442
Unallocated corporate expenses					(1,855,109)	(1,318,145)
Exchange loss					-	(1,844,581)
Loss before taxation					<u>(23,738,555)</u>	<u>(3,015,971)</u>

Segment results represent the loss of each segment without allocation of central administration costs (including exchange loss) and directors' salaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets by operating segment:

	31.7.2009 HK\$ (unaudited)	31.1.2009 HK\$ (audited)
Property investment	67,816,412	86,720,159
Property management	-	13,211
	<u>67,816,412</u>	<u>86,733,370</u>

### 4. TAXATION

	Six months ended 31.7.2009 HK\$ (unaudited)	31.7.2008 HK\$ (unaudited)
<b>Continuing operations:</b>		
Current tax charge:		
People's Republic of China (excluding Hong Kong) (the "PRC")	56,362	137,111
Deferred taxation	<u>(3,263,115)</u>	<u>(116,873)</u>
Taxation (credit) charge relating to continuing operations	<u>(3,205,753)</u>	<u>20,238</u>

There is no taxation relating to the discontinued operation of the Group for both periods.

No provision for Hong Kong Profits Tax has been made as there is no assessable profit arising in Hong Kong for both periods.

Taxation arising in the PRC is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

### 5. DISCONTINUED OPERATION

During the period, the Group discontinued the property management operation after the expiry of the property management contract.

The loss from the discontinued operation, which represented the loss of the property management for the period, was HK\$236,042 (for the six months ended 31 July 2008: HK\$83,188).

The results of the property management operation for the period was as follows:

	Six months ended 31.7.2009 HK\$ (unaudited)	31.7.2008 HK\$ (unaudited)
Revenue	96,470	196,048
Cost of sales	<u>(277,332)</u>	<u>(238,134)</u>
Gross loss	(180,862)	(42,086)
Administrative expenses	<u>(55,180)</u>	<u>(41,102)</u>
Loss for the period	<u>(236,042)</u>	<u>(83,188)</u>

### 6. LOSS FOR THE PERIOD

	Six months ended 31.7.2009 HK\$ (unaudited)	31.7.2008 HK\$ (unaudited)
Loss for the period has been arrived at after charging (crediting):		
Bank interest income	(9,013)	(359,697)
Depreciation of property, plant and equipment	<u>112,350</u>	<u>69,578</u>

7. **LOSS PER SHARE**

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	Continuing and discontinued operations		Continuing operations	
	Six months ended		Six months ended	
	31.7.2009	31.7.2008	31.7.2009	31.7.2008
	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The Group's loss for the period attributable to the owners of the Company	<u>(20,532,802)</u>	<u>(3,036,209)</u>	<u>(20,296,760)</u>	<u>(2,953,021)</u>
Number of ordinary shares	<u>106,973,638</u>	<u>106,973,638</u>	<u>106,973,638</u>	<u>106,973,638</u>

No diluted loss per share information for the six months ended 31 July 2009 and 2008 is presented as there were no potential ordinary shares outstanding during the periods.

8. **MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 31 July 2008, the Group acquired investment properties at a cost of HK\$5,450,419.

During the six months ended 31 July 2009, the Group acquired property, plant and equipment at a cost of HK\$3,878,039 (six months ended 31 July 2008: HK\$22,816).

The fair value of the Group's investment properties were determined by an independent professional valuer, DTZ Debenham Tie Leung Limited at 31 July 2009 and 31 January 2009. The valuations were arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the property. The resulting decrease in fair value of investment properties of HK\$22,352,581 (six months ended 31 July 2008: HK\$1,616,130) has been recognised directly in the condensed consolidated statement of comprehensive income.

9. **DEPOSIT**

During the period, the Group has entered into a contract for taking up the operation of an international tourist agency in the PRC, Fujian Lakeside International Travel Service ("Lakeside Travel"), for a period of ten years with contract fee of RMB50,000 per annum. Under the contract, the Group paid RMB1,600,000 (equivalent to HK\$1,815,438) to the owner of Lakeside Travel which represents the quality guarantee deposit previously paid by the owner of Lakeside Travel to the relevant PRC tourism administration department for acting as an international tourist agency to carry on tourist business in the PRC. The amount is repayable upon the termination the contract, providing that there is no claim of compensation for economic losses of tourists according to the relevant state provisions of the PRC during the contracted period, and bears interest at commercial rate.

10. **TRADE AND SUNDRY RECEIVABLES AND PREPAYMENTS**

The Group allows a general credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables.

	31.7.2009	31.1.2009
	HK\$	HK\$
	(unaudited)	(audited)
Trade receivables aged 0-30 days	-	198,480
Sundry receivables and prepayments	<u>284,645</u>	<u>173,719</u>
	<u>284,645</u>	<u>372,199</u>

11. **RELATED PARTY TRANSACTIONS**

The balances with related party are set out on the condensed consolidated statement of financial position on page 2.

The Group's key management comprises of certain executive directors and HK\$396,000 (2008: HK\$395,667) has been paid as remuneration during the period.

12. **EVENT AFTER THE END OF THE INTERIM PERIOD**

The Company entered into an agreement with the independent third parties for the acquisition of the entire issued share capital of United Achieve International Limited for a total consideration of HK\$315 million. The consideration shall be satisfied by the Company on completion of the acquisition as to:

- (i) HK\$42 million by allotment and issue of 25 million new ordinary shares of HK\$1.00 each by the Company to the vendors; and
- (ii) HK\$273 million by the issue of convertible bonds to the vendors.

Up to the date of this report, the acquisition has not been completed.

**Deloitte.**

**德勤**

**TO THE BOARD OF DIRECTORS OF  
BUILDMORE INTERNATIONAL LIMITED**  
*(incorporated in Hong Kong with limited liability)*

**INTRODUCTION**

We have reviewed the interim financial information set out above, which comprises the condensed consolidated statement of financial position of Buildmore International Limited and its subsidiaries as at 31 July 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flow for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**SCOPE OF REVIEW**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
29 September 2009

**INTERIM DIVIDEND**

No interim dividend has been declared by the Board for the six month ended 31 July 2009 (the “Period”) (2008: nil).

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Business Overview**

The Company has generated its income mainly by leasing out properties held in the People’s Republic of China (excluding Hong Kong) (the “PRC”) to independent tenants and providing property management services through Jiacheng (Fujian) Investments Co., Ltd. (“Jiacheng Fujian”, formerly known as Victorfield (Fujian) Property Development Co., Ltd.) and Faith Stand (China) Limited (“Faith Stand China”), two wholly-owned subsidiaries of the Company. Due to impact of the global financial tsunami and the spread of Influenza A (H1N1), the commercial and export sectors were the hardest hit in the PRC. The Company’s high-end retail shops in Wenquan Apartment and Gentlefolk were also seriously affected, with rent falling drastically. However, all the retail shops in Victorfield Apartment have been leased out with rent not being affected.

Vast Glory (Fujian) Hotel Management Limited (“Vast Glory Fujian”), the Company’s wholly-owned subsidiary established at the end of 2008, has already entered into preparation and management contracts with two hotels and is currently in negotiation with a number of hotels for such contracts.

On 16 May 2009, Jiacheng Fujian completed the acquisition of 9th Floor, Jia Xin Building, No. 119 Wusi Road, Gulou District, Fuzhou, Fujian Province, the PRC (total gross floor area of approximately 607.99 square metres) from a connected person, Mr. Lam Kung Yam, at a total consideration of HK\$3,625,442 (RMB3,191,948). After renovation, the property now serves as the business premises of Jiacheng Fujian, Vast Glory Fujian and Faith Stand China, to facilitate the business development of each of these companies.

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

**Financial Resources and Current Capital**

The major financial resources of the Group are derived from the renting and management of properties in the PRC.

The Group’s unaudited consolidated revenue for the Period was HK\$1,205,475 (2008: HK\$1,874,498), and the Group recorded a loss for the Period of HK\$20,532,802 (2008: HK\$3,036,209). Basic loss per share for the Period was HK19.2 cents (2008: HK2.8 cents).

As at 31 July 2009, the Group had available bank balances and cash of HK\$24,326,010 and RMB5,568,228 (31 January 2009: HK\$29,429,426 and RMB7,296,082).

**Gearing Ratio**

As at 31 July 2009, the gearing ratio of the Group was nil (31 January 2009: nil).

**Foreign Exchange Risk**

The Group’s business operations are all in the PRC and the main operational currencies are HK\$ and RMB. As the exchange rate between RMB and HK\$ has basically remained stable in 2009, 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.



## Capital Structure

There has not been any change in the capital structure of the Group during the Period.

## Pledge of Assets

As at 31 July 2009, the Group did not pledge any of its assets for bank credits. Also the Group is not subject to any responsibilities in accordance with any bank credit documents.

## Capital Commitments and Contingent Liabilities

As at 31 July 2009, the Group had no material capital commitments and contingent liabilities.

## Employees and Remuneration Policy

As at 31 July 2009, the total number of employees of the Group (excluding directors of the Company) was 40 (2008: 39). Only one of them worked in Hong Kong while the remaining 39 worked in the PRC.

During the Period, remunerations paid to employees by the Group (including remuneration for directors, company secretary and qualified accountant of the Company of HK\$466,200 and RMB210,000) were HK\$466,200 and RMB632,045 (2008: HK\$1,140,692).

The remunerations offered by the Group were determined in accordance with the relevant policies in Hong Kong and the PRC and with reference to market level and individual work performance of the employees. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance funds and medical insurance funds.

## Share Options

No share option scheme has been adopted by the Group.

Save as disclosed above, there has been no material change to information disclosed in the Company's annual report for the year ended 31 January 2009 which necessitates additional disclosure to be made in this section.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

## INTERESTS OF DIRECTORS

As at 31 July 2009, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Lo Cheung Kin	Corporate (Note)	29,173,638 ordinary shares of HK\$1.00 each ("Shares") (L)	27.27%
Li Jianbo	Beneficial	776,000 Shares (L)	0.73%

(L) denotes long position

### Note:

These Shares were held in the name of Mass Honour Investment Limited which was controlled by Mr. Lo Cheung Kin.

Save as disclosed herein, as at 31 July 2009, none of the directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors and the chief executive of the Company, as at 31 July 2009, the following persons (not being directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholder	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Mass Honour Investment Limited	Beneficial	29,173,638 Shares (L)	27.27%

(L) denotes long position

Save as disclosed above, as at 31 July 2009, the directors and the chief executive of the Company were not aware of any other person (other than the directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## CORPORATE GOVERNANCE PRACTICES

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

The Company does not fully comply with the code provision A.4.1 of the CG Code, under which non-executive directors should be appointed for a specific term, subject to re-election. Mr. See Tak Wah, being an independent non-executive director of the Company, has not been appointed for a specific term, but is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

#### **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 as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors of the Company, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

#### **POST BALANCE SHEET EVENT**

On 14 September 2009, the Company entered into an agreement (the "Agreement") with independent persons, Mr. Lui Ming Ho and Mr. Wong Kin Ping, (the "Vendors") pursuant to which the Company will acquire the entire issued share capital of United Achieve International Limited ("United Achieve") from the Vendors at a total consideration of HK\$315,000,000. United Achieve is an investment holding company whose principal asset is the holding of approximately 72.12% issued share capital of Viswell International Limited, which in turn is interested in 100% equity interest in Rakupuri Inc. ("Rakupuri"), a company incorporated in Japan. Rakupuri is principally engaged in the manufacture and sale of dye-sublimation printed products. The consideration shall be satisfied by the Company as to (i) HK\$42,000,000 by allotment and issue of consideration shares to the Vendors, credited as fully paid, at the issue price of HK\$1.68 per share; and (ii) HK\$273,000,000 by issue of convertible bonds to the Vendors upon completion. The Agreement constitutes a very substantial acquisition of the Company under the Listing Rules. As such, the completion of the Agreement, including the allotment and issue of consideration shares and convertible bonds, is subject to the approval of the shareholders in a general meeting of the Company and the Stock Exchange's granting listing of and permission to deal in the consideration shares.

#### **AUDIT COMMITTEE**

On 29 September 2009, the audit committee of the Company (members include Mr. See Tak Wah, Mr. Wong Cheong and Mr. Chau On Ta Yuen) has reviewed with the management the accounting principles and practices adopted by the Group and discussed on the internal controls and financial reporting matters, including reviewing the unaudited interim financial statements for the Period.

#### **PUBLICATION OF RESULTS ON WEBSITES**

Pursuant to the discloseable financial information of Appendix 16 to the Listing Rules, the results of the Company will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.capitalfp.com.hk/eng/index.jsp?co=108](http://www.capitalfp.com.hk/eng/index.jsp?co=108)) in due course.

By order of the Board  
**Lo Cheung Kin**  
Chairman

Hong Kong, 29 September 2009

*As at the date of this Interim Report, the executive directors of the Company are Mr. Lo Cheung Kin, Madam Huang Haiping, Mr. Li Jianbo and Madam Song Xiaoling; and the independent non-executive directors of the Company are Mr. See Tak Wah, Mr. Wong Cheong and Mr. Chau On Ta Yuen.*