THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Buildmore International Limited (the "Company"), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

This circular appears for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

BUILDMORE INTERNATIONAL LIMITED

建 懋 國 際 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

VERY SUBSTANTIAL ACQUISITION IN RESPECT OF POSSIBLE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF UNITED ACHIEVE INTERNATIONAL LIMITED

Financial adviser to the Company

TANRICH

Tanrich Capital Limited

A notice convening an extraordinary general meeting of the Company to be held at the Meeting Room of Island Pacific Hotel at 152 Connaught Road West, Hong Kong on Friday, 23 October 2009 at 11:00 a.m. is set out on pages 203 to 204 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

7 October 2009

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares in the Target by the Company for a total consideration of HK$315,000,000 pursuant to the Agreement
"Articles"	the articles of association of the Company
"Agreement"	the sale and purchase agreement dated 14 September 2009 entered into between the Vendors and the Company in relation to the Acquisition
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	board of Directors
"BVI"	the British Virgin Islands
"Company"	Buildmore International Limited (stock code: 108), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
"Completion"	completion of the Agreement
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK$315,000,000 payable by the Company for the Acquisition and to be satisfied in the manner as described in this circular
"Consideration Shares"	the 25,000,000 new Shares to be allotted and issued to the Vendors to satisfy in part of the Consideration
"Conversion Price"	the price at which holder(s) of the Convertible Bonds may convert the principal amount outstanding under the Convertible Bonds into Shares, initially at HK$1.68 per Conversion Share subject to the terms and conditions described in this circular
"Conversion Shares"	the 162,500,000 new Shares which will fall to be issued upon full conversion of the initial principal amount of the Convertible Bonds of HK$273,000,000 at the initial conversion price of HK$1.68 per Share

"Convertible Bonds"	the convertible bonds in the principal amount of HK$273,000,000 to be issued by the Company in favour of the Vendors at Completion to satisfy in part of the Consideration
"Director(s)"	director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Agreement and the transactions contemplated thereunder (including but not limited to the Acquisition, the issue of the Consideration Shares and Convertible Bonds, and the allotment and issue of the Conversion Shares upon exercise of any of the conversion rights attaching to the Convertible Bonds)
"Enlarged Group"	together, the Group and the Target Group after Completion
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	person or company who/which is not connected with the Company and the directors, chief executive, or substantial shareholders of the Company and its subsidiaries or any of their respective associates
"Latest Practicable Date"	5 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Issue Price"	the issue price of HK$1.68 per Consideration Share
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Maturity Date"	the third anniversary of the date of issue of the Convertible Bonds
"Mr. Lui"	Lui Ming Ho, a Hong Kong citizen, who is beneficially interested in 70% equity interests in the Target
"Mr. Wong"	Wong Kin Ping, a Hong Kong citizen, who is beneficially interested in 30% equity interests in the Target
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

"Sale Shares"	the entire issued and fully paid up shares of the Target owned by the Vendors
"Rakupuri"	Rakupuri Inc., a company incorporated in the laws of Japan (Kabushibi Kaisha) with limited liability, which is wholly owned by Viswell
"SFO"	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"SHINEWING"	SHINEWING CPA (HK) Limited
"Share(s)"	ordinary share(s) of HK$1.00 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	United Achieve International Limited, a company incorporated in the BVI with limited liability, the issued share capital of which is owned as to 70% by Mr. Lui and 30% by Mr. Wong
"Target Group"	the Target and its subsidiaries, including Viswell and Rakupuri
"Vendors"	together, Mr. Lui and Mr. Wong
"Viswell"	Viswell International Limited, a company incorporated in the BVI with limited liability, the issued share capital of which is owned as to approximately 72.12% by the Target and approximately 27.88% by Mr. Amano Yasutomo and his related parties
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

BUILDMORE INTERNATIONAL LIMITED
建懋國際有限公司

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

Executive Directors:
Mr. Lo Cheung Kin
Madam Huang Haiping
Mr. Li Jianbo
Madam Song Xiaoling

Independent non-executive Directors:
Mr. See Tak Wah
Mr. Wong Cheong
Mr. Chau On Ta Yuen

Registered office:
Room 806, 8th Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

7 October 2009

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION
IN RESPECT OF POSSIBLE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
UNITED ACHIEVE INTERNATIONAL LIMITED**

INTRODUCTION

On 16 September 2009, the Board announced that on 14 September 2009, the Company as purchaser entered into the Agreement with the Vendors in relation to the acquisition of the Sale Shares from the Vendors at a total consideration of HK$315,000,000.

The purpose of this circular is to provide further details of the Acquisition, the financial and general information of the Group, the Target Group and the Enlarged Group, the valuation of the Target Group and the Enlarged Group and the notice of the EGM.

THE AGREEMENT

Date

14 September 2009

Parties

(i) Purchaser: the Company; and

(ii) Vendors:
(a) Mr. Lui, who is the legal and beneficial owner of 70% of the issued share capital of the Target; and

(b) Mr. Wong, who is the legal and beneficial owner of 30% of the issued share capital of the Target.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors, apart from being the shareholders of 70% and 30% equity interest in the Target respectively, the Vendors are third parties independent of the Company and its connected persons. The Group has neither entered into any previous transactions nor has any prior relationship with the Vendors and its ultimate beneficial owner(s) which would otherwise require aggregation pursuant to Rule 14.22 of the Listing Rules.

Assets to be acquired

100% of the equity interest in the Target.

Information on the Target Group

The Target is held as to 70% by Mr. Lui and 30% by Mr. Wong. Viswell is currently held as to approximately 72.12% by the Target, and approximately 27.88% by Mr. Amano Yasutomo and his related persons.

The Target is an investment holding company whose principal asset is the holding of approximately 72.12% issued share capital of Viswell, which is interested in 100% equity interest in Rakupuri, a company incorporated in Japan. Rakupuri is principally engaged in the manufacture and sale of dye-sublimation printed products. The customers of Rakupuri include various telecommunication companies, stationery companies, banks, insurance companies, retail shops, chain stores, department stores and camera manufacturers in Japan. Rakupuri has planned to expand its business into Europe and America. It has also engaged an OEM manufacturing line in Shanghai, the PRC, intending to seek further development in the market in the PRC.

Rakupuri currently owns various patents for their production of pita clean products. Furthermore, Rakupuri is also in the process of obtaining patents for its distinct technology for colour-dyeing on both sides of a zipper, such technology could be used on zippers, seat belts as well as apparel.

The Target was incorporated on 12 September 2006. Set out below are the audited financial information of the Target Group for the two financial years ended 28 February 2009:

	Financial years ended	
	28 February 2009	**29 February 2008**
	HK$	*HK$*
Revenue	24,550	8,117
Operating loss before taxation	(5,645)	(11,391)
Income tax expense	–	–
Loss for the year attributable to		
– equity holders of the Target	(5,645)	(10,669)
– minority interests	–	(722)

Based on the audited consolidated financial statements of the Target for the financial year ended 28 February 2009 prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS), the net liabilities attributable to equity holders of the Target Group (after consolidating Rakupuri) was approximately HK$13.38 million and the net loss before/and after taxation attributable to equity holders of the Target Group were approximately HK$5.65 million. No extraordinary items were attributable to equity holders of the Target Group (after consolidating Rakupuri) for the same year.

The losses for the aforesaid period/year were attributable to administrative expenses incurred by the Target Group during the relevant period/year.

The Consideration

The Consideration for the Acquisition is HK$315,000,000 and shall be satisfied by the Company as to HK$42,000,000 by allotment and issue of the Consideration Shares to the Vendors, credited as fully paid at the Issue Price of HK$1.68 per Consideration Share; and (ii) HK$273,000,000 by issue the Convertible Bonds to the Vendors upon the Completion.

The Consideration Shares represent approximately 23.37% of the existing issued share capital of the Company, approximately 18.94% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and approximately 8.49% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.

The Consideration Shares shall be issued pursuant to a specific mandate to be sought from the Shareholders at the EGM and shall rank pari passu among themselves and with all the other Shares in issue on the date of allotment and issue of the Consideration Shares. The authorised share capital of the Company as at the Latest Practicable Date is HK$5,000,000,000. A general mandate has been granted to the Directors at the general meeting held on 3 July 2009 granting authority for the Directors to allot and issue 21,394,727 new Shares. Such general mandate has not been utilized as at the Latest Practicable Date.

The Consideration was arrived at after arm's length negotiations between the parties with reference to the valuation of the Rakupuri (conducted by an independent valuer, BMI Appraisals Limited, Rakupuri was valued at approximately HK$464.0 million as at 31 July 2009, and for approximately 72.12% equity interest in Viswell valued at approximately HK$334.6 million by using the discounted cash flow method) which was determined by BMI Appraisals Limited with reference to the projected income of Rakupuri. The Consideration represents a discount of approximately 5.86% to the valuation of Rakupuri. Taking into account the market potentials of Rakupuri, and the possible earnings contribution to the Group in future, against the relatively stable earnings level of the Group, the Directors consider the Consideration to be fair and reasonable and in the interest of the Shareholders as a whole.

The Issue Price

The Issue Price represents:

(i) a discount of approximately 22.94% to the closing price of HK$2.180 per Share as quoted on the Stock Exchange on 14 September 2009, being the date of the Agreement and the last trading day of the Shares prior to the suspension of trading in the Shares on 15 September 2009;

(ii) a discount of approximately 19.62% to the average of the closing prices of HK$2.090 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 14 September 2009;

(iii) a discount of approximately 19.66% to the average of the closing prices of HK$2.091 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including 14 September 2009;

(iv) a discount of approximately 17.19% to the average of the closing prices of HK$2.029 per Share as quoted on the Stock Exchange over the last 30 consecutive trading days up to and including 14 September 2009;

(v) a discount of approximately 49.09% over the closing price of HK$3.30 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium of approximately 61.11% over the audited consolidated net assets of the Company of approximately HK$1.043 per Share as at 31 January 2009.

The Issue Price was determined after arm's length negotiations between the parties with reference to the prevailing market price of the Shares.

Conditions of the Agreement

The Agreement is subject to and conditional upon the fulfillment of following conditions on or before 31 December 2009 (or such later date as shall be agreed between the Vendors and the Company):

(a) all necessary consents and approvals required to be obtained on the part of the Vendors and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained;

(b) the warranties contained in the Agreement remaining true and accurate in all respects;

(c) the passing by the Shareholders at a general meeting of the Company to be convened and held of an ordinary resolution to approve the Agreement and the transactions contemplated hereunder, including but not limited to (i) the allotment and issue of the Consideration Shares to the Vendors credited as fully paid; and (ii) the issue of the Convertible Bonds to the Vendors;

(d) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the Conversion Shares;

(e) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) in relation to the transactions contemplated under the Agreement;

(f) the obtaining of a Japanese legal opinion (in form and substance satisfactory to the Company) in relation to the transactions contemplated under the Agreement;

(g) the Company being satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target Group as it may reasonably consider appropriate; and

(h) the entering into of a deed of indemnity among the Company, the Vendors and Mr. Amano Yasutomo, who is one of the founders of Rakupuri, whereas under such deed Mr. Amano Yasutomo will agree to indemnify the Company for any future liabilities in relation to a previously held subsidiary of Rakupuri, namely Rakupuri Hanbai which is currently undergoing an liquidation procedure.

Conditions (b), (e), (f), (g) and (h) and are capable of being waived by the Company while the other conditions in (a), (c) and (d) above cannot be waived. An application will be made to the Listing Committee of the Stock Exchange for the listing and permission to deal in the Consideration Shares and the Conversion Shares upon exercise of the Convertible Bonds.

If any of the above conditions have not been fulfilled (or as the case may be, waived by the Company) on or before 31 December 2009, the Agreement shall cease and determine and no party shall have any obligations and liabilities towards each other save for antecedent breaches.

Completion of the Agreement will take place on the date falling two business days after fulfillment or waiver of the conditions referred to above.

As at the Latest Practicable Date, the Company has no intention to change its Directors upon completion of the Acquisition. Furthermore, the Vendors confirmed that they have no intention to appoint any representatives to become a Director.

Undertaking

The Vendors have undertaken to the Company that it shall not sell, transfer or otherwise dispose of the Consideration Shares for a period of 3 months commencing from the date of Completion unless with the prior written consent of the Company.

The Convertible Bonds

The principal terms of the Convertible Bonds to be issued by the Company will be as follows:

Principal amount:	HK$273,000,000, credited as fully paid at its face value as satisfaction of part of the Consideration
Maturity Date:	The third anniversary of the date of issue of the Convertible Bonds. Unless previously converted, the principal amount of the Convertible Bonds will be repaid by the Company on the Maturity Date.
Interest:	Nil
Conversion:	Provided that (i) no conversion of the Convertible Bonds for a period of six (6) months commencing from the date of issue of the Convertible Bonds; (ii) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the relevant holder of the Convertible Bonds who exercises the conversion rights, whether or not such mandatory offer obligation is triggered by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds and, if applicable, together with any Shares already owned or agreed to be acquired by such holder of Convertible Bonds and/or parties acting concert with it, represents 30% or more (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code and (iii) any conversion of the Convertible Bonds will not result in non-compliance of the minimum public float requirements under Rule 8.08(1)(a) of the Listing Rules, the holder(s) of the Convertible Bonds shall have the right to convert the whole or any part (in an amount or integral multiple of HK$10,000,000 or if the aggregate outstanding

principal amount is less than HK$10,000,000, the entire outstanding amount of the Convertible Bonds) of the outstanding principal amount of the Convertible Bonds into Shares at any time from the date of issue up to the Maturity Date at the Conversion Price of HK$1.68 per Conversion Share (subject to adjustment). To the extent not previously converted, the Company shall redeem the Convertible Bonds in cash at maturity.

The Conversion Price of the Convertible Bonds is subject to adjustment provisions customary for convertible securities of similar type. The adjustment events will arise as a result of certain changes in the share capital of the Company including consolidation or sub-division of shares, capitalization of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company at substantial discount to market value.

Redemption: Unless previously converted or lapsed or redeemed by the Company, the Company will redeem the Convertible Bonds on the Maturity Date.

The Company may at any time before the Maturity Date by serving at least thirty days' prior written notice on the holder(s) of the Convertible Bonds with the total amount proposed to be redeemed from the holder(s) of the Convertible Bonds specified therein, redeem the Convertible Bonds (in whole or in part) at par value.

Any amount of the Convertible Bond(s) which remains outstanding on the Maturity Date shall be redeemed at its then outstanding principal amount, inclusive interest as accrued.

Conversion Shares: On the basis of the principal amount of HK$273,000,000 and the initial Conversion Price of HK$1.68 per Conversion Share, a total of 162,500,000 Conversion Shares will be issued upon full conversion of the Convertible Bonds. The Conversion Shares shall upon issue rank pari passu in all respects with the then issued Shares.

Listing: No application will be made for the listing of the Convertible Bonds on any stock exchange. Application will be made for the listing of and permission to deal in the Conversion Shares on the Stock Exchange.

Voting: Holder(s) of the Convertible Bonds, shall not be entitled to attend or vote at any general meetings of the Company by reason only of it being the Convertible Bonds holder.

Transferability: The Convertible Bonds may be assignable or transferable subject to the prior notification to the Company.

The total of 162,500,000 Conversion Shares to be issued upon full conversion of the Convertible Bonds represent approximately 151.91% of the existing issued share capital of the Company, approximately 123.13% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and approximately 55.18% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the Conversion Shares.

The Issue Price and the Conversion Price

The Issue Price and the initial Conversion Price of the Convertible Bonds are the same at HK$1.68 per Share which represents:

(i) a discount of approximately 22.94% to the closing price of HK$2.180 per Share as quoted on the Stock Exchange on 14 September 2009, being the last trading day prior to the suspension of trading in the Shares on 15 September 2009;

(ii) a discount of approximately 19.62% to the average of the closing prices of HK$2.090 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 14 September 2009;

(iii) a discount of approximately 19.66% to the average of the closing prices of HK$2.091 per Share as quoted on the Stock Exchange over the last 10 consecutive trading days up to and including 14 September 2009;

(iv) a discount of approximately 17.19% to the average of the closing prices of HK$2.029 per Share as quoted on the Stock Exchange over the last 30 consecutive trading days up to and including 14 September 2009;

(v) a discount of approximately 49.09% over the closing price of HK$3.30 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium of approximately 61.11% to the audited consolidated net assets of the Company of approximately HK$1.043 per Share as at 31 January 2009.

Shareholding structure of the Company

Set out below is a summary of the shareholding in the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Consideration Shares upon Completion; (iii) after Completion and upon conversion of the Convertible Bonds immediately before triggering a mandatory general offer obligation under the present provisions of the Takeovers Code and (iv) after Completion and upon full conversion of the Conversion Bonds, each prepared on the basis that there would be no changes in the issued share capital of the Company after the Latest Practicable Date other than as stated in each scenario. However, Shareholders should take note that the analysis under scenario (iv) is shown for illustration purpose only, for the reason that the Vendors would otherwise hold approximately 63.67% of the enlarged issued share capital of the Company in that scenario, thus triggering a mandatory general offer obligation under the present provisions of the Takeovers Code. However, the terms and conditions of the Convertible

Bonds stipulate that the conversion rights attaching to the Convertible Bonds may be converted by the holder thereof into Shares provided that such conversion does not trigger a mandatory offer obligation on the part of the holder of the Convertible Bonds who exercises the conversion rights. As such, the Acquisition will not result in a change of control of the Company.

	As at the Latest Practicable Date		**Immediately after allotment and issue of the Consideration Shares upon Completion and before full conversion of the Convertible Bonds**		**After Completion after allotment and issue of the Consideration Shares and upon conversion of the Convertible Bonds immediately before triggering a mandatory general offer obligation under the present provisions of the Takeovers Code**		**After Completion and after allotment and issue of the Consideration Shares and upon full conversion of the Convertible Bonds** *(Note 2)*	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
Lo Cheung Kin *(Note 1)*	29,173,638	27.27	29,173,638	22.11	29,173,638	19.12	29,173,638	9.91
Li Jianbo	776,000	0.73	776,000	0.59	776,000	0.51	776,000	0.26
The Vendors	–	–	25,000,000	18.94	45,627,842	29.90	187,500,000	63.67
Public	77,024,000	72.00	77,024,000	58.36	77,024,000	50.47	77,024,000	26.16
Total	106,973,638	100.00	131,973,638	100.00	152,601,480	100.00	294,473,638	100.00

Notes:

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

(2) The numbers are for illustration only. Pursuant to the terms and conditions of the Convertible Bonds, holder(s) of the Convertible Bonds may exercise all or part of the Convertible Bonds provided that the issue of the relevant Conversion Shares to it/them shall not trigger any general offer obligation on the part of the relevant Convertible Bonds holder who exercises the Convertible Bonds. For further details, see the paragraph headed "Convertible Bonds" above.

Reasons for the Acquisition

The Company is an investment holding company. The Group is principally engaged in property investment and trading and property development.

The Directors have always been proactive in seeking opportunities for expanding and diversifying its business in the PRC and different parts of the world. It is the Group's business strategy to diversify into a new line of business with significant growth potential. The Board considers that diversification of the Group's business will expand the Group's revenue streams and enhance shareholders' value. The Board also believes that the entering into of the Agreement offers the Group an opportunity to achieve its business objective. The Company will continue the Group's existing business following Completion.

The Issue Price and the initial Conversion Price of both HK$1.68 per Share is at a discount to the current market prices of the Shares. However, the Directors note that the price of the Shares has increased from the low range of HK$1.72 per Share closing on 3 July 2009 (the date of entering into of the memorandum of understanding in respect of possible acquisition of the entire issued share capital of the Target) to the closing price of HK$3.30 per Share on the Latest Practicable Date. The Directors are not aware of the reasons for such surge in Share price, but consider that the surge could be speculative due to the prevailing high liquidity of the stock market and the announcement regarding the Acquisition on 16 September 2009. In the circumstances, the Company considers the Issue Price and the Conversion Price of both HK$1.68 per Share is fair and reasonable taking into account the closing price of the Shares of HK$1.72 per Share on 3 July 2009 (the date of entering into of the memorandum of understanding in respect of possible acquisition of the entire issued share capital of the Target) and the net assets value per Share of approximately HK$1.043 per Share as at 31 January 2009.

The Directors (including independent non-executive Directors) consider the terms of the Agreement to be fair and reasonable as far as the Shareholders are concerned and that the Agreement is in the interests of the Company and its Shareholders as a whole.

GENERAL

The Company confirms that the Acquisition does not constitute nor is part of a transaction or arrangement or series of transactions or arrangements which constitute, an attempt to achieve a listing of the assets to be acquired and a means to circumvent the requirements for new applicants set out in Chapter 8 of the Listing Rules.

IMPLICATIONS OF THE LISTING RULES

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is therefore subject to the Shareholders' approval under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, the Vendors and its associates do not own or hold any Shares. As no Shareholders have any material interest in the Acquisition, no Shareholders are required to abstain from voting at the EGM on the resolution to approve the Agreement and the transactions contemplated thereunder.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Group will be accounted for as subsidiaries in the financial statements of the Company, and their financial information will be consolidated into the consolidated financial statements of the Group accordingly.

Set out in Appendix III to this circular is the unaudited pro forma financial information on the Enlarged Group which illustrates the financial effect of the Acquisition on (i) the results and cash flows of the Group assuming the Completion had taken place on 1 February 2009; and (ii) on the assets and liabilities of the Group assuming the Completion had taken place on 31 January 2008.

Based on the unaudited pro forma consolidated balance sheet in Appendix III to this circular, the total assets of the Group would increase by approximately 440.8% from HK$124,598,000 to HK$673,805,000; and its total liabilities would increase by approximately 3,559.9% from HK$13,019,000 to HK$476,476,000, as a result of the Acquisition. The Directors consider that the Acquisition will contribute to the revenue and earnings base of the Enlarged Group but the quantification of such impact will depend on the future performance of the Target Group.

EGM

The EGM will be held at the Meeting Room of Island Pacific Hotel at 152 Connaught Road West, Hong Kong on Friday, 23 October 2009 at 11:00 a.m., the notice of which is set out on pages 203 to 204 of this circular, to consider and, if thought fit, approve the ordinary resolution to approve the Acquisition and the transactions contemplated thereunder.

A form of proxy for use at the EGM is accompanied in this circular. Whether or not you will be able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rules 13.39(4) of the Listing Rules, the resolutions proposed at the EGM will be taken by way of poll.

RECOMMENDATION

The Board considers that the terms of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution approving the Acquisition as set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the financial information of the Group and the Target Group, the valuation reports and the other information set out in the Appendices to this circular.

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

An unqualified opinion in respect of the audit of the financial statements of the Group had been issued for each of the three financial years ended 31st January, 2009. A summary of the audited results, assets and liabilities of the Group as extracted from the annual reports of the Company is set out below.

Consolidated Income Statement of the Group

	Financial years ended 31st January,		
	2009	**2008**	**2007**
	HK$	*HK$*	*HK$*
Revenue	4,495,674	4,630,522	2,796,661
Cost of sales	(598,805)	(1,162,315)	(714,249)
Gross profit	3,896,869	3,468,207	2,082,412
Other income	684,355	1,168,589	1,338,953
Administrative expenses	(4,438,430)	(4,018,195)	(5,716,834)
(Decrease) increase in fair value of investment properties	(8,723,681)	823,082	3,679,040
Finance costs	–	–	(989,493)
Share of results of associates	–	–	4,408,514
Gain on disposal of associates	–	–	35,397,566
Impairment loss recognized in respect of good will arising on acquisition of a subsidiary	–	–	(11,253,191)
Loss on early repayment of loan from a director	–	–	(2,328,504)
Allowance for bad and doubtful debts	–	–	(661,217)
Net exchange loss	(1,105,244)	–	–
(Loss) profit before taxation	(9,686,131)	1,441,683	25,957,246
Taxation credit (charge)	1,395,006	2,862,168	(1,246,088)
(Loss) profit for the year	(8,291,125)	4,303,851	24,711,158
Basic (loss) earnings per share	HK(7.75) cents	HK$0.05	HK$0.29
Diluted (loss) earnings per share	N/A	N/A	HK$0.28

Consolidated Balance Sheet of the Group

	As at 31st January,		
	2009	**2008**	**2007**
	HK$	*HK$*	*HK$*
Non-current assets			
Investment properties	85,749,294	85,379,452	73,199,281
Property, plant and equipment	775,386	836,827	405,453
	86,524,680	86,216,279	73,604,734
Current assets			
Trade and sundry receivables and prepayments	372,199	1,052,818	1,585,524
Bank balances and cash	37,701,724	44,669,825	30,777,977
	38,073,923	45,722,643	32,363,501
Current liabilities			
Sundry payables, deposits received and accruals	1,362,638	1,596,848	2,394,077
Amount due to a director	52,239	59,239	70,209
Preference share dividend payable	–	1,615,426	1,615,426
Taxation	665,923	1,120,745	1,024,647
	2,080,800	4,392,258	5,104,359
Net current assets	35,993,123	41,330,385	27,259,142
Total assets less current liabilities	122,517,803	127,546,664	100,863,876
Non-current liability			
Deferred taxation	10,938,703	12,042,263	14,166,193
Net assets	111,579,100	115,504,401	86,697,683
Capital and reserves			
Share capital	106,973,638	106,973,638	89,173,638
Share premium and reserves	4,605,462	8,530,763	(2,475,955)
Equity attributable to equity holders of the Company	111,579,100	115,504,401	86,697,683

Consolidated Statements of Change in Equity

	Share capital *HK$*	Share premium *HK$*	Shareholder's contribution *HK$*	Translation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
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 (loss) 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	–	–	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 (loss) 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

	Share capital *HK$*	Share premium *HK$*	Shareholder's contribution *HK$*	Translation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 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 (loss) for the year	–	–	–	–	4,303,851	4,303,851
Total recognised income for the year	–	–	–	5,314,467	4,303,851	9,618,318
Shares 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
Exchange difference arising on translation from functional to presentation currency recognised directly in equity	–	–	–	4,365,824	–	4,365,824
Profit (loss) for the year	–	–	–	–	(8,291,125)	(8,291,125)
Total recognised income (expense) for the year	–	–	–	4,365,824	(8,291,125)	(3,925,301)
At 31st January, 2009	106,973,638	197,576,221	4,536,895	11,646,522	(209,154,176)	111,579,100

Consolidated Cash Flow Statement

	Financial years ended 31st January,		
	2009	**2008**	**2007**
	HK$	*HK$*	*HK$*
OPERATING ACTIVITIES			
(Loss) profit before taxation	(9,686,131)	1,441,683	25,957,246
Adjustments for:			
Depreciation of property, plant and equipment	142,952	54,089	3,765
Interest income	(662,877)	(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)
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
Gain on dissolution of subsidiaries	(14,800)	–	–
Decrease (increase) in fair value of investment properties	8,723,681	(823,082)	(3,679,040)
Net exchange loss	1,105,244	–	
Operating cash flows before movements in working capital	(391,931)	(371,200)	(2,985,205)
Decrease in trade and sundry receivables and prepayments	200,619	817,089	1,120,223
(Decrease) increase in sundry payables, deposits received and accruals	(226,410)	(840,921)	274,610
(Decrease) increase in amount due to a director	–	(10,970)	70,209
Cash used in operations	(417,722)	(406,002)	(1,520,163)
Hong Kong and overseas profit tax paid	(209,812)	(290,445)	–
NET CASH USED IN OPERATING ACTIVITIES	(627,534)	(696,447)	(1,520,163)
INVESTING ACTIVITIES			
Purchase of investment properties	(5,450,419)	(5,328,586)	–
Purchase of property, plant and equipment	(45,545)	(454,658)	–
Interest received	662,877	1,043,890	693,501
Repayment from an associate	–	–	65,254
Proceeds on disposal of associates and advances to associates	–	–	54,763,160
Acquisition of subsidiaries	–	–	(40,850,090)
NET CASH (USED IN) INVESTING ACTIVITIES	(4,833,087)	(4,739,354)	14,671,825

	Financial years ended 31st January,		
	2009	**2008**	**2007**
	HK$	*HK$*	*HK$*
FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	–	19,580,000	–
Share issue expenses	–	(391,600)	–
Payment of preference share dividend	(1,615,426)	–	–
Repayment of shareholder's loan	–	–	(1,368,974)
Repayment of loan from a director	–	–	(24,906,925)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,615,426)	19,188,400	(26,275,899)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,076,047)	13,752,599	(13,124,237)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	44,669,825	30,777,977	43,853,152
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	107,946	139,249	49,062
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY			
Bank balances and cash	37,701,724	44,669,825	30,777,977

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The following is the audited financial statements of the Group together with accompanying notes as extracted from the annual report of the Company for the year ended 31st January, 2009.

Consolidated Income Statement

For the year ended 31st January, 2009

		2009	**2008**
	NOTES	*HK$*	*HK$*
Revenue	7	4,495,674	4,630,522
Direct operating costs		(598,805)	(1,162,315)
Gross profit		3,896,869	3,468,207
Other income		684,355	1,168,589
Administrative expenses		(4,438,430)	(4,018,195)
(Decrease) increase in fair value of investment properties		(8,723,681)	823,082
Net exchange loss		(1,105,244)	–
(Loss) profit before taxation		(9,686,131)	1,441,683
Taxation credit	9	1,395,006	2,862,168
(Loss) profit for the year	10	(8,291,125)	4,303,851
Basic (loss) earnings per share	13	HK(7.75) cents	HK4.58 cents

Consolidated Balance Sheet
At 31st January, 2009

	NOTES	2009 HK$	2008 HK$
Non-current assets			
Investment properties	14	85,749,294	85,379,452
Property, plant and equipment	15	775,386	836,827
		86,524,680	86,216,279
Current assets			
Trade and sundry receivables and prepayments	17	372,199	1,052,818
Bank balances and cash	18	37,701,724	44,669,825
		38,073,923	45,722,643
Current liabilities			
Sundry payables, deposits received and accruals		1,362,638	1,596,848
Amount due to a director	19	52,239	59,239
Preference share dividend payable		–	1,615,426
Taxation		665,923	1,120,745
		2,080,800	4,392,258
Net current assets		35,993,123	41,330,385
Total assets less current liabilities		122,517,803	127,546,664
Non-current liability			
Deferred taxation	20	10,938,703	12,042,263
Net assets		111,579,100	115,504,401
Capital and reserves			
Share capital	21	106,973,638	106,973,638
Reserves		4,605,462	8,530,763
Equity attributable to equity holders of the Company		111,579,100	115,504,401

Balance Sheet
At 31st January, 2009

	NOTES	**2009** *HK$*	**2008** *HK$*
Non-current assets			
Property, plant and equipment	15	15,349	19,077
Interests in subsidiaries	16	66,348,652	66,887,113
Amounts due from subsidiaries	19	11,050,420	–
		77,414,421	66,906,190
Current assets			
Sundry receivables and prepayments		148,160	244,955
Amounts due from subsidiaries	19	3,452,451	3,517,174
Bank balances and cash	18	29,377,544	42,669,609
		32,978,155	46,431,738
Current liabilities			
Accruals		568,544	767,143
Amounts due to subsidiaries	19	2,032,464	1,117,861
Preference share dividend payable		–	1,615,426
		2,601,008	3,500,430
Net current assets		30,377,147	42,931,308
Net assets		107,791,568	109,837,498
Capital and reserves			
Share capital	21	106,973,638	106,973,638
Reserves	22	817,930	2,863,860
Equity attributable to equity holders of the Company		107,791,568	109,837,498

Consolidated Statement of Changes in Equity
For the year ended 31st January, 2009

	Share capital	Share premium	Shareholder's contribution	Translation reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 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
Shares 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
Exchange difference arising on translation from functional to presentation currency recognised directly in equity	–	–	–	4,365,824	–	4,365,824
Loss for the year	–	–	–	–	(8,291,125)	(8,291,125)
Total recognised income (expense) for the year	–	–	–	4,365,824	(8,291,125)	(3,925,301)
At 31st January, 2009	106,973,638	197,576,221	4,536,895	11,646,522	(209,154,176)	111,579,100

The shareholder's contribution represents the excess of the Group's interest in the net fair value of a subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of that subsidiary from a shareholder in prior year which was deemed as a shareholder's contribution.

Consolidated Cash Flow Statement

For the year ended 31st January, 2009

	2009	2008
	HK$	*HK$*
OPERATING ACTIVITIES		
(Loss) profit before taxation	(9,686,131)	1,441,683
Adjustments for:		
Depreciation of property, plant and equipment	142,952	54,089
Interest income	(662,877)	(1,043,890)
Gain on dissolution of subsidiaries	(14,800)	–
Decrease (increase) in fair value of investment properties	8,723,681	(823,082)
Net exchange loss	1,105,244	–
Operating cash flows before movements in working capital	(391,931)	(371,200)
Decrease in trade and sundry receivables and prepayments	200,619	817,089
Decrease in sundry payables, deposits received and accruals	(226,410)	(840,921)
Decrease in amount due to a director	–	(10,970)
Cash used in operations	(417,722)	(406,002)
Overseas profit tax paid	(209,812)	(290,445)
NET CASH USED IN OPERATING ACTIVITIES	(627,534)	(696,447)
INVESTING ACTIVITIES		
Purchase of investment properties	(5,450,419)	(5,328,586)
Purchase of property, plant and equipment	(45,545)	(454,658)
Interest received	662,877	1,043,890
NET CASH USED IN INVESTING ACTIVITIES	(4,833,087)	(4,739,354)

	2009	2008
	HK$	*HK$*
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	–	19,580,000
Share issue expenses	–	(391,600)
Payment of preference share dividend	(1,615,426)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,615,426)	19,188,400
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,076,047)	13,752,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	44,669,825	30,777,977
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	107,946	139,249
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY		
Bank balances and cash	37,701,724	44,669,825

Notes to the Consolidated Financial Statements

For the year ended 31st January, 2009

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 and principal place of business of the Company are disclosed in the "Corporation Information" section of the annual report.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are property investment and property management.

The consolidated 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 ("HKD").

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

In the current year, the Group has applied the following amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

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 not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 1 (Revised)	Presentation of financial statements [3]
HKAS 23 (Revised)	Borrowing costs [3]
HKAS 27 (Revised)	Consolidated and separate financial statements [4]
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [3]
HKAS 39 (Amendment)	Eligible hedged items [4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [3]
HKFRS 3 (Revised)	Business combinations [4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [3]
HKFRS 8	Operating segments [3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [5]
HK(IFRIC) – INT 13	Customer loyalty programmes [6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners [4]
HK(IFRIC) – INT 18	Transfers of assets from customers [8]

[1] Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.
[2] Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1st January, 2009.
[4] Effective for annual periods beginning on or after 1st July, 2009.
[5] Effective for annual periods ending on or after 30th June, 2009.
[6] Effective for annual periods beginning on or after 1st July, 2008.
[7] Effective for annual periods beginning on or after 1st October, 2008.
[8] Effective for transfers on or after 1st July, 2009.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st 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 the other new and revised standards, amendments or 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 and financial instruments, 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 Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

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.

Property management income is recognised when services are provided.

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.

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.

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.

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 period 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.

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.

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities 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 relevant operation is disposed of.

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 differences arise from the initial recognition of other assets and liabilities in a translation that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

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.

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 and 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.

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 receivables, those 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 and amount due to a director are subsequently measured at amortised cost, using the effective interest method.

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 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 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 issuance of new shares as well as the addition of new borrowings.

5. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP		THE COMPANY	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Loans and receivables (including cash and cash equivalents)	37,900,204	45,000,350	43,880,415	46,212,786
Financial liabilities				
Amortised cost	131,204	2,613,262	2,032,464	2,733,287

Financial risk management objectives and policies

The Group's major financial instruments include trade and sundry receivables, bank balances, sundry payables, deposits received and amount due to a director. The Company's major financial instruments include sundry receivables, amounts due from subsidiaries, bank balances, sundry payables and amounts due to subsidiaries. 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 and Company's foreign currency denominated monetary assets at the reporting date are as follows:

	THE GROUP		THE COMPANY	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
HKD	29,429,000	42,670,000	29,378,000	42,670,000

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.

Sensitivity analysis

The Group and the Company are mainly exposed to the change in exchange rate of HKD.

The following table details the sensitivity to a 5% decrease and increase 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 a decrease in loss for the year ended 31st January, 2009 (2008: 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 loss for the year ended 31st January, 2009 (2008: the profit) and the balances below would be negative.

	THE GROUP		THE COMPANY	
	2009	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*
Profit or loss	1,471,000	2,133,000	1,469,000	2,133,000

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

Credit risk

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

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st January, 2009 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 and other debts 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 regards, the directors of the Company consider that the Company's credit risk on the amounts due from subsidiaries is significantly reduced.

The Group's and the Company's bank balances 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 significant concentration of credit risk on trade debtors. As at 31st January, 2009 and 2008, the Group's trade receivables were neither past due nor impaired and the 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 consist of a large number of customers.

The Company does not have any significant concentration of credit risk on sundry receivables.

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 respective balance sheet dates. The Group and the Company manage liquidity risk by maintaining sufficient reserves and bank 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 Group's consolidated financial statements and the Company's balance sheet approximate their fair values at the balance sheet date.

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet dates, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

At the balance sheet date, the Group's investment properties are stated at fair value of HK$85,749,294 (2008: HK$85,379,452) based on the valuation performed by an independent qualified professional valuer. In determining the fair value, the valuers have based on the market value basis which involves, inter-alia, certain estimates, including appropriate capitalisation rates and reversionary income potential. In relying on the valuation, management has exercised their judgment and is satisfied that the method of valuation is reflective of the current market conditions.

7. 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 8.

8. 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

CONSOLIDATED INCOME STATEMENT

	Property investment		Property management		Consolidated	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover	4,060,684	3,738,511	434,990	892,011	4,495,674	4,630,522
Segment results	(5,798,285)	3,930,431	(310,106)	(427,989)	(6,108,391)	3,502,442
Unallocated corporate income					684,355	1,168,589
Unallocated corporate expenses					(4,262,095)	(3,229,348)
(Loss) profit before taxation					(9,686,131)	1,441,683
Taxation credit					1,395,006	2,862,168
(Loss) profit for the year					(8,291,125)	4,303,851

CONSOLIDATED BALANCE SHEET

	Property investment 2009 HK$	Property investment 2008 HK$	Property management 2009 HK$	Property management 2008 HK$	Consolidated 2009 HK$	Consolidated 2008 HK$
ASSETS						
Segment assets	86,720,159	86,501,724	13,211	23,341	86,733,370	86,525,065
Unallocated corporate assets					37,865,233	45,413,857
Consolidated total assets					124,598,603	131,938,922
LIABILITIES						
Segment liabilities	771,434	711,125	22,660	14,228	794,094	725,353
Unallocated corporate liabilities					12,225,409	15,709,168
Consolidated total liabilities					13,019,503	16,434,521

OTHER INFORMATION

	Property investment 2009 HK$	Property investment 2008 HK$	Property management 2009 HK$	Property management 2008 HK$	Consolidated 2009 HK$	Consolidated 2008 HK$
Depreciation	142,952	54,089	–	–	142,952	54,089
(Decrease) increase in fair value of investment properties	(8,723,681)	823,082	–	–	(8,723,681)	823,082

(b) Geographical Segments

The Group's turnover is principally generated in the PRC and all the segment assets are located in the PRC. Accordingly, no analysis of the turnover and the carrying amount of segment assets by geographical segment is presented.

9. TAXATION CREDIT

	2009 HK$	2008 HK$
Current tax charge:		
PRC	(212,645)	(350,031)
Deferred tax:		
Current year *(note 20)*	1,607,651	(313,453)
Attributable to change in tax rate *(note 20)*	–	3,525,652
Taxation credit attributable to the Company and its subsidiaries	1,395,006	2,862,168

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profits derived in Hong Kong 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 20.

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 the PRC subsidiary of the Company 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 (loss) profit before taxation per the consolidated income statement as follows:

	2009	**2008**
	HK$	*HK$*
(Loss) profit before taxation	(9,686,131)	1,441,683
Tax at income tax rate of 25% (2008: 33%)	(2,421,533)	475,755
Tax effect of expenses not deductible for tax purpose	57,570	20,483
Tax effect of income not taxable for tax purpose	(115,525)	(190,323)
Tax effect of estimated tax losses not recognised	641,273	467,503
Effect of different tax rates of group entities operating in other jurisdictions	443,209	(109,934)
Decrease in opening deferred tax liabilities resulting from a decrease in applicable tax rate	–	(3,525,652)
Taxation credit for the year	(1,395,006)	(2,862,168)

10. (LOSS) PROFIT FOR THE YEAR

	2009	**2008**
	HK$	*HK$*
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	615,680	642,700
Bank interest income	(662,877)	(1,043,890)
Depreciation of property, plant and equipment	142,952	54,089
Directors' emoluments *(note 11)*	1,187,964	1,028,959
Gross rents from investment properties under operating leases	(4,060,684)	(3,738,511)
Less: Outgoings	260,637	319,347
Net rental income	(3,800,047)	(3,419,164)
Other staff costs (including contribution to retirement benefits schemes of HK$12,800 (2008: HK$17,200))	1,132,174	1,610,058
Operating lease rentals in respect of premises	87,389	59,595
Gain on dissolution of subsidiaries	(14,800)	–

11. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the 8 (2008: 10) directors were as follows:

For the year ended 31st January, 2009

	Lo Cheung Kin	Li Jianbo	Huang Haiping	David Gregory Jeaffreson	See Tak Wah	Wong Cheong	Song Xiaoling	Chau On Ta Yuen	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Other emoluments									
Salaries and other benefits	386,208	199,656	204,000	90,000	120,000	120,000	18,000	20,000	1,157,864
Contributions to retirement benefits schemes	6,000	–	10,200	–	6,000	6,000	900	1,000	30,100
Total emoluments	392,208	199,656	214,200	90,000	126,000	126,000	18,900	21,000	1,187,964

For the year ended 31st January, 2008

	Lo Cheung Kin	Li Jianbo	Huang Haiping	David Gregory Jeaffreson	See Tak Wah	Wong Cheong	Jong Kong Ki	So Yiu Kong	Yin Hoi Yeung	Jong Lai Ching	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

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.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2008: four) were directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining (2008: one) individual was as follows:

	2009	2008
	HK$	*HK$*
Salaries and allowances	216,000	325,000
Contributions to retirement benefits schemes	8,000	12,000
	224,000	337,000

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

12. DIVIDEND

No dividend was paid or proposed during 2009, nor has any dividend been proposed since the balance sheet date (2008: nil).

13. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following data:

	2009	**2008**
	HK$	*HK$*
(Loss) earnings for the purposes of basic (loss) earnings per share attributable to equity holders of the Company	(8,291,125)	4,303,851
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	106,973,638	94,001,583

No computation of diluted (loss) earnings per share for the years ended 31st January, 2009 and 2008 is presented as there were no potential ordinary shares outstanding during the year.

14. INVESTMENT PROPERTIES

	THE GROUP
	HK$
FAIR VALUE	
At 1st February, 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
Additions	5,450,419
Decrease in fair value recognised in the consolidated income statement	(8,723,681)
Exchange adjustments	3,643,104
At 31st January, 2009	85,749,294

The fair value of the Group's investment properties with carrying amount of HK$85,749,294 at 31st January, 2009 (2008: HK$85,379,452) has 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 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 in the PRC 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.

15. PROPERTY, PLANT AND EQUIPMENT

	Air-conditioning system *HK$*	Furniture and fixtures *HK$*	Office equipment *HK$*	Computer system *HK$*	Motor vehicles *HK$*	Total *HK$*
THE GROUP						
COST						
At 1st February, 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
Additions	–	–	45,545	–	–	45,545
Exchange adjustments	–	–	2,392	–	37,772	40,164
At 31st January, 2009	38,000	47,790	140,671	203,590	869,181	1,299,232
DEPRECIATION						
At 1st February, 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
Provided for the year	89	701	14,957	1,042	126,163	142,952
Exchange adjustments	–	–	1,371	–	2,827	4,198
At 31st January, 2009	37,204	44,987	70,687	199,424	171,544	523,846
CARRYING VALUES						
At 31st January, 2009	796	2,803	69,984	4,166	697,637	775,386
At 31st January, 2008	885	3,504	38,375	5,208	788,855	836,827

	Air-conditioning system	Furniture and fixtures	Office equipment	Computer system	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
THE COMPANY					
COST					
At 1st February, 2007	38,000	43,410	39,540	197,300	318,250
Additions	–	4,380	11,800	6,290	22,470
At 31st January, 2008 and at 31st January, 2009	38,000	47,790	51,340	203,590	340,720
DEPRECIATION					
At 1st February, 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
Provided for the year	89	701	1,896	1,042	3,728
At 31st January, 2009	37,204	44,987	43,756	199,424	325,371
CARRYING VALUES					
At 31st January, 2009	796	2,803	7,584	4,166	15,349
At 31st January, 2008	885	3,504	9,480	5,208	19,077

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%

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY 2009	2008
	HK$	*HK$*
Unlisted shares, at cost	66,348,652	69,110,948
Less: Impairment losses recognised	–	(2,223,835)
	66,348,652	66,887,113

Details of the Company's subsidiaries at 31st January, 2009 and 2008 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				Paid up issued share capital/ registered capital	Principal activities
			Directly		Indirectly			
			2009	2008	2009	2008		
Victorfield (Fujian) Property Development Company Limited ("Victorfield") (Wholly foreign-owned Enterprise ("WFOE"))	PRC	Paid in capital	100%	100%	–	–	US$500,000	Property investment and property management
Faith Stand (China) Limited	Hong Kong/ PRC	Ordinary	100%	100%	–	–	HK$1	Property investment
Vast Glory Investment Limited	Hong Kong	Ordinary	100%	–	–	–	HK$1	Investment holding
Vast Glory (Fujian) Hotel Management Limited (WFOE)	PRC	Paid in capital	–	–	100%	–	HK$5,600,000	Not yet commence business
Buildmore Finance Limited *(Note)*	Hong Kong	Ordinary	–	100%	–	–	HK$1,000,000	Inactive
Keen Luck (China) Limited *(Note)*	Hong Kong/ PRC	Ordinary	–	100%	–	–	HK$10,000	Inactive
Lloyd Bridge Investment (H.K.) Limited *(Note)*	Hong Kong	Ordinary	–	100%	–	–	HK$100,000	Inactive

Note: The subsidiaries were dissolved during the year.

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 share capital/registered capital held by the Company directly at 31st January, 2009 and 2008.

17. TRADE AND SUNDRY RECEIVABLES AND PREPAYMENTS

	THE GROUP	
	2009	**2008**
	HK$	*HK$*
Trade receivables aged 0-30 days	198,480	304,522
Sundry receivables and prepayments	173,719	748,296
	372,199	1,052,818

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, 2009 and 2008, trade receivables were neither past due nor impaired. No counterparty default was noted in the past.

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

	2009	2008
	HK$	*HK$*
Balance at beginning of the year	–	661,217
Written off	–	(661,217)
Balance at end of the year	–	–

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.

18. BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

The bank balances of the Group are mainly denominated in RMB or HKD, while the bank balances of the Company are denominated in HKD. The balances carried interest at interest rates which range from 0.01% to 0.73% per annum (2008: 0.72% to 2.85% per annum). Included in the bank balances and cash of the Group are amounts in RMB of approximately HK$8,273,000 (2008: HK$2,000,000), which is not freely convertible into other currencies.

The bank balances of the Group of approximately HK$29,429,000 (2008: HK$42,670,000) were denominated in HKD, the currency other than the functional currency of the respective group entities.

The bank balances of the Company of approximately HK$29,378,000 (2008: HK$42,670,000) were denominated in HKD, the currency other than the functional currency of the Company.

19. AMOUNTS DUE FROM/TO SUBSIDIARIES AND A DIRECTOR

THE GROUP

The amount due to a director is unsecured, non-interest bearing and repayable on demand.

THE COMPANY

The amounts due from subsidiaries are unsecured and non-interest bearing. HK$11,050,420 (2008: nil) of the balance is expected to be repayable after one year and shown under non-current assets. The remaining balance is expected to be repayable within twelve months and shown under current assets.

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

20. DEFERRED TAXATION

THE GROUP

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

	Investment properties
	HK$
At 31st January, 2007	14,166,193
Exchange adjustment	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
Exchange adjustments	504,091
Credit to consolidated income statement for the year	(1,607,651)
At 31st January, 2009	10,938,703

At the balance sheet date, estimated unused tax losses of HK$18,695,000 (2008: HK$15,135,000) 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$18,685,000 (2008: HK$15,083,000) 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.

21. SHARE CAPITAL

	Number of shares		**Amount**	
	2009	**2008**	**2009**	**2008**
			HK$	*HK$*
Authorised:				
Ordinary shares of HK$1.00 each				
At beginning of the year	5,000,000,000	200,000,000	5,000,000,000	200,000,000
Increase on 15th October, 2007 *(Note 1)*	–	4,800,000,000	–	4,800,000,000
At end of the year	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
Issued and fully paid:				
Ordinary shares of HK$1.00 each				
At beginning of the year	106,973,638	89,173,638	106,973,638	89,173,638
Private placement *(Note 2)*	–	17,800,000	–	17,800,000
At end of the year	106,973,638	106,973,638	106,973,638	106,973,638

Notes:

(1) Pursuant to the resolution passed on 15th October, 2007, the authorised share capital of the Company was increased from HK$200,000,000 divided into 200,000,000 ordinary shares of HK$1.00 each to HK$5,000,000,000 divided into 5,000,000,000 ordinary shares of HK$1.00 each 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 ranked 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.

22. RESERVES

	Share premium	Shareholder's contribution	Translation reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
		(note)			
THE COMPANY					
At 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
Exchange difference arising on translation from functional to presentation currency	–	–	1,175,388	–	1,175,388
Loss for the year	–	–	–	(3,221,318)	(3,221,318)
At 31st January, 2009	197,576,221	3,317,997	1,175,388	(201,251,676)	817,930

Note: The amount was arising from the fair value assessment of the loan from a shareholder in prior year in which the loan was granted under the off-market interest rate.

At 31st January, 2009 and 2008, the Company has no reserves available for distribution to shareholders.

23. DISSOLUTION OF SUBSIDIARIES

The net liabilities of the subsidiaries at the date of dissolution were as follows:

	HK$
Trade and sundry receivables	480,000
Sundry payables, deposits received and accruals	(7,800)
Amount due to a director	(7,000)
Taxation	(480,000)
	(14,800)
Gain on dissolution of subsidiaries	14,800
	–

The subsidiaries dissolved during the current year had no significant contribution to the Group's operating results or cash flows for the year.

24. 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, 2009 and 2008.

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$42,900 (2008: HK$36,850) represents contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

25. 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:

	2009	**2008**
	HK$	*HK$*
Within one year	85,432	68,980
In the second to fifth years inclusive	58,514	111,931
	143,946	180,911

Operating lease payments represent rentals payable by the Group for certain of its office premises and car parks in the PRC. Leases are negotiated for a lease term of 1-2 years with fixed rental at initial recognition.

The Group as lessor

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

	2009	**2008**
	HK$	*HK$*
Within one year	4,587,833	3,129,057
In the second to fifth years inclusive	2,662,729	3,021,302
	7,250,562	6,150,359

The properties are expected to generate rental yields of 4.74% (2008: 3.66%) per annum on an ongoing basis. All the properties held have committed tenants for the next 1-2 years.

26. POST BALANCE SHEET EVENT

On 7th April, 2009, Victorfield, a subsidiary of the Company, entered into a conditional sale and purchase agreement with a former director of Victorfield for the acquisition of certain properties located in the PRC for a consideration of RMB3,191,948 (equivalent to about HK$3,625,442). The transaction has been completed on 16th May, 2009.

27. RELATED PARTY TRANSACTIONS

Details of balances with a director and subsidiaries are set out in note 19.

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 11.

3. INDEBTEDNESS

At the close of business on 31 August, 2009, being the latest practicable date prior to the printing of this circular, the Enlarged Group had total outstanding unsecured borrowings of approximately HK$5,694,000 (equivalent to JPY68,167,000), comprising of bank loans of HK$5,674,000 (equivalent to JPY67,927,000), other loans of HK$20,000 (equivalent to JPY240,000), other payables in relation to the acquisition of plant and equipment of HK$1,819,000 (equivalent to JPY21,780,000) and an amount due to a director of approximately HK$52,000, which is unsecured, non-interest bearing and repayable on demand.

As at 31 August 2009, the Enlarged Group has approximately HK$220,243,000 advance from a director of the Target Group. The balance is unsecured, non-interest bearing and included in other payables since the director is not the Group's director. The directors of the Enlarged Group consider that the balance is not required to be repaid from the date of Completion until 31 December 2011.

Guarantees

At the close of business on 31 August, 2009, the Enlarged Group's borrowings are guaranteed by a minority shareholder's personal guarantee and an independent third party's corporate guarantee.

Commitments

At the close of business on 31 August, 2009, the Enlarged Group had total future minimum lease payments under non-cancelable operating leases in respect of rented premises amounting to approximately HK$1,415,000 (including equivalent to JPY16,936,000).

At the close of business on 31 August, 2009, the Enlarged Group had capital commitments in respect of the acquisition of plant and equipment contracted for but not provided in the Financial Information of approximately HK$53,000 (equivalent to JPY650,000).

Contingent liabilities

As at the close of business on 31 August, 2009, the Enlarged Group had no significant contingent liabilities.

Saved as aforesaid, and apart from intra-group liabilities and normal trade payables, as at the close of business on 31 August, 2009, the Enlarged Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, except the drop in revenue of the Group due to a drop in revenue from rental income generated by the Group as stated in the profit warning announcement dated 24 July 2009, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 January, 2009, being the date to which the latest audited financial statements of the Group were made up.

5. WORKING CAPITAL

Subject to the payment term as agreed with the director of the Target Group which amount to HK$220,243,000 and based on director's confirmation from Mr. Wong that such amount will not be demanded for repayment from the date of completion to 31 January 2011, the Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Enlarged Group including the internally generated funds and the existing available credit facilities, and upon Completion of the Acquisition, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of this circular.

6. FINANCIAL AND TRADING PROSPECTS

As stated in the 2009 annual report of the Company, the Group has been dedicated to its property investment and property management business in the PRC throughout the years. In December 2008, the Group expanded its business into the hotel management and tourism industry in the Fujian Province, the PRC. While the Group is expanding its scope of operations in the property sector in the PRC, the Director are continuously seeking opportunities for expanding and diversifying its business into other industries in the PRC and different parts of the world. It is the Group's business strategy to invest in new line of business with significant growth potential.

With the impact of the global financial tsunami, the economic development of the globe has been adversely affected. However, the Directors consider that the current economic and market condition also represents an opportunity to invest in potential business in a cost efficient manner.

In view of the growing touch screen mobile phone market, the Directors believe that the products (pita clean) manufactured by Rakupuri have a very good potential. Pita clean offers the touch screen mobile phone user a solution to remove the dirt and fingerprints left on the touch screen surface, the products are also dyed (using Rakupuri's technologies) with fashionable patterns to attract a variety of customers. The customers of Rakupuri include various telecommunication companies, stationery companies, banks, insurance companies, retail shops, chain stores, department stores and camera manufacturers in Japan. Relevant technologies have obtained patent rights in the United States of America and Japan.

Furthermore, Rakupuri has successfully developed distinct technologies for both-sided color dyeing on zippers, seat belts and apparel etc, the Directors believe that such technologies would be of interest to luxury leather manufacturers to relieve the problem of counterfeit leather products. Rakupuri has successfully built a prototype machine for both-sided zipper dyeing, it's estimated that the product will be launched shortly in the foreseeable future.

The Directors consider that the Acquisition represents another business expansion of the Group to achieve its business objective, which will broaden the Group's income base and improve its financial performance.

7. MANAGEMENT DISCUSSION AND ANALYSIS ON THE GROUP

Set out below are the management discussion and analysis of the Group as extracted from the annual reports of the Company for the three financial years ended 31st January, 2009:

For the financial year ended 31st January, 2009

Financial results

In respect of the results of the Group for the year, the audited loss attributable to shareholders was HK$8,291,125 (2008: profit of HK$4,303,851). Basic loss per share was HK7.75 cents (2008: basic earnings per share of HK4.58 cents).

Business review

The Group has leased out properties held in the PRC to independent tenants and provided property management services through Victorfield (Fujian) Property Development Co., Ltd. ("Victorfield Fujian") and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company, and earned interests from banks to receive stable and reasonable revenue.

On 15th July, 2008, Victorfield Fujian acquired four Street-front Shops (Shop Unit Nos. 3, 4, 5 and 7) and Shop Unit Nos. 1, 2, 3, 4, 5 and 6 on 1st Floor of Block 2, Victorfield Apartment, No. 436 of Wusi Road, Gulou District, Fuzhou, Fujian Province, the PRC (with a total gross floor area of approximately 930.14 square metres) from an independent third party, Fuzhou Hua Ling Trading Company Limited, for an aggregate consideration of HK$5,450,419 (RMB4,774,840), and the transaction was completed on 30th July, 2008. At the moment, other than the whole of Street-front Shop No. 4 and part of Street-front Shop No. 5, the tenancies of which are under negotiation with the prospective new tenants, all the shops have been leased out.

In view of the fierce competition in the property management sector in the PRC and its ever-increasing operating costs, the Group has decided to wind down its contracted property management business as well as streamline its related staff. By now, Victorfield Fujian has terminated the property management contracts for three housing estates, retaining its property management business at Wenquan Apartment only.

On 26th December, 2008, the Group, through its wholly-owned subsidiary Vast Glory Investment Limited, invested HK$5,600,000 (approximately RMB5,000,000) in Vast Glory (Fujian) Hotel Management Limited ("Vast Glory Fujian") (which was incorporated in Fuzhou City, Fujian Province, the PRC) to enter the hotel management and tourism business. Vast Glory Fujian is currently in negotiation with a number of hotels for management contracts, and has contracted for the franchise for operating Fujian Lakeside International Travel Service.

Due to the expansion of its businesses in the PRC, the Group decided to purchase an office in the mainland as the place of business of Victorfield Fujian, Vast Glory Fujian, Faith Stand China and Lakeside Travel, so as to avoid the inconvenience of each having to rent its office and to economize on rental expenses. On 7th April, 2009, Victorfield Fujian purchased from a connected person, Mr. Lam Kung Yam, a property at 9th Floor, Jia Xin Building, No. 119 Wusi Road, Wenquan Subdistrict, Gulou District, Fuzhou, Fujian Province, the PRC (with a gross floor area of approximately 607.99 square metres) for an aggregate consideration of HK$3,625,442 (RMB3,191,948). The transaction has been completed on 16th May, 2009.

Liquidity and financial resources

As at 31st January, 2009, the Group had available cash and bank deposit of HK$29,429,426 and RMB7,296,082 (2008: HK$42,669,609 and RMB1,831,502), representing a capital liquidity ratio (cash and bank balance divided by current liabilities) of 18.12 (2008: 10.17).

As at 31st January, 2009, the Group's gearing ratio was zero as calculated by dividing the external total borrowings by shareholders' equity (2008: zero).

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$ basically remained stable in 2008, 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.

Significant investments held and their future prospects

The two significant investments held by the Group, namely the retails shops at no. 53 Wenquan Park Road and the retail shops with car parking spaces no. 26 Shutang Road, Fuzhou City both located in Fuzhou City, the PRC, had been almost leased out under the period under review (please refer to Appendix V of this circular for details of the rental rates and values). The Directors plan to continuously hold these properties for investment purpose which is expected to bring to the Group stable incomes from leasing.

Material acquisition and disposals

Save as the acquisitions mentioned in the header "Business review" of this section, the Group has no other material acquisitions and disposal during the period under review.

Future plans and funding requirements

The Directors will continue to seek investment opportunities for expanding and diversifying the Group's business in the PRC and different parts of the world. In view of the Group's financial position, the Directors will consider issuing securities of the Company for any future investment opportunities. As at 31 January 2009, there was no funding requirement for the Group.

Contingent liabilities

As at 31 January 2009, the Group did not have any contingent liabilities.

Charges on the Group's asset

As at 31 January 2009, there was no charge on the Group's assets.

Employees and remuneration policy

As at 31st January, 2009, the total number of employees of the Group (excluding directors of the Company) was 38 (2008: 44). Thirty-seven of them worked in the PRC while only one worked in Hong Kong.

During the Year, the Group paid employee emoluments (including emoluments for directors, company secretary and qualified accountant of the Company) amounting to HK$1,004,000 and RMB1,074,996 (2008: HK$936,000 and RMB1,514,141). 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 competence of the staff. Other related benefits included contributions to Mandatory Provident Fund schemes, social insurance funds, and medical insurance funds.

Prospects

With the impact of the global financial tsunami, together with the hazards of snowstorms and earthquakes as well as the recent influenza A (H1N1) which has spread to a large number of countries, the economic development of the PRC has obviously slowed down, and the commercial sector as well as processing businesses which specialize in export trade are the most affected. Among the tenants of the Group are some who have closed down, and the rest are pleading for a substantial reduction of rents so as to stay in business. The Board believes that, although rental income in the new year will decrease, a series of policies introduced by the Central Government and the State Council to stimulate domestic consumption and to sustain economic growth, in particular some opinions on speeding up the development of the Economic Zone on the West Coast of the Strait in Fujian Province, are having and will definitely have an effect, leading Greater China to weather the crisis and continue to develop. The Group will also seek to expand its scope of operations and opportunities to invest in properties in the process, thus improving profitability, minimizing loss, and striving for new developments.

For the financial year ended 31st January, 2008

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.

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.

Significant investments held and their future prospects

The two significant investments held by the Group, namely the retails shops at no. 53 Wenquan Park Road and the retail shops with car parking spaces no. 26 Shutang Road, Fuzhou City both located in Fuzhou City, the PRC, had been almost leased out under the period under review. The Directors plan to continuously hold these properties for investment purpose which is expected to bring to the Group stable incomes from leasing.

Material acquisition and disposals

The Group entered into three sale and purchase agreements on 19 March 2007 for the acquisition of the retail shops located at no. 53 Wenquan Park Road, Fuzhou City, the PRC, the total consideration was RMB4,912,950 (approximately HK$4,961,573).

Apart from the above acquisition, the Group has no other material acquisitions and disposal during the period under review.

Future plans and funding requirements

As at 31 January 2008, the Group did not have any plan to invest in other business, thus the Directors considers that there was no funding requirement for the Group.

Contingent liabilities

As at 31 January 2008, the Group did not have any contingent liabilities.

Charges on Group's assets

As at 31 January 2008, there was no charge on the Group's assets.

Employees and remuneration policy

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).

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.

For the financial year ended 31st January, 2007

Financial results

In respect of the results of the Group for the year, the audited profit attributable to shareholders was HK$24,711,158 (2006: loss of HK$50,401). Basic earnings per share was HK$0.2856 (2006: basic loss per share of HK$0.0006).

Business Review

The financial resources of the Group are derived from the disposing and renting of properties in Macau and the People's Republic of China (the "PRC") as well as the property management services in Fuzhou City, Fujian Province, the PRC.

Both of (I) the agreement in respect of the Company's acquisition of the entire issued share capital of Victorfield (Fujian) Property Development Co., Ltd. ("Victorfield Fujian") for an aggregate consideration of HK$41,441,726; and (II) the agreement in respect of the Company's acquisition of the entire issued share capital of Faith Stand (China) Limited and the sale loan for an aggregate consideration of HK$24,906,925 were completed on 15th June, 2006.

The Company's disposal of its 36.74% interest in the entire issued share capital of an associate, Gladiolus Trading Limited ("Gladiolus"), together with an advance made to Companhia De Investimento Predial Ka Fai, S.A.R.L., a wholly owned subsidiary of Gladiolus, for an aggregate consideration of HK$54,763,160 was completed on 16th August, 2006.

As the property market is supported by the continuous growth of the economy, the properties in the retail shop property investment portfolio which the Group currently holds through its wholly owned subsidiaries for rental purposes have all been leased out. During the Year, the properties contributed aggregate rental revenue of approximately HK$1,744,538 (RMB1,781,173) to the Group, while the provision of property management services contributed approximately HK$1,052,123 (RMB1,074,218).

The Company's wholly owned subsidiary, Victorfield Fujian, acquired 5 street-front shops at Gentlefolk, Fuzhou City from an independent third party, Exceland (Fuzhou) Real Estate Co., Ltd., for an aggregate consideration of approximately HK$4,916,573 (RMB4,912,950), and the transaction was completed on 19th March, 2007. Tenancy agreements in respect of the 5 street-front shops mentioned above were entered into with independent third parties on 31st March, 2007.

To date, the property ownership certificate (產權證) of a car parking space owned by Victorfield Fujian and held for investment purposes has not yet been obtained. Nevertheless, the Company is actively negotiating with the relevant authority for the early issue of the property ownership certificate. It should be noted that the value of the above-mentioned car parking space was not included in the consideration for the acquisition of Victorfield Fujian. Accordingly, the Board considers that the issue mentioned above will not have any adverse effect on the Group.

Liquidity and financial resources

As at 31st January, 2007, the Group had an utilizable fund in cash of HK$29,481,736 and RMB1,296,241 (2006: HK$43,853,152), representing a liquidity ratio (bank balances and cash divided by current liabilities) of 6.03 (2006: 9.71).

As at 31st January, 2007, the gearing ratio of the Group was 0 (2006: 0.027). This gearing ratio is calculated by dividing total external borrowings over shareholders' equity.

The Group is not subject to fluctuations in exchange rates as its investment portfolio is wholly based in the PRC.

Significant investments held and their future prospects

The two significant investments held by the Group, namely the retails shops at no. 53 Wenquan Park Road and the retail shops with car parking spaces no. 26 Shutang Road, Fuzhou City both located in Fuzhou City, the PRC, had been almost leased out under the period under review. The Directors plan to continuously hold these properties for investment purpose which is expected to bring to the Group stable incomes from leasing.

Material acquisition and disposals

Save as the acquisitions mentioned in the header "Business review" of this section, the Group has no other material acquisitions and disposal during the period under review.

Future plans and funding requirements

As at 31 January 2007, the Group did not have any plan to invest in other business, thus the Directors considers that there was no funding requirement for the Group.

Contingent liabilities

As at 31 January 2007, the Group did not have any contingent liabilities.

Charges on the Group's assets

As at 31 January 2007, there was no charge on the Group's assets.

Employees and remuneration policy

During the Year, the aggregate remuneration for PRC employees of the Group was RMB362,893 (2006: not applicable as Victorfield Fujian had not been acquired by that time), and the aggregate remuneration for Hong Kong employees was HK$453,526 (2006: HK$312,000). The remuneration provided by the Group is determined with reference to market rates and the capabilities of individual employees.

The Group runs a retirement scheme in accordance with the relevant mandatory provident fund requirements under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong).

The following is the text of an accountants' report on the Target Group, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants to the Target Group, SHINEWING CPA (HK) Limited.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

7 October 2009

The Board of Directors
Buildmore International Limited
Room 806, 8th Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Dear Sirs,

We set out below our report on the financial information of United Achieve International Limited (the "Target") and its subsidiaries (collectively referred to as the "Target Group") including the consolidated statements of financial position as at 28 February 2007, 29 February 2008, 28 February 2009 and 30 April 2009, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the period from 12 September 2006 (date of incorporation) to 28 February 2007, for the year ended 29 February 2008, year ended 28 February 2009 and the two months ended 30 April 2009 (the "Relevant Periods"), and the notes thereto (the "Financial Information") for inclusion in the circular dated 7 October 2009 issued by Buildmore International Limited (the "Company") in connection with the proposed acquisition of 100% equity interests in the Target by the Company (the "Proposed Acquisition") (the "Circular").

United Achieve was incorporated in the British Virgin Islands ("BVI") with limited liability on 12 September 2006. The Target is principally engaged in investment holding.

As at the date of this report, the particulars of the Target's subsidiaries are as follows:

Name of subsidiary	Place and date of registration	Issued share capital	Effective percentage held by United Achieve	Principal activities
Viswell International Holding Limited ("Viswell")	BVI 16 July 2007	US$5,471	72.12%	Investment holding
Rakupuri Inc. ("Rakupuri")	Japan 1 July 1996	JPY187,960,000	72.12%	Manufacture and sale of dye-sublimation printed products
Rakupuri Hanbai KK ("Rakupuri Hanbai")	Japan 22 August 2006	JPY10,000,000	72.12%	Sale of dye-sublimation printed products and became inactive since 2008

The financial year end date of the Target and Viswell is 31 December. While, the financial year end date of Rakupuri and Rakupuri Hanbai is 28 February and 31 July, respectively. The Financial Information has been prepared for the year ended 28 February as the directors of the Target consider Rakupuri being the major operating subsidiary of the Target Group.

No statutory audited financial statements have been prepared by the Target for the period from 12 September 2006 (date of incorporation) to 31 December 2006, year ended 31 December 2007 and year ended 31 December 2008, Viswell for the period from 16 July 2007 (date of incorporation) to 31 December 2007 and year ended 31 December 2008, Rakupuri for the Relevant Periods and Rakupuri Hanbai for the period from 22 August 2006 (date of incorporation) to 31 July 2007 and year ended 31 July 2008 since there are no statutory requirements for these entities to prepare the audited financial statements.

For the purpose of this report, the directors of the Target have prepared the consolidated financial statements of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have carried out independent audit procedures on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of the Target Group as set out in this report has been prepared by the directors of United Achieve based on the Underlying Financial Statements and in accordance with HKFRSs. No adjustments are considered necessary to adjust the Underlying Financial Statements for the Relevant Periods for the preparation of the Financial Information and we consider it is appropriate for the purpose of preparing our report for inclusion in the Circular. We have examined the Financial Information and have carried out additional procedures as considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" issued by the HKICPA.

The directors of the Target are responsible for the preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view. It is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the Financial Information for the purpose of this report gives a true and fair view of the state of affairs of the Target Group and the Target as at 28 February 2007, 29 February 2008 and 28 February 2009 and of these results and cash flows of the Target Group for each of the Relevant Periods.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to Note 2 to the Financial Information which indicates that the Target Group and the Target had a consolidated net current liabilities of approximately HK$220,980,000 and HK$229,972,000, and a capital deficiency of approximately HK$12,931,000 and HK$7,000, respectively as at 30 April 2009. These conditions as set out in Note 2 to the Financial Information indicate the existence of material uncertainty which may cast significant doubt about the Target Group and the Target's ability to continue as a going concern.

REVIEW CONCLUSION

The comparative consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Group for the two months ended 28 April 2008 together with the notes thereto have been extracted from the Target Group's financial information for the same period (the "30 April 2008 Financial Information"), which were prepared by the directors of the Target solely for the purpose of this report. It is our responsibility to form an independent conclusion, based on our review, and to report our conclusion to you.

For the purpose of this report, we have reviewed the 30 April 2008 Financial Information in accordance with the Hong Kong Standards on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our review consists principally of making enquiries of the Target Group's management and applying analytical procedures to the 30 April 2008 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30 April 2008 Financial Information.

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the 30 April 2008 Financial Information.

I. FINANCIAL INFORMATION

Consolidated Statements of Comprehensive Income

	NOTES	Period from 12 September 2006 (date of incorporation) to 28 February 2007 HK$'000	Year ended 29 February 2008 HK$'000	Year ended 28 February 2009 HK$'000	Two months ended 30 April 2008 HK$'000 (unaudited)	Two months ended 30 April 2009 HK$'000
Turnover	10	–	8,117	24,550	5,393	3,499
Cost of sales		–	(5,916)	(15,442)	(3,851)	(2,061)
Gross profit		–	2,201	9,108	1,542	1,438
Other operating income	10	–	47	9	–	422
Selling and distribution expenses		–	(3,281)	(3,160)	(358)	(230)
Administrative expenses		–	(6,747)	(10,478)	(2,011)	(1,162)
Loss on disposal of plant and equipment		–	(862)	–	–	–
Impairment loss recognised in respect of trade and other receivables	20	–	(2,654)	(971)	–	–
Finance costs	11	–	(95)	(153)	(35)	(23)
(Loss) profit before taxation		–	(11,391)	(5,645)	(862)	445
Income tax expenses	12	–	–	–	–	–
(Loss) profit for the years/period	13	–	(11,391)	(5,645)	(862)	445
Attributable to:						
Owners of the parent		–	(10,669)	(5,645)	(862)	445
Minority interests		–	(722)	–	–	–
		–	(11,391)	(5,645)	(862)	445

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	Two months ended 30 April 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss) profit for the years/period	–	(11,391)	(5,645)	(862)	445
Exchange differences on translation of foreign operations and other comprehensive income for the years/period, net of tax	–	612	490	67	–
Total comprehensive (loss) income for the years/period, net of tax	–	(10,779)	(5,155)	(795)	445
Attributable to:					
Owners of the parent	–	(10,057)	(5,155)	(795)	445
Minority interests	–	(722)	–	–	–
	–	(10,779)	(5,155)	(795)	445

Consolidated Statements of Financial Position

	NOTES	At 28 February 2007 HK$'000	At 29 February 2008 HK$'000	At 28 February 2009 HK$'000	At 30 April 2009 HK$'000
Non-current assets					
Intangible assets	15	–	891	1,103	1,068
Plant and equipment	16	–	3,096	3,472	3,397
Deposit paid for acquisition of plant and equipment	17	–	111	–	–
Goodwill	18	–	207,139	207,139	207,139
Other non-current assets		–	84	70	66
		–	211,321	211,784	211,670
Current assets					
Inventories	19	–	982	2,076	2,010
Trade and other receivables	20	–	4,301	2,279	3,702
Amounts due from minority shareholders	21	–	4,690	2,779	2,816
Bank balances and cash	22				
– Pledged		–	–	794	794
– Unpledged		–	2,578	1,119	743
		–	12,551	9,047	10,065
Current liabilities					
Trade and other payables	23	–	6,567	7,510	8,195
Amount due to a director	24	–	219,285	220,243	220,243
Amount due to a minority shareholder	21	–	–	33	17
Borrowings – due within one year	25	–	1,441	2,693	2,590
		–	227,293	230,479	231,045
Net current liabilities		–	(214,742)	(221,432)	(220,980)
		–	(3,421)	(9,648)	(9,310)
Capital and reserve					
Share capital	26	–	–	–	–
Reserves		–	(8,221)	(13,376)	(12,931)
		–	(8,221)	(13,376)	(12,931)
Non-current liabilities					
Other payables	27	–	1,555	1,478	1,514
Borrowings – due after one year	25	–	3,245	2,250	2,107
		–	4,800	3,728	3,621
		–	(3,421)	(9,648)	(9,310)

Statements of Financial Position

	NOTES	At 28 February 2007 HK$'000	At 29 February 2008 HK$'000	At 28 February 2009 HK$'000	At 30 April 2009 HK$'000
Non-current asset					
Investment in a subsidiary	34	–	222,965	222,965	222,965
Current liabilities					
Amount due to a subsidiary	21	–	3,687	3,687	3,687
Amount due to a director	24	–	219,285	219,285	219,285
		–	222,972	222,972	222,972
Non current liabilities		–	(229,972)	(229,972)	(229,972)
		–	(7)	(7)	(7)
Capital and reserves					
Share capital	26	–	–	–	–
Accumulated losses		–	(7)	(7)	(7)
		–	(7)	(7)	(7)

Consolidated Statements of Changes in Equity

	Attributable to equity holders of the parent						
	Share capital	Exchange reserve	Other Reserve	Accumulated losses	Total	Minority interest	Total
	HK$'000	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 12 September 2006 (date of incorporation) and at 28 February 2007	–	–	–	–	–	–	–
Arising on acquisition of subsidiaries	–	–	1,836	–	1,836	722	2,558
Exchange difference on translation of foreign operations and other comprehensive income for the years/period, net of tax	–	612	–	–	612	–	612
Loss for the year and total comprehensive loss	–	–	–	(10,669)	(10,669)	(722)	(11,391)
At 29 February 2008	–	612	1,836	(10,669)	(8,221)	–	(8.221)
Exchange difference on translation of foreign operations and other comprehensive income for the years/period, net of tax	–	490	–	–	490	–	490
Loss for the year and total comprehensive loss	–	–	–	(5,645)	(5,645)	–	(5,645)
At 28 February 2009	–	1,102	1,836	(16,314)	(13,376)	–	(13,376)
Profit for the period and total comprehensive income	–	–	–	445	445	–	445
At 30 April 2009	–	1,102	1,836	(15,869)	(12,931)	–	(12,931)
For the two months ended 30 April 2008							
At 1 March 2008	–	612	1,836	(10,669)	(8,221)	–	(8,221)
Exchange difference on translation of foreign operations and other comprehensive income for the period, net of tax (unaudited)	–	67	–	–	67	–	67
Loss for the period and total comprehensive loss (unaudited)	–	–	–	(862)	(862)	–	(862)
At 30 April 2008	–	679	1,836	(11,531)	(9,016)	–	(9,016)

Note: The other reserve arises from the excess of paid-in capital from the share exchange between Viswell and Rakupuri on 10 August 2007.

Consolidated Statements of Cash Flows

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
OPERATING ACTIVITIES					
(Loss) profit before taxation	–	(11,391)	(5,645)	(862)	445
Adjustments for:					
Depreciation of plant and equipment	–	70	665	109	111
Amortisation of intangible assets	–	105	241	32	39
Loss on disposal of plant and equipment	–	862	–	–	–
Impairment loss recognised in respect of inventories	–	–	1,798	–	–
Impairment loss recognised in respect of trade and other receivables	–	2,654	971	–	–
Finance costs	–	95	153	35	23
Interest income	–	(40)	(2)	–	(1)
Operating cash flow before changes in working capital	–	(7,645)	(1,819)	(686)	617
(Increase) decrease in inventories	–	(978)	(2,825)	(1)	66
Decrease (increase) in trade and other receivables	–	178	1,345	(793)	(1,423)
Increase in trade and other payables	–	4,105	713	1,708	685
NET CASH (USED IN) FROM OPERATING ACTIVITIES	–	(4,340)	(2,586)	228	(55)
INVESTING ACTIVITIES					
(Advance to) repayment from minority shareholders	–	(4,652)	2,232	–	(37)
(Increase) decrease in time deposits	–	(894)	698	(15)	(16)
Purchase of intangible assets	–	(438)	(390)	(53)	(4)
Purchase of plant and equipment	–	(324)	(825)	(45)	(36)
(Increase) decrease in other non-current assets	–	(72)	20	(14)	4
Net cash inflow from acquisition of subsidiaries *(Note 33)*	–	1,179	–	–	–
Bank interest received	–	2	2	–	1
Increase in pledged bank deposit	–	–	(794)	–	–
Proceeds from disposal of plant and equipment	–	–	115	–	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	–	(5,199)	1,058	(127)	(88)

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
FINANCING ACTIVITIES					
Advanced from a director	–	16,592	958	–	–
Repayments of borrowings	–	(5,392)	(1,533)	(259)	(246)
Interest paid	–	(95)	(153)	(35)	(23)
(Decrease) increase in other payables	–	(10)	(184)	–	36
New borrowings raised	–	–	1,469	–	–
Advance from (repayment to) a minority shareholder	–	–	33	–	(16)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	–	11,095	590	(294)	(249)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	–	1,556	(938)	(193)	(392)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	–	–	1,672	1,672	849
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	–	116	115	16	–
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, represented by cash and cash equivalent *(Note 22)*	–	1,672	849	1,495	457

Notes to the Financial Information

1. GENERAL

The Target was incorporated in the BVI with limited liability on 12 September 2006.

The addresses of the registered office and principal place of business of the Target are P.O Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI.

The principal activities of the Target Group are principally engaged in the manufacture and sale of dye-sublimation printed products.

The Financial Information of the Relevant Periods is presented in Hong Kong dollars ("HK$"). Other than those subsidiaries established in Japan whose functional currency is Japanese Yen ("JPY"), the functional currency of the Target and its subsidaries is HK$.

Upon the completion of the Proposed Acquisition, the Company will become the ultimate holding company of the Target, accordingly the directors of the Target consider that it is appropriate to present the Financial Information in HK$.

2. BASIS OF PREPARATION

As at 30 April 2009, the Target Group reported net current liabilities of approximately HK$220, 980,000 and a capital deficiency of approximately HK$9,310,000. The condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liability in the normal course of business. Nevertheless, the directors of the Target are of the opinion that the Target Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 April 2009 given that:

(i) the ultimate holding and a director of the Target will provide financial support to the Target Group to meet the Target Group's liabilities and commitments as and when it falls due; and

(ii) the directors of the Target Group anticipates that the Target Group will generate positive cash flows from its operations.

Accordingly, the directors are of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Target Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the Financial Information.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKRFSs")

For the purposes of preparing and presenting the Financial Information of the Target Group during the Relevant Periods, the Target Group has applied all the new and revised standards, amendments and interpretations issued by the HKICPA that are effective for the accounting period beginning on 1 March 2009 throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised standards, amendments and interpretations but are not yet effective for the accounting period beginning on 1 March 2009. The Target Group has not early adopted these new and revised standards, amendments and interpretations.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs April 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendment)	Eligible Hedged item[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[3]
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs[4]
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[3]
HK(IFRIC)-Interpretation ("Int") 9 and HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

1 Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods ending on or after 30 June 2009.
6 Effective for transfer of assets from customers received on or after 1 July 2009.

The directors of the Target anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Target Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These policies have been consistently applied to all the Relevant Periods and are materially consistent with the accounting policies adopted by the Company, unless otherwise stated.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

(a) Basis of consolidation

The Financial Information incorporates the financial statements of the Target and the entity controlled by the Target (its subsidiaries). Control is achieved where the Target has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Target Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Target Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

(b) Investment in a subsidiary

Investment in a subsidiary is included in the Target's statements of financial position at cost less any identified impairment loss.

(c) Business combinations

The acquisition of businesses 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 Target 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.

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 Target Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Target 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.

(d) Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Target 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 statements of financial position.

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 statements of comprehensive income. 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.

(e) Plant and equipment

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 plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of 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 statements of comprehensive income in the period/year in which the item is derecognised.

(f) Intangible assets

i) Patents and Trademarks

Cost incurred on the acquisition of patents and trademarks with finite useful lives are capitalised in the consolidated statements of financial position and are amortised by equal annual installments over the estimated useful life.

ii) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

iii) License and software

Acquired license and software are capitalised on the basis of costs incurred to acquire and bring to use. These costs are amortised over their estimated useful lives of 5 to 8 years.

(g) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Target Group's financial assets are classified as 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 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.

Interest income is recognised on an effective interest basis for debt instruments.

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 other receivables, amounts due from minority shareholders and bank balances and cash) 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 loss on 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 affected.

For financial assets, 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 other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables and amounts due from minority shareholders 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 a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 group after deducting all of its liabilities. The Target Group's financial liabilities are classified as other liabilities.

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.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a director, amount due to a subsidiary, amount due to a minority shareholder and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target 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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

(h) Impairment losses on tangible and intangible assets

At each balance sheet date, the Target Group reviews the carrying amounts of its tangible and intangible assets 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 reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method.

(j) Revenue recognition

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

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

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.

(k) 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 its 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 the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates 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 retranslation of monetary items, are recognised in profit or loss in the period/year in which they arise, except for exchange differences arising on a monetary item that forms part of United Achieve's net investments in a foreign operation, in which case, such exchange differences are recognised in equity in the Financial Information. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period/year.

For the purpose of presenting the Financial Information, the assets and liabilities of United Achieve Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting date, and their income and expenses are translated at the average exchange rates for the period/year. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period/year in which the foreign operations is disposed of.

(l) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered services entitling them to the contributions.

(m) 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 period/year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other period/year and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated statements of comprehensive income 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 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 is calculated at the tax rates that are expected to apply in the period/year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss.

(n) Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated statement of comprehensive income in the period/year in which they are incurred.

(o) 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 Target Group as lessee

Rentals payable under operating leases are charged to the 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.

(p) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated statements of comprehensive income and are reported separately as "other operating income".

5. **CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Target Group and the Target's accounting policies, which are described in Note 4, the directors of the Target are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the critical judgment, apart from those involving estimations, that the directors of the Target have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in Financial Information.

Going concern basis

Although the Target Group and the Target has net current liabilities at 30 April 2009, the Target manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash to meet the the Target Group and the Target's liquidity requirements in the short and long term. The directors of the Target consider that the Target Group and the Target has no significant liquidity risk.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 30 April 2009, the carrying amount of goodwill was approximately HK$207,139,000. Details of impairment testing on goodwill are set out in Note 18.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Target Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the period/year and the estimate will be changed in the future period.

Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. The Target Group re-assesses the useful life of the intangible assets annually and if the expectation differs from the original estimate such a difference may impact the amortisation in the period/year and the estimate will be changed in the future period.

Impairment loss recognised in respect of trade receivables

The Target Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Target Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Target Group's expectations and the Target Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. In addition, the Target Group will provide general provision based on the aging analysis of the trade receivables. As at 28 February 2007, the carrying amount of trade receivables was Nil (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of trade receivables was approximately HK$3,040,000 (net of impairment loss of approximately HK$425,000). As at 28 February 2009, the carrying amount of trade receivables was approximately HK$1,801,000 (net of impairment loss of approximately HK$715,000). As at 30 April 2009, the carrying amount of trade receivables was approximately HK$3,145,000 (net of impairment loss of approximately HK$715,000).

Impairment loss recognised in respect of other receivables

The policy for recognition of impairment loss of other receivables of the Target Group is determined by the management based on the evaluation of collectability and aging analysis of accounts and management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each receivables. As at 28 February 2007, the carrying amount of other receivables was Nil (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of other receivables was approximately HK$1,261,000 (net of impairment loss of approximately HK$2,229,000). As at 28 February 2009, the carrying amount of other receivables was approximately HK$478,000 (net of impairment loss of approximately HK$3,092,000). As at 30 April 2009, the carrying amount of other receivables was approximately HK$557,000 (net of impairment loss of approximately HK$3,092,000).

Impairment loss recognised in respect of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Target Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the Relevant Periods.

Impairment loss recognised in respect of intangible assets

The impairment loss for intangible assets are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Target Group's accounting policy. The recoverable amounts of intangible assets have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the Relevant Periods.

Impairment of inventories

The management of the Target Group review an aging analysis at the end of each reporting date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The management estimates the net realisable value for finished goods based primarily on the latest invoice prices and current market conditions. The Target Group carries out an inventory review on a product-by-product basis at the end of each reporting date and makes allowance for obsoletes items.

As at 28 February 2007, the carrying amount of inventories was Nil (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of inventories was approximately HK$982,000 (net of impairment loss of approximately Nil). As at 28 February 2009, the carrying amount of inventories was approximately HK$2,076,000 (net of impairment loss of approximately HK$1,798,000). As at 30 April 2009, the carrying amount of inventories was approximately HK$2,010,000 (net of impairment loss of approximately HK$1,798,000).

6. CAPITAL RISK MANAGEMENT

The Target Group and the Target manages its capital to ensure that entities in the Target Group and the Target will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Target Group consists of debt, which includes borrowings disclosed in Note 25, cash and cash equivalents and equity attributable to owners of the Target, comprising issued share capital and reserves. The directors of the Target review the capital structure on a regular basis. As a part of this review, the directors of the Target consider the cost of capital and the associated risks, and take appropriate actions to adjust the Target Group's capital structure. The overall strategy of the Target Group remained unchanged during the Relevant Periods.

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Target Group	**At 28 February 2007**	**At 29 February 2008**	**At 28 February 2009**	**At 30 April 2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans and receivables (including cash and cash equivalents)	–	11,521	6,862	8,006
Financial liabilities at amortised cost	–	232,093	234,207	234,666

The Target	**At 28 February 2007**	**At 29 February 2008**	**At 28 February 2009**	**At 30 April 2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans and receivables (including cash and cash equivalents)	–	–	–	–
Financial liabilities at amortised cost	–	222,972	222,972	222,972

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group and the Target's major financial instruments include trade and other receivables, amounts due from (to) a minority shareholder(s), subsidiary and a director, bank balances and cash, trade and other payables, and borrowings are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

Market Risk

Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Target Group's financial results and its cashflow. The management considers the Target Group is not exposed to significant foreign currency risk as the majority of its operations and transactions are in Japan with their functional currency of JPY.

In the opinion of the directors of the Target, as the currency risk is minminal, no sensitivity analysis is presented.

Interest rate risk

The Target Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposit and other bank time deposits (see Note 22 for details of these deposits) and fixed-rate borrowings (see Note 25 for details of the borrowings). The Target Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

The Target Group is also exposed to cash flow interest rate risk relates to bank balances carried at prevailing market rate. However, such exposure is minimal to the Target Group as the bank balances are all short-term in nature.

Credit risk

As at 28 February 2007, 29 February 2008, 28 February 2009 and 30 April 2009, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to the failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Target Group reviews the recoverable amount of each individual trade and other debtor at the end of the reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target consider that the Target Group's credit risk is significantly reduced.

The Target Group's concentration of credit risk by geographical locations is mainly in Japan. The Target Group has no significant concentration of credit risk by any single trade debtor, with exposure spreading over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Target Group and the Target are exposed to liquidity risk as at 30 April 2009 as its financial assets due within one year was less than its financial liabilities due within one year. The Target Group and the Target had net current liabilities of approximately HK$220,980,000 and HK$229,972,000, respectively as at 30 April 2009.

The Target Group and the Target have planned to implement several measures to improve its working capital position and net financial position. Details of which are set out in Note 2.

The following table details the Target Group's remaining contractual maturity for its financial liabilities. For non-derivatives financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

Target Group	Within 1 year or on demand *HK$'000*	More than 1 year but less than 2 years *HK$'000*	More than 2 years but less than 5 years *HK$'000*	More than 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amounts *HK$'000*
At 28 February 2007						
Non-derivative financial liabilities						
Trade and other payables	–	–	–	–	–	–
Borrowings	–	–	–	–	–	–
	–	–	–	–	–	–
At 29 February 2008						
Non-derivative financial liabilities						
Trade and other payables	6,567	352	1,142	61	8,122	8,122
Amount due to a director	219,285	–	–	–	219,285	219,285
Borrowings	1,475	1,166	2,155	–	4,796	4,686
	227,327	1,518	3,297	61	232,203	232,093
At 28 February 2009						
Non-derivative financial liabilities						
Trade and other payables	7,510	313	1,160	5	8,988	8,988
Amount due to a director	220,243	–	–	–	220,243	220,243
Amount due to a minority shareholder	33	–	–	–	33	33
Borrowings	2,731	864	1,439	–	5,034	4,943
	230,517	1,177	2,599	5	234,298	234,207
At 30 April 2009						
Non-derivative financial liabilities						
Trade and other payables	8,195	324	1,187	3	9,709	9,709
Amount due to a director	220,243	–	–	–	220,243	220,243
Amount due to a minority shareholder	17	–	–	–	17	17
Borrowings	2,620	836	1,321	–	4,777	4,697
	231,075	1,160	2,508	3	234,746	234,666

The Target

The Target's financial liabilities are non-interest bearing and their maturity date, are within one year.

9. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities (including derivate instruments) with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and
- the fair value of other financial assets and financial liabilities (excluding derivate instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instrument.

The directors of the Target consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their fair values due to their short-term maturities.

The directors of the Target also consider that the carrying amount of the long-term portion of liability approximate to their fair value as the impact of discounting is not significant.

10. TURNOVER AND OTHER OPERATING INCOME

Turnover represents invoiced value of sales, net of returns, discounts and sales related taxes. Revenues recognised during the period/year are as follows:

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April	
				2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Turnover					
Sales of dye-sublimation printed products	–	8,117	24,550	5,393	3,499
Other operating income					
Bank Interest income	–	2	2	–	1
Interest on loan to a minority interest *(Note 21)*	–	38	–	–	–
Government grant *(Note)*	–	–	–	–	421
Sundry income	–	7	7	–	–
	–	47	9	–	422
Total revenues	–	8,164	24,559	5,393	3,921

Note: For the two months ended 30 April 2009, the amount represented an unconditional grant from the Japan government specifically for encouraging the Target Group's business development in Japan.

The Target Group's revenues and expenses are primarily derived from the sales and manufacturing of dye-sublimation printed products in Japan. Its assets and capital expenditure are located in Japan. Accordingly, no segmental analysis of financial information for management purposes is presented.

11. FINANCE COSTS

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Interest expenses on:					
– bank borrowings wholly repayable within five years	–	77	121	18	18
– other borrowings wholly repayable within five years	–	17	11	6	3
– discounted bills of exchanges	–	1	21	11	2
Total finance costs	–	95	153	35	23

12. INCOME TAX EXPENSES

Income tax arising in Japan is calculated at a progressive statutory rate of 22% on the portion of assessable income not exceeding JPY8,000,000 and 30% on the portion of assessable income in excess of JPY8,000,000.

No provision for Japan corporate tax is provided in the consolidated statements of comprehensive income for the year ended 29 February 2008, and the two months ended 30 April 2008, as there was no estimated assessable profit derived for the respective period/year.

No provision for Japan corporate tax is provided in the consolidated statements of comprehensive income for the year ended 28 February 2009 and the two months ended 30 April 2009 as the assessable profits were offset by the brought forward tax losses and deductible temporary difference previously not recognised for the respective period/year.

The Companies established in the BVI are incorporated under the International Business Company Act of the BVI are exempt from BVI income taxes.

The Target Group is not subject to Hong Kong profits tax as the Target Group's income neither arises in, nor is derived from Hong Kong for the Relevant Periods and the two months ended 30 April 2008.

The income tax expenses for the period/year can be reconciled to the profit (loss) before taxation per the consolidated statements of comprehensive income as follows:

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss) profit before taxation	–	(11,391)	(5,645)	(862)	445
Tax calculated at rates applicable to profits in the respective tax jurisdiction concerned	–	(2,507)	(1,154)	(189)	99
Tax effect of income not subject to tax	–	(312)	(27)	–	–
Tax effect of expenses not deductible for tax purpose	–	96	526	170	63
Utilisation of tax losses previously not recognised	–	–	(72)	–	–
Tax effect of tax losses and deductible temporary differences not recognised	–	2,723	727	19	–
Utilisation of deductible temporary difference previously not recognised	–	–	–	–	(162)
Income tax expenses	–	–	–	–	–

Details of deferred taxation are set out in Note 28.

13. (LOSS) PROFIT FOR THE YEARS/PERIOD

	Period from 12 September 2006 (date of incorporation) to 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(Loss) profit for the years/period has been arrived at after charging:					
Amortisation of intangible assets	–	105	241	32	39
Auditor's remuneration	–	–	–	–	–
Cost of inventories recognised as an expense	–	2,244	5,552	1,710	844
Depreciation of plant and equipment	–	70	665	109	111
Directors' emoluments (including retirement benefits scheme contributions) *(Note 14)*	–	–	–	–	–
Impairment loss recognised in respect of inventories (included in cost of sales)	–	–	1,798	–	–
Minimum lease payment under operating leases	–	454	897	204	191
Research and development costs	–	1,006	–	–	–
Staff costs (excluding directors)	–	–	–	–	–
– salaries and allowances	–	3,033	7,488	1,426	896
– long service payment	–	–	161	161	–
– retirement benefits scheme contributions	–	69	271	87	62
Total staff costs	–	3,102	7,920	1,674	958

14. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the directors of the Target Group during the Relevant Periods and the two months ended 30 April 2008 are as follows:

For the year ended 28 February 2007

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Ho Chun Chu (appointed on 1 December 2006)	–	–	–	–

For the year ended 29 February 2008

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Ho Chun Chu (resigned on 7 August 2007)	–	–	–	–
Wong Kin Ping (appointed on 7 August 2007)	–	–	–	–
Lui Ming Ho (appointed on 7 August 2007)	–	–	–	–
	–	–	–	–

For the year ended 28 February 2009

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Wong Kin Ping	–	–	–	–
Lui Ming Ho	–	–	–	–
	–	–	–	–

For the two months ended 30 April 2008 (unaudited)

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Wong Kin Ping	–	–	–	–
Lui Ming Ho	–	–	–	–
	–	–	–	–

For the two months ended 30 April 2009

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Wong Kin Ping	–	–	–	–
Lui Ming Ho	–	–	–	–
	–	–	–	–

No directors waived or agreed to waive any emoluments during the Relevant Periods and the two months ended 30 April 2008.

(b) Employee's emoluments

The aggregate emoluments of the five highest paid individuals in the Target Group during the Relevant Periods and the two months ended 30 April 2008 were as follows:

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and other allowances	–	982	3,826	609	388
Retirement benefits scheme contributions	–	48	166	33	28
	–	1,030	3,992	642	416

During the Relevant Periods and the two months ended 30 April 2008, the emoluments for each of the above employees were below HK$1,000,000 per annum.

During the Relevant Periods and the two months ended 30 April 2008, no emoluments were paid by the the Target Group to any of the directors of the Target or the five highest paid individuals as an inducement to join or upon joining the Target Group, or as compensation for loss of office.

15. INTANGIBLE ASSETS

The Target Group	Patent	Trademark	License	Software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST					
Acquired on acquisition of subsidiaries *(Note 33)*	113	41	31	317	502
Exchange realignment	12	5	4	35	56
Additions	234	14	–	190	438
At 29 February 2008	359	60	35	542	996
Exchange realignment	27	3	2	39	71
Additions	355	11	–	24	390
At 28 February 2009	741	74	37	605	1,457
Additions	–	4	–	–	4
At 30 April 2009	741	78	37	605	1,461
ACCUMULATED AMORTISATION					
Provided for the period and at 29 February 2008	38	4	3	60	105
Exchange realignment	3	–	–	5	8
Provided for the year	94	8	6	133	241
At 28 February 2009	135	12	9	198	354
Provided for the period	16	1	1	21	39
At 30 April 2009	151	13	10	219	393
CARRYING VALUES					
At 30 April 2009	590	65	27	386	1,068
At 28 February 2009	606	62	28	407	1,103
At 29 February 2008	321	56	32	482	891
At 28 February 2007	–	–	–	–	–

Intangible assets have definite useful lives and are amortised on a straight-line basis over five to ten years.

16. PLANT AND EQUIPMENT

The Target Group

	Leasehold improvement *HK$'000*	Plant and machinery *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
COST				
Acquired on acquisition of subsidiaries	45	2,628	668	3,341
Exchange realignment	5	285	73	363
Additions	116	59	149	324
Disposals	–	(853)	(17)	(870)
At 29 February 2008	166	2,119	873	3,158
Exchange realignment	11	146	60	217
Additions	32	874	38	944
Disposals	–	(227)	–	(227)
At 28 February 2009	209	2,912	971	4,092
Additions	–	–	36	36
At 30 April 2009	209	2,912	1,007	4,128
ACCUMULATED DEPRECIATION				
Provided for the period	27	12	31	70
Eliminated on disposals	–	–	(8)	(8)
At 29 February 2008	27	12	23	62
Exchange realignment	2	1	2	5
Provided for the year	103	326	236	665
Eliminated on disposals	–	(112)	–	(112)
At 28 February 2009	132	227	261	620
Provided for the period	19	52	40	111
At 30 April 2009	151	279	301	731
CARRYING VALUES				
At 30 April 2009	58	2,633	706	3,397
At 28 February 2009	77	2,685	710	3,472
At 29 February 2008	139	2,107	850	3,096
At 28 February 2007	–	–	–	–

The following rates are used for the depreciation of plant and equipment after considering their respective useful lives:

Leasehold improvement	2 years or over the lease term, if shorter
Plant and machinery	10 years
Furniture, fixture and equipment	5 years

17. DEPOSIT PAID FOR ACQUISITION OF PLANT AND EQUIPMENT

The Target Group

Balance as at 29 February 2008 represented deposits paid for the acquisition of plant and machinery.

18. GOODWILL

The Target Group	*HK$'000*
COST AND CARRYING AMOUNTS	
At date of incorporation and 1 March 2007	–
Arising on acquisition of subsidiaries	207,139
At 29 February 2008, 28 February 2009 and 30 April 2009	207,139

The goodwill arose from the acquisition of a subsidiary, Viswell and its subsidiaries (the "Viswell Group").

During the year ended 30 April 2009, the management of the Target Group prepared profit forecast and cash flow forecast (the "Forecast") in respect of the Viswell Group. The Forecast based on financial budgets approved by the management covering a period of 5 years and a discount rate of 11.77%. The cash flows beyond the 1-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth rate forecasts and does not exceed the average long-term growth rate for the relevant industry. The Forecast during the budget period are based on the budgeted gross margins during the budget period. Budgeted gross margins have been determined based on the management's expectation for the market development and past experience, and the management believes that the budgeted gross margins are reasonable. The directors of the Target are of the opinion, based on the Forecast, that the recoverable amount exceeds its carrying amount in the consolidated statements of financial position and no impairment loss is necessary.

19. INVENTORIES

The Target Group	**At 28 February 2007** *HK$'000*	**At 29 February 2008** *HK$'000*	**At 28 February 2009** *HK$'000*	**At 30 April 2009** *HK$'000*
Raw materials	–	590	1,528	1,650
Work in progress	–	305	327	150
Finished goods	–	87	221	210
	–	982	2,076	2,010

20. TRADE AND OTHER RECEIVABLES

The Target Group

(a)

	At 28 February 2007 *HK$'000*	At 29 February 2008 *HK$'000*	At 28 February 2009 *HK$'000*	At 30 April 2009 *HK$'000*
Trade and bills receivables	–	3,465	2,516	3,860
Less: Impairment loss recognised in respect of trade receivables	–	(425)	(715)	(715)
		3,040	1,801	3,145
Prepayment, deposits and other receivables		3,490	3,570	3,649
Less: Impairment loss recognised in respects of other receivables	–	(2,229)	(3,092)	(3,092)
	–	4,301	2,279	3,702

(b) There were no specific credit terms granted to the customers. Ageing analysis of the trade receivables net of impairment losses, based on invoice date, is as follows:

	At 28 February 2007 *HK$'000*	At 29 February 2008 *HK$'000*	At 28 February 2009 *HK$'000*	At 30 April 2009 *HK$'000*
0-90 days	–	2,863	1,405	2,806
90-180 days	–	110	304	176
181-365 days	–	67	43	114
Over 365 days	–	–	49	49
	–	3,040	1,801	3,145

The Target Group does not hold any collateral over these trade receivables balances. Based on past experience, management consider the unimpaired balances are fully recoverable as relevant customers have a good track record based on the Target Group's past experience and are of a good credit standing.

(c) The movements in impairment losses recognised in respect of trade receivables is as follow:

	At 28 February 2007 *HK$'000*	At 29 February 2008 *HK$'000*	At 28 February 2009 *HK$'000*	At 30 April 2009 *HK$'000*
At the beginning of the year/period	–	–	425	715
Exchange realignment	–	–	29	–
Recognised during the year/period	–	425	261	–
At the end of the year/period	–	425	715	715

At 28 February 2007, included in the impairment loss are individually impaired trade receivables with an aggregate balance of approximately Nil (At 29 February 2008: HK$425,000; At 28 February 2009: HK$715,000; and at 30 April 2009: HK$715,000) which are due to long outstanding. The Target Group does not hold any collateral over these balances.

(d) The movement in impairment losses recognised in respect of other receivables is as follow:

	At 28 February 2007 *HK$'000*	At 29 February 2008 *HK$'000*	At 28 February 2009 *HK$'000*	At 30 April 2009 *HK$'000*
At the beginning of the year/period	–	–	2,229	3,092
Exchange realignment	–	–	153	–
Recognised during the year/period	–	2,229	710	–
At the end of the year/period	–	2,229	3,092	3,092

At 28 February 2007, included in the impairment loss are individually impaired other receivables with an aggregate balance of approximately Nil (At 29 February 2008: HK$2,229,000; At 28 February 2009: HK$3,092,000; and at 30 April 2009: HK$3,092,000) which are due to long outstanding. The Target Group does not hold any collateral over these balances.

21. AMOUNT(S) DUE FROM (TO) A MINORITY SHAREHOLDER(S)/A SUBSIDIARY

The Target Group and the Target

The amount is unsecured and repayable on demand. Other than an amount due from Yasutomo Amano, a minority shareholder of the Target of approximately HK$1,665,000 for the year ended 29 February 2008 which carried interest at 3% per annum, the remaining amounts are non-interest bearing.

22. BANK BALANCES AND CASH

The Target Group	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank balances and cash	–	2,578	1,913	1,537
Less: Pledged bank deposit	–	–	(794)	(794)
Other time deposits with a maturity of more than three months when acquired	–	(906)	(270)	(286)
Cash and cash equivalents	–	1,672	849	457

Pledged bank deposit/bank balances and cash/other time deposits

Pledged bank deposit represents deposit pledged to a bank to secure short-term banking facilities granted to the Target Group in respect of short-term bank loan and are therefore, classified as current assets. For the year ended 28 February 2009 and period ended 30 April 2009, the deposit carried interest at a fixed rate of 0.40% per annum.

For for the year ended 29 February 2008, bank balances carry interest at prevailing market rates and other time deposits carry interest at fixed rates ranged from 0.15% to 0.35% per annum (for the year ended 28 February 2009: ranged from 0.15% to 0.40% per annum and for the period ended 30 April 2009: ranged from 0.25% to 0.40% per annum).

23. TRADE AND OTHER PAYABLES

The Target Group	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	–	1,958	1,961	2,231
Accrued expenses and other payables	–	4,609	5,549	5,964
	–	6,567	7,510	8,195

An aged analysis of trade payables is as follows:

	At 28 February 2007 HK$'000	At 29 February 2008 HK$'000	At 28 February 2009 HK$'000	At 30 April 2009 HK$'000
0-90 days	–	1,747	1,425	567
90-180 days	–	10	451	1,462
181-365 days	–	131	–	117
Over 365 days	–	70	85	85
	–	1,958	1,961	2,231

24. AMOUNT DUE TO A DIRECTOR

The Target Group and the Target

The amount due to Wong Kin Ping, a director of the Target, is unsecured, non-interest bearing and repayable on demand.

25. BORROWINGS

The Target Group	At 28 February 2007 HK$'000	At 29 February 2008 HK$'000	At 28 February 2009 HK$'000	At 30 April 2009 HK$'000
Bank loans	–	4,169	4,746	4,559
Other loans	–	517	197	138
	–	4,686	4,943	4,697
Analysis as:				
Secured bank loan	–	–	544	514
Unsecured bank and other loans	–	4,686	4,399	4,183
	–	4,686	4,943	4,697
Carrying amount repayable:				
On demand or within one year	–	1,441	2,693	2,590
More than one year, but not exceeding two years	–	1,140	845	817
More than two years but not more than five years	–	2,105	1,405	1,290
	–	4,686	4,943	4,697
Less: Amounts due within one year shown under current liabilities	–	(1,441)	(2,693)	(2,590)
	–	3,245	2,250	2,107

At 29 February 2008, the effective interest rate on the Target Group's borrowings was 4.41% (At 28 February 2009: 2.66%; and 30 April 2009: 2.69%).

The secured bank loan was secured by pledged bank deposit disclosed in Note 22.

Unsecured bank and other loans for the Relevant Periods were guaranteed by a minority shareholder and an independent third party.

26. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary share of USD1 each:		
Authorised		
At 12 September 2006 (date of incorporation), 28 February 2007, 29 February 2008, 28 February 2009 and 30 April 2009	50,000	390
Issued and fully paid		
At 12 September 2006 (date of incorporation)	–	–
Issue of shares *(Note a)*	1	–
At 28 February 2007	1	–
Issue of shares *(Note b)*	9	–
At 29 February 2008, 28 February 2009 and 30 April 2009	10	–

(a) The Target was incorporated on 12 September 2006 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$ 1 each. On 1 December 2006, 1 ordinary share of US$1 each was allotted and issued at par as initial working capital.

(b) Pursant to an ordinary resolution passed on 7 August 2007, 9 ordinary shares of US$1 each were allotted and issued 1 for cash at par to the subscribers as general working capital.

(c) All the shares issued during the two years ended 28 February 2007 and 29 February 2008 ranked pari passu with the then existing ordinary shares in all respects.

27. OTHER PAYABLES

The Target Group

The amount represented the amortised cost of the deferred consideration in respect of the acquisition of certain plant and equipment as at each of the respective end of reporting periods. At 28 February 2007, the other payables had aggregate principal amount of approximately Nil (29 February 2008: HK$1,898,000; 28 February 2009: HK$1,801,000; 30 April 2009: HK$1,837,000), with term of repayment ranging from 5 to 7 years.

28. DEFERRED TAXATION

The Target Group

At 28 February 2007, the Target Group had unused tax losses of approximately Nil (At 29 February 2008: HK$14,066,000; 28 February 2009: HK$13,741,000; and 30 April 2009: HK$13,741,000). No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire after seven years from the end of assessment to which they relate to.

At 28 February 2007, the Target Group has deductible temporary differences of approximately Nil (At 29 February 2008: HK$3,293,000; 28 February 2009: HK$6,598,000; and 30 April 2009: HK$5,860,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

29. OPERATING LEASE COMMITMENTS

The Target Group

The Target Group leases certain of its offices under operating leases. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed, with an option to renew the lease when all terms are renegotiated.

At the end of the reporting period, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	815	222	795
In the second to fifth years inclusive	–	144	40	735
	–	959	262	1,530

30. CAPITAL COMMITMENTS

The Target Group	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure in respect of acquisition of plant and equipment contracted for but not provided	–	–	52	52

31. RETIREMENT BENEFITS PLANS

Employees in Japan are members of the state-managed retirement benefits contributions scheme operated by the Japan local government. The Target Group is required to contribute certain pre-fixed amounts of contribution, according to the level of income for each employee to the retirement benefits contributions scheme to fund the benefits. The only obligation of the Target Group with respect of the retirement benefits contributions scheme is the required contributions under the retirement benefits contributions scheme.

The retirement benefit costs represent gross contributions paid and payable by the Target Group to the schemes operated in Japan. There was no forfeited contribution throughout the Relevant Periods and the two months ended 30 April 2008.

32. RELATED PARTY TRANSACTIONS

(a) Related party balances

The balances with related parties at each of the respective end of the reporting period are disclosed elsewhere in the Financial Information.

(b) At each of the respective end of the reporting period, the Target Group's banking facilities were secured by guarantees given by a minority shareholder, Meiko Amano, a director of one of the Target Group's subsidiaries:

	At 28 February 2007	**At 29 February 2008**	**At 28 February 2009**	**At 30 April 2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
To the extent to:	–	5,201	5,558	5,558

(c) During the Relevant Periods, loan interest income charged to a minority shareholder is as follow:

	Year ended 28 February 2007	**Year ended 29 February 2008**	**Year ended 28 February 2009**	**Two months ended 30 April**	
				2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Loan interest income	–	38	–	–	–

The loan interest income charged to the minority shareholder during the year ended 2008 was not yet received as at 29 February 2008 and included as amounts due from shareholders.

(d) Compensation of key management personnel

The key management personnel of the Target Group comprise of minority shareholders, details of their emoluments is disclosed as follows:

	At 28 February 2007 *HK$'000*	At 29 February 2008 *HK$'000*	At 28 February 2009 *HK$'000*	At 30 April 2009 *HK$'000*
Salaries and other allowances	–	738	2,306	141
Retirement benefits schemes contributions	–	35	69	10
	–	773	2,375	151

The remuneration of key management personnel is determined by the board of directors having regard to the performance of individuals and market trends.

33. ACQUISITION OF SUBSIDIARIES

On 15 September 2007, the Target acquired 72.12% of the equity interests in Viswell Group for a consideration of JPY3,000,000,000 (approximately HK$205,251,000). This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately HK$207,139,000.

The relevant information about the acquisition is as follows:

	Acquiree's carrying amounts and fair value *HK$'000*
Net liabilities acquired:	
Plant and equipment	3,341
Intangible assets	502
Other non-current assets	109
Inventories	4
Trade and other receivables	6,238
Bank balances and cash	1,179
Trade and other payables	(4,173)
Borrowings	(9,088)
	(1,888)
Goodwill	207,139
Total consideration	205,251
Total consideration satisfied by:	
Amount due to a director	205,251
Net cash inflow on acquisition	
Bank balance and cash acquired	1,179

Viswell Group contributed approximately HK$9,179,000 to the Target Group's loss for the year ended 29 February 2008 between the date of acquisition and the end of the reporting date of 29 February 2008.

If the acquisition had been completed on 1 March 2007, total turnover of the Target Group for the year would have been approximately HK$13,217,000 and loss for the year would have been approximately HK$12,171,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of the turnover and results of operations of the Target Group that actually would have been achieved had the acquisition been completed on 1 March 2007, nor is it intended to be a projection of future results.

34. INVESTMENT IN A SUBSIDIARY

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted Shares, at cost	–	222,965	222,965	222,965

At 28 February 2007, 29 February 2008, 28 February 2009 and 30 April 2009, the Target had interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ operation	Class of shares held	Nominal Value of paid-up share capital	Effective percentage held by the Target	Principal activities
Viswell	BVI/Hong Kong	Ordinary shares	US$5,471	72.12%	Investment holding
Rakupuri	Japan/Japan	Ordinary shares	JPY187,960,000	72.12%	Manufacture and sale of dye-sublimation printed products
Rakupuri Hanbai KK	Japan/Japan	Ordinary shares	JPY10,000,000	72.12%	Sale of dye-sublimation printed products and became inactive since 2008

Pursuant to the ordinary resolution of Rakupuri dated 31 October 2008, Rakupuri applied to dissolve Rakupuri Hanbai KK and the dissolution is now under process up to this report date.

None of the subsidiaries had any debt securities outstanding as at the end of each reporting period or at any time during the Relevant Periods.

II. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 April 2009.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Target Group and the Target have been prepared in respect of any period subsequent to 30 April 2009.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798
Hong Kong

MANAGEMENT DISCUSSION ON THE TARGET GROUP

Set out below the management discussion and analysis on the Target Group for since its incorporation on 12 September 2006.

For the two months ended 30 April 2009

Business and financial review

During the period under review, the Target Group recorded a turnover of HK$3,499,000 and a net profit before and after tax of HK$445,000, 100% of the turnover was generated from the sale and manufacture of pita clean.

The turnover recorded a decrease of approximately 35.1% compared to the same period in 2008, which was a result of the global economic downturn. On the other hand, the administrative expenses were successfully decreased by relevant cost control, therefore the Target Group recorded a net profit of HK$445,000 compared to net loss of HK$862,000 in the same period in 2008.

Liquidity and financial resources

As at 30 April 2009, the Target Group had a total bank borrowing of HK$4,697,000, all the borrowings were made in the currency of JPY with an effective interest rate of 2.69% as at the end of the period under review. The gearing ratio expressed as a percentage of total liabilities over total assets was approximately 105.8%. The Target Group had cash and bank balances of HK$1,537,000, part of the Target Group's bank deposit in the amount of HK$794,000 was pledged for bank borrowings. The Target Group does not have an interest rate hedging policy. However, the management of the Target Group monitored interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

As at 30 April 2009, the Target Group's net current liabilities amounted to HK$220,980,000.

Charges on the Target Group's assets

Save as the above-mentioned bank deposited pledged for borrowings, the Target Group did not have any other charges as at 30 April 2009.

Significant investments, acquisition and disposal

There was no significant investment held by the Target Group and there was no material acquisitions and disposal in the course of the period under review.

Capital commitment

The Target Group did not have any material capital commitment as at 30 April 2009.

Currency risk control

The management of the Target Group considers that the Target Group was not exposed to significant foreign currency risk as the majority of its operations and transactions were in Japan with their functional currency of JPY.

Contingent liabilities

The Target Group did not have any contingent liabilities as at 30 April 2009.

Employees and remuneration policy

As at 30 April 2009, the total number of employees of the Target Group including directors was 17. During the year under review, the Target Group paid a total of HK$416,000 to the five highest paid individuals. The remunerations offered by the Group were determined in accordance with the relevant policies in Japan with reference to market level and individual competence of the staff. Other related benefits included contributions to state-managed retirement benefits contributions scheme operated by the Japan local government.

Funding Requirements

Given the current financial position of the Target Group, the management of the Target Group considers that there is no funding requirement for the production of pita clean. While the Target will launch the production of its newly developed zipper-related products, the management of the Target considers that the funding requirement is not material, which would be funded by the Target Group's internal resources.

For the financial year ended 28 February 2009

Business and financial review and future prospects

The Target Group recorded a turnover of HK$24,550,000 and a net loss before and after tax of HK$5,645,000 for the period under review, 100% of the turnover was generated from the sale and manufacture of pita clean.

The turnover recorded a growth of approximately 202.5% compared to the financial year ended 29 February 2008. This was a result of expansion in the production of pita clean during the period under review. However, the Target Group has been participated in the research and development of zipper-related products, which leaded to the increase in the administrative expenses and resulted in a net loss for the year.

Nevertheless, Rakupuri has successfully developed distinct technologies for both-sided color dyeing on zippers, seat belts and apparel etc, a prototype machine for both-sided zipper dyeing has successfully built, the management of Rakupuri expected that this product will be launched in the foreseeable future.

Liquidity and financial resources

As at 28 February 2009, the Target Group had a total bank borrowing of HK$4,943,000, all the borrowings were made in the currency of JPY with an effective interest rate of 2.66% as at the end of the period under review. The gearing ratio expressed as a percentage of total liabilities over total assets was approximately 106.1%. The Target Group had cash and bank balances of HK$1,913,000, part of the Target Group's bank deposit in the amount of HK$794,000 was pledged for bank borrowings. The Target Group does not have an interest rate hedging policy. However, the management of the Target Group monitored interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

As at 28 February 2009, the Target Group's net current liabilities amounted to HK$221,432,000.

Charges on the Target Group's assets

Save as the above-mentioned bank deposit pledged for bank borrowings, the Target Group did not have any other charges as at 28 February 2009.

Significant investments, acquisition and disposal

There was no significant investment held by the Target Group and there was no material acquisitions and disposal in the course of the period under review.

Capital commitment

The Target Group did not have any material capital commitment as at 28 February 2009.

Currency risk control

The management of the Target Group considers that the Target Group was not exposed to significant foreign currency risk as the majority of its operations and transactions were in Japan with their functional currency of JPY.

Contingent liabilities

The Target Group did not have any contingent liabilities as at 28 February 2009.

Employees and remuneration policy

As at 28 February 2009, the total number of employees of the Target Group including directors was 17. During the year under review, the Target Group paid a total of HK$3,992,000 to the five highest paid individuals, each of the five highest paid individual's emoluments were less than HK$1,000,000 per annum. The remunerations offered by the Group were determined in accordance with the relevant policies in Japan with reference to market level and individual competence of the staff. Other related benefits included contributions to state-managed retirement benefits contributions scheme operated by the Japan local government.

For the financial year ended 29 February 2008

Funding Requirements

Given the current financial position of the Target Group, the management of the Target Group considers that there is no funding requirement for the production of pita clean.

Business and financial review

The Target Group recorded a turnover of HK$8,117,000 and a net loss before and after tax of HK$11,391,000 (a net loss after tax of HK$722,000 were attributable to minority shareholder) for the period under review, 100% of the turnover was generated from the sale and manufacture of pita clean.

Liquidity and financial resources

As at 29 February 2008, the Target Group had a total bank borrowing of HK$4,686,000, all the borrowings were made in the currency of JPY with an effective interest rate of 4.41% as at the end of the period under review. The gearing ratio expressed as a percentage of total liabilities over total assets was approximately 103.7%. The Target Group had cash and bank balances of HK$2,578,000, part of the Target Group's bank deposit in the amount of HK$906,000 was pledged for bank borrowings. The Target Group does not have an interest rate hedging policy. However, the management of the Target Group monitored interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

As at 29 February 2008, the Target Group's net current liabilities amounted to HK$214,742,000.

Charges on the Target Group's assets

Save as the above-mentioned bank deposit pledged for bank borrowings, the Target Group did not have any other charges as at 29 February 2008.

Significant investments, acquisition and disposal

On 15 September 2007, completion of the acquisition of old share and subscription of new shares in Viswell (approximately 72.12% equity interests in aggregate) took place, the total consideration was JPY3,300,000,000.

Apart from the above, there was no other significant investment made by the Target Group and there was no material acquisitions and disposal in the course of the period under review.

Capital commitment

The Target Group did not have any other capital commitment further to its investment made in Viswell (as stated above) as at 29 February 2008.

Currency risk control

The management of the Target Group considers that the Target Group was not exposed to significant foreign currency risk as the majority of its operations and transactions were in Japan with their functional currency of JPY.

Contingent liabilities

The Target Group did not have any contingent liabilities as at 29 February 2008.

Employees and remuneration policy

As at 29 February 2008, the total number of employees of the Target Group including directors was 19. During the year under review, the Target Group paid a total of HK$1,030,000 to the five highest paid individuals, each of the five highest paid individual's emoluments were less than HK$1,000,000 per annum. The remunerations offered by the Group were determined in accordance with the relevant policies in Japan with reference to market level and individual competence of the staff. Other related benefits included contributions to state-managed retirement benefits contributions scheme operated by the Japan local government.

For the financial period from 12 September 2006 (date of incorporation) to 28 February 2007

Business and financial review

The Target Group has not commenced any operations and recorded any turnover during the period under review.

Liquidity and financial resources

As at 28 February 2007, the Target Group had zero bank borrowing and zero net current liabilities.

Charges on the Target Group's assets

The Target Group did not have any charges as at 28 February 2007.

Significant investments, acquisition and disposal

There was no significant investment made by the Target Group and there was no material acquisitions and disposal in the course of the period under review.

Capital commitment

The Target Group did not have any capital commitment as at 28 February 2007.

Currency risk control

Since there was no operation within the period under review, therefore the Target Group was not exposed to significant foreign currency risk.

Contingent liabilities

The Target Group did not have any contingent liabilities as at 28 February 2007.

Employees and remuneration policy

Since there was no operation within the period under review, there was only one director who has not paid any salary.

The following is the text of an accountants' report on Rakupuri and its subsidiary, prepared for the sole purpose of inclusion in this circular, received from the reporting accountants to Rakupuri, SHINEWING CPA (HK) Limited.

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

7 October 2009

The Board of Directors
Buildmore International Limited
Room 806, 8th Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Dear Sirs,

We set out below our report on the financial information of Rakupuri Inc. ("Rakupuri") and its subsidiary (collectively referred to as "Rakupuri Group") including the statements of financial position and the consolidated statements of financial position as at 28 February 2007, 29 February 2008, 28 February 2009 and 30 April 2009, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended 28 February 2007, year ended 29 February 2008, year ended 28 February 2009 and the two months ended 30 April 2009 (the "Relevant Periods"), and the notes thereto (the "Financial Information") for inclusion in the circular dated 7 October 2009 issued by Buildmore International Limited (the "Company") in connection with the proposed acquisition of 100% equity interests in United Achieve International Limited ("United Achieve") by the Company (the "Proposed Acquisition") (the "Circular").

Rakupuri was incorporated in Japan with limited liability on 1 July 1996. Rakupuri is principally engaged in the manufacture and sale of dye-sublimation printed products. Its subsidiary, Rakupuri Hanbai KK was incorporated in Japan with limited liability on 22 August 2006.

As at the date of this report, the particulars of Rakupuri's subsidiary are as follows:

Name of subsidiary	Place and date of registration	Issued share capital	Effective percentage held by Rakupuri	Principal activity
Rakupuri Hanbai KK	Japan 22 August 2006	JPY10,000,000	100%	Sale of dye-sublimation printed products and became inactive since 2008

The financial year end date of Rakupuri and its subsidiary now comprising the Rakupuri Group is 28 February and 31 July, respectively. The Financial Information has been prepared for the year ended 28 February as the directors of Rakupuri consider Rakupuri being the major operating company of Rakupuri Group.

No statutory audited financial statements have been prepared by Rakupuri for the Relevant Periods and Rakupuri Hanbai KK for the period from 22 August 2006 (date of incorporation) to 31 July 2007 and the year ended 31 July 2008 since there is no statutory requirement for these entities to prepare the audited financial statements.

For the purpose of this report, the directors of Rakupuri have prepared the consolidated financial statements of Rakupuri Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (the "Underlying Financial Statements"). We have carried out independent audit procedures on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of Rakupuri Group as set out in this report has been prepared by the directors of Rakupuri based on the Underlying Financial Statements and in accordance with HKFRSs. No adjustments are considered necessary to adjust the Underlying Financial Statements for the Relevant Periods for the preparation of the Financial Information and we consider it is appropriate for the purpose of preparing our report for inclusion in the Circular. We have examined the Financial Information and have carried out additional procedures as considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountants" issued by the HKICPA.

The directors of Rakupuri are responsible for the preparation of the Underlying Financial Statements and the Financial Information which give a true and fair view. It is fundamental that appropriate accounting policies are selected and applied consistently. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you.

OPINION

In our opinion, the Financial Information together with the notes thereon gives, for the purposes of this report, a true and fair view of the state of affairs of Rakupuri Group and Rakupuri as at 28 February 2007, 29 February 2008 and 28 February 2009, and 30 April 2009 and of these results and cash flows of Rakupuri Group for each of the Relevant Periods.

REVIEW CONCLUSION

The comparative consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of Rakupuri Group for the two months ended 28 April 2008 together with the notes thereto have been extracted from Rakupuri Group's financial information for the same period (the "30 April 2008 Financial Information"), which were prepared by the directors of Rakupuri solely for the purpose of this report. It is our responsibility to form an independent conclusion, based on our review, and to report our conclusion to you.

For the purpose of this report, we have reviewed the 30 April 2008 Financial Information in accordance with the Hong Kong Standards on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. Our review consists principally of making enquiries of Rakupuri Group's management and applying analytical procedures to the 30 April 2008 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30 April 2008 Financial Information.

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the 30 April 2008 Financial Information.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTES	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	Two months ended 30 April 2009
		JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
Turnover	9	112,339	177,882	309,197	71,911	44,068
Cost of sales		(70,590)	(145,051)	(194,489)	(51,340)	(25,951)
Gross profit		41,749	32,831	114,708	20,571	18,117
Other operating income	9	6,253	851	112	6	5,321
Selling and distribution expenses		(7,914)	(58,026)	(39,796)	(4,770)	(2,892)
Administrative expenses		(30,704)	(119,122)	(111,791)	(26,817)	(14,610)
Loss on disposal of plant and equipment		–	(11,731)	–	–	–
Impairment loss recognised in respect of trade and other receivables	19	–	(35,719)	(12,227)	–	–
Finance costs	10	(1,405)	(2,606)	(1,933)	(469)	(293)
Profit (loss) before taxation		7,979	(193,522)	(50,927)	(11,479)	5,643
Income tax expenses	11	–	–	–	–	–
Profit (loss) for the years/period and total comprehensive income (loss) for the years/period, net of tax	12	7,979	(193,522)	(50,927)	(11,479)	5,643

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
Non-current assets					
Intangible assets	15	1,877	11,986	13,889	13,451
Plant and equipment	16	31,950	41,666	43,729	42,779
Deposit paid for acquisition of plant and equipment	17	–	1,500	–	–
Other non-current assets		–	1,126	876	835
		33,827	56,278	58,494	57,065
Current assets					
Inventories	18	1,663	13,220	26,151	25,316
Trade and other receivables	19	42,876	57,839	28,653	46,578
Amounts due from directors	20	9,484	63,120	35,000	35,465
Bank balances and cash	21				
– Pledged		–	–	10,000	10,000
– Unpledged		21,184	34,655	13,893	9,160
		75,207	168,834	113,697	126,519
Current liabilities					
Trade and other payables	22	27,205	45,071	45,790	54,404
Amount due to a director	20	–	–	421	208
Borrowings – due within one year	23	26,884	19,394	33,916	32,613
		54,089	64,465	80,127	87,225
Net current assets		21,118	104,369	33,570	39,294
		54,945	160,647	92,064	96,359

	NOTES	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
Capital and reserve					
Share capital	24	38,000	187,960	187,960	187,960
Reserves		(26,394)	(91,917)	(142,844)	(137,201)
		11,606	96,043	45,116	50,759
Non-current liabilities					
Other payables	25	17,041	20,929	18,614	19,064
Borrowings – due after one year	23	26,298	43,675	28,334	26,536
		43,339	64,604	46,948	45,600
		54,945	160,647	92,064	96,359

STATEMENTS OF FINANCIAL POSITION

	NOTES	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
Non-current assets					
Investment in a subsidiary	14	10,000	10,000	10,000	10,000
Intangible assets	15	1,877	11,986	13,889	13,451
Plant and equipment	16	31,950	41,666	43,729	42,779
Deposit paid for acquisition of plant and equipment	17	–	1,500	–	–
Other non-current assets		–	1,126	876	835
		43,827	66,278	68,494	67,065
Current assets					
Inventories	18	1,663	13,220	26,151	25,316
Trade and other receivables	19	39,242	56,581	28,653	46,578
Amounts due from directors	20	9,484	61,008	35,000	35,465
Amount due from a subsidiary	14	1,723	2,797	–	–
Bank balances and cash	21				
– Pledged		–	–	10,000	10,000
– Unpledged		10,632	24,148	13,893	9,160
		62,744	157,754	113,697	126,519
Current liabilities					
Trade and other payables	22	24,966	41,481	45,790	54,404
Amount due to a director	20	–	–	421	208
Borrowings – due within one year	23	26,884	19,394	33,916	32,613
		51,850	60,875	80,127	87,225
Net current assets		10,894	96,879	33,570	39,294
		54,721	163,157	102,064	106,359

	NOTES	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
Capital and reserve					
Share capital	24	38,000	187,960	187,960	187,960
Reserves	27	(26,618)	(89,407)	(132,844)	(127,201)
		11,382	98,553	55,116	60,759
Non-current liabilities					
Other payables	25	17,041	20,929	18,614	19,064
Borrowings – due after one year	23	26,298	43,675	28,334	26,536
		43,339	64,604	46,948	45,600
		54,721	163,157	102,064	106,359

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	**Share Premium**	**Accumulated losses**	**Total**
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
At 1 March 2006	25,000	–	(34,373)	(9,373)
Issue of shares	13,000	–	–	13,000
Profit for the year and total comprehensive income	–	–	7,979	7,979
At 28 February 2007	38,000	–	(26,394)	11,606
Issue of shares	149,960	149,960	–	299,920
Transaction costs attributable to the issue of shares	–	(21,961)	–	(21,961)
Loss for the year and total comprehensive loss	–	–	(193,522)	(193,522)
At 29 February 2008	187,960	127,999	(219,916)	96,043
Loss for the year and total comprehensive loss	–	–	(50,927)	(50,927)
At 28 February 2009	187,960	127,999	(270,843)	45,116
Profit for the period and total comprehensive income	–	–	5,643	5,643
At 30 April 2009	187,960	127,999	(265,200)	50,759

For the two months ended 30 April 2008

	Share capital	**Share Premium**	**Accumulated losses**	**Total**
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
At 1 March 2008	187,960	127,999	(219,916)	96,043
Loss for the period and total comprehensive loss (unaudited)	–	–	(11,479)	(11,479)
At 30 April 2008	187,960	127,999	(231,395)	84,564

CONSOLIDATED STATEMENTS OF CASH FLOW

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
OPERATING ACTIVITIES					
Profit (loss) before taxation	7,979	(193,522)	(50,927)	(11,479)	5,643
Adjustments for:					
Depreciation of plant and equipment	3,682	5,789	8,368	1,453	1,400
Amortisation of intangible assets	224	2,415	3,055	428	498
Loss on disposal of plant and equipment	–	11,731	–	–	–
Impairment loss recognised in respect of inventories	–	–	22,644	–	–
Impairment loss recognised in respect of trade and other receivables	–	35,719	12,227	–	–
Finance costs	1,405	2,606	1,933	469	293
Interest income	(325)	(729)	(25)	(6)	(10)
Waiver of long outstanding trade payables	(5,871)	–	–	–	–
Operating cash flow before changes in working capital	7,094	(135,991)	(2,725)	(9,135)	7,824
Decrease (increase) in inventories	2,837	(11,557)	(35,575)	–	835
(Increase) decrease in trade and other receivables	(31,714)	(50,682)	16,827	(10,576)	(17,925)
Increase in trade and other payables	24,892	17,866	851	22,748	8,614
NET CASH FROM (USED IN) OPERATING ACTIVITIES	3,109	(180,364)	(20,622)	3,037	(652)
INVESTING ACTIVITIES					
Purchase of plant and equipment	(14,456)	(27,647)	(10,387)	(603)	(450)
(Advance to) repayment from directors	(9,161)	(52,951)	28,120	–	(465)
Purchase of intangible assets	(1,528)	(12,524)	(4,958)	(702)	(60)
(Increase) decrease in time deposit	(1,000)	(11,200)	8,800	(200)	(200)
Proceeds from disposal of plant and equipment	319	411	1,456	–	–
Bank interest received	2	44	25	6	10
Deposit for acquisition of plant and equipment	–	(1,500)	–	–	–
(Increase) decrease in other non-current assets	–	(1,126)	250	(197)	41
Increase in pledged bank deposit	–	–	(10,000)	–	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(25,824)	(106,493)	13,306	(1,696)	(1,124)

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	Two months ended 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
				(unaudited)	
FINANCING ACTIVITIES					
New borrowings raised	24,500	50,000	18,575	–	–
Increase (decrease) in other payables	17,041	3,888	(2,315)	–	450
Proceeds from issue of shares (net of issue expenses)	13,000	277,959	–	–	–
Repayments of borrowings	(11,799)	(40,113)	(19,394)	(3,444)	(3,101)
Interest paid	(1,405)	(2,606)	(1,933)	(469)	(293)
Advanced from (repayment to) a director	–	–	421	–	(213)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	41,337	289,128	(4,646)	(3,913)	(3,157)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,622	2,271	(11,962)	(2,572)	(4,933)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	1,562	20,184	22,455	22,455	10,493
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, represented by cash and cash equivalent *(Note 21)*	20,184	22,455	10,493	19,883	5,560

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Rakupuri was incorporated in Japan with limited liability on 1 July 1996. As at the date of this report, the directors of Rakupuri regard that United Achieve is the ultimate holding company and Viswell International Limited is the immediate holding company of Rakupuri, both companies are incorporated in the British Virgin Islands.

The addresses of the registered office and principal place of business of Rakupuri are Oouchi Building 1, 2/F., 1-3-9 Higashi-nihonbashi Chuo-ku, Tokyo 103-0004, Japan.

The principal activities of Rakupuri Group are principally engaged in the manufacture and sale of dye-sublimation printed products.

The Financial Information of the Relevant Periods is presented in Japanese Yen ("JPY"), which is the same as the functional currency of Rakupuri.

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

For the purposes of preparing and presenting the Financial Information of Rakupuri Group during the Relevant Periods, Rakupuri Group has applied all the new and revised standards, amendments and interpretations issued by the HKICPA that are effective for the accounting period beginning on 1 March 2009 throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following new and revised standards, amendments and interpretations but are not yet effective for the accounting period beginning on 1 March 2009. Rakupuri Group has not early adopted these new and revised standards, amendments and interpretations.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs April 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendment)	Eligible Hedged item[3]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[3]
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs[4]
HKFRS 2 (Amendment)	Share-based Payment – Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[3]
HK(IFRIC)-Interpretation ("Int") 9 and HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

1 Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods beginning on or after 1 January 2010.
5 Effective for annual periods ending on or after 30 June 2009.
6 Effective for transfer of assets from customers received on or after 1 July 2009.

The directors of Rakupuri anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of Rakupuri Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These policies have been consistently applied to all the Relevant Periods and are materially consistent with the accounting policies adopted by the Company, unless otherwise stated.

The Financial Information has been prepared on the historical cost basis as explained in the accounting policies set out below.

(a) Basis of consolidation

The Financial Information incorporates the financial statements of Rakupuri and the entity controlled by Rakupuri (its subsidiary). Control is achieved where Rakupuri has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary acquired or disposed of during the Relevant Periods are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

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

(b) Investment in a subsidiary

Investment in a subsidiary is included in Rakupuri's statements of financial position at cost less any identified impairment loss.

(c) Plant and equipment

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 plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of 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 statements of comprehensive income in the period/year in which the item is derecognised.

(d) Intangible assets

i) Patents and Trademarks

Cost incurred on the acquisition of patents and trademarks with finite useful lives are capitalised in the consolidated statements of financial position and are amortised by equal annual installments over the estimated useful life.

ii) Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

iii) License and software

Acquired license and software are capitalised on the basis of costs incurred to acquire and bring to use. These costs are amortised over their estimated useful lives of 5 to 8 years.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Rakupuri Group's and Rakupuri financial assets are classified as 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 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.

Interest income is recognised on an effective interest basis for debt instruments.

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 other receivables, amounts due from directors and a subsidiary and bank balances and cash) 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 loss on 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 affected.

For financial assets, 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 other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Rakupuri Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, amount(s) due from directors and a subsidiary, 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 a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 group after deducting all of its liabilities. Rakupuri Group's financial liabilities are classified as other liabilities.

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.

Other financial liabilities

Other financial liabilities including trade and other payables, amount due to a director and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and Rakupuri 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 expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

(f) Impairment losses on tangible and intangible assets

At each balance sheet date, Rakupuri Group and Rakupuri reviews the carrying amounts of its tangible and intangible assets 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 reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method.

(h) Revenue recognition

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

Revenue from sales of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

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.

(i) 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 its 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 the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates 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 retranslation of monetary items, are recognised in profit or loss in the period/year 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 period/year.

(j) Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered services entitling them to the contributions.

(k) 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 period/year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other period/year and it further excludes items that are never taxable or deductible. Rakupuri Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting 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 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 is calculated at the tax rates that are expected to apply in the period/year when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss.

(l) Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated statements of comprehensive income in the period/year in which they are incurred.

(m) 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.

Rakupuri Group as lessee

Rentals payable under operating leases are charged to the 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.

(n) Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated statements of comprehensive income and are reported separately as "other operating income".

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Rakupuri Group's and Rakupuri's accounting policies, which are described in Note 3, the directors of Rakupuri are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involve management's estimation. Rakupuri Group and Rakupuri assess annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the period/year and the estimate will be changed in the future period.

Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involve management's estimation. Rakupuri Group and Rakupuri re-assess the useful life of the intangible assets annually and if the expectation differs from the original estimate such a difference may impact the amortisation in the period/year and the estimate will be changed in the future period.

Impairment loss recognised in respect of trade receivables

Rakupuri Group and Rakupuri perform ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. Rakupuri Group and Rakupuri continuously monitor collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within Rakupuri Group's and Rakupuri's expectations and Rakupuri Group and Rakupuri will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. In addition, Rakupuri Group and Rakupuri will provide general provision based on the aging analysis of the trade receivables.

As at 28 February 2007, the carrying amount of trade receivables of Rakupuri Group was approximately JPY39,369,000 (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of trade receivables was approximately JPY40,920,000 (net of impairment loss of approximately JPY5,719,000). As at 28 February 2009, the carrying amount of trade receivables was approximately JPY22,682,000 (net of impairment loss of approximately JPY9,002,000). As at 30 April 2009, the carrying amount of trade receivables was approximately JPY39,612,000 (net of impairment loss of approximately JPY9,002,000).

As at 28 February 2007, the carrying amount of trade receivables of Rakupuri was approximately JPY35,735,000 (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of trade receivables was approximately JPY39,905,000 (net of impairment loss of approximately JPY5,719,000). As at 28 February 2009, the carrying amount of trade receivables was approximately JPY22,682,000 (net of impairment loss of approximately JPY8,373,000). As at 30 April 2009, the carrying amount of trade receivables was approximately JPY39,612,000 (net of impairment loss of approximately JPY8,373,000).

Impairment loss recognised in respect of other receivables

The policy for recognition of impairment loss of other receivables of Rakupuri Group and Rakupuri are determined by the management based on the evaluation of collectability and aging analysis of accounts and management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each receivables.

As at 28 February 2007, the carrying amount of other receivables of Rakupuri Group was approximately JPY3,507,000 (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of other receivables was approximately JPY16,919,000 (net of impairment loss of approximately JPY30,000,000). As at 28 February 2009, the carrying amount of other receivables was approximately JPY5,971,000 (net of impairment loss of approximately JPY38,944,000). As at 30 April 2009, the carrying amount of other receivables was approximately JPY6,966,000 (net of impairment loss of approximately JPY38,944,000).

As at 28 February 2007, the carrying amount of other receivables of Rakupuri was approximately JPY3,507,000 (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of other receivables was approximately JPY16,676,000 (net of impairment loss of approximately JPY30,000,000). As at 28 February 2009, the carrying amount of other receivables was approximately JPY5,971,000 (net of impairment loss of approximately JPY30,000,000). As at 30 April 2009, the carrying amount of other receivables was approximately JPY6,966,000 (net of impairment loss of approximately JPY30,000,000).

Impairment loss recognised in respect of plant and equipment

The impairment loss for plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with Rakupuri Group's and Rakupuri's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the Relevant Periods.

Impairment loss recognised in respect of intangible assets

The impairment loss for intangible assets are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with Rakupuri Group's and Rakupuri's accounting policy. The recoverable amounts of intangible assets have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. No impairment was provided during the Relevant Periods.

Impairment of inventories

The management of the Rakupuri Group and Rakupuri review an aging analysis at the end of each reporting date, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The management estimates the net realisable value for finished goods based primarily on the latest invoice prices and current market conditions. Rakupuri Group and Rakupuri carry out an inventory review on a product-by-product basis at the end of each reporting date and makes allowance for obsoletes items.

As at 28 February 2007, the carrying amount of inventories of Rakupuri Group and Rakupuri was approximately JPY1,663,000 (net of impairment loss of approximately Nil). As at 29 February 2008, the carrying amount of inventories was approximately JPY13,220,000 (net of impairment loss of approximately Nil). As at 28 February 2009, the carrying amount of inventories was approximately JPY26,151,000 (net of impairment loss of approximately JPY22,644,000). As at 30 April 2009, the carrying amount of inventories was approximately JPY25,316,000 (net of impairment loss of approximately JPY22,644,000).

5. CAPITAL RISK MANAGEMENT

Rakupuri Group and Rakupuri manage its capital to ensure that entities in Rakupuri Group and Rakupuri will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of Rakupuri Group and Rakupuri consists of debt, which includes borrowings disclosed in Note 23, cash and cash equivalents and equity attributable to owners of Rakupuri, comprising issued share capital and reserves. The directors of Rakupuri review the capital structure on a regular basis. As a part of this review, the directors of Rakupuri consider the cost of capital and the associated risks, and take appropriate actions to adjust Rakupuri Group and Rakupuri's capital structure. The overall strategy of Rakupuri Group and Rakupuri remained unchanged during the Relevant Periods.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

Rakupuri Group

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Loans and receivables (including cash and cash equivalents)	71,341	149,463	86,167	99,775
Financial liabilities at amortised cost	97,428	129,069	127,075	132,825

Rakupuri

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Loans and receivables (including cash and cash equivalents)	58,878	138,383	86,167	99,775
Financial liabilities at amortised cost	95,189	125,479	127,075	132,825

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Rakupuri Group's major financial instruments include trade and other receivables, amount(s) due from (to) a director(s) and a subsidiary, bank balances and cash, trade and other payables and borrowings are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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.

Market Risk

Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect Rakupuri Group's and Rakupuri's financial results and its cashflow. The management considers Rakupuri Group and Rakupuri are not exposed to significant foreign currency risk as the majority of its operations and transactions are in Japan with their functional currency of JPY.

In the opinion of the directors of Rakupuri, as the currency risk is minminal, no sensitivity analysis is presented.

Interest rate risk

Rakupuri Group and Rakupuri are exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposit and other bank time deposits (see Note 21 for details of these deposits) and fixed-rate borrowings (see Note 23 for details of the borrowings). Rakupuri Group and Rakupuri currently do not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

Rakupuri Group and Rakupuri are also exposed to cash flow interest rate risk relates to bank balances carried at prevailing market rate. However, such exposure is minimal to Rakupuri Group and Rakupuri as the bank balances are all short-term in nature.

Credit risk

As at 28 February 2007, 29 February 2008, 28 February 2009 and 30 April 2009, Rakupuri Group's and Rakupuri's maximum exposure to credit risk which will cause a financial loss to Rakupuri Group and Rakupuri due to the failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Rakupuri Group and Rakupuri review the recoverable amount of each individual trade and other debtor at the end of the reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of Rakupuri consider that Rakupuri Group's and Rakupuri's credit risk are significantly reduced.

Rakupuri Group's and Rakupuri's concentration of credit risk by geographical locations is mainly in Japan. Rakupuri Group and Rakupuri's have no significant concentration of credit risk by any single trade debtor, with exposure spreading over a number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, Rakupuri Group and Rakupuri monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance Rakupuri Group's and Rakupuri's operations and mitigate the effects of fluctuations in cash flows.

The following table details Rakupuri Group's and Rakupuri's remaining contractual maturity for its financial liabilities. For non-derivatives financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which Rakupuri Group and Rakupuri can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

Rakupuri Group

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
At 28 February 2007						
Non-derivative financial liabilities						
Trade and other payables	27,205	3,872	12,070	1,099	44,246	44,246
Borrowings	27,861	12,972	14,077	–	54,910	53,182
	55,066	16,844	26,147	1,099	99,156	97,428
At 29 February 2008						
Non-derivative financial liabilities						
Trade and other payables	45,071	4,732	15,382	815	66,000	66,000
Borrowings	19,858	15,688	29,002	–	64,548	63,069
	64,929	20,420	44,384	815	130,548	129,069
At 28 February 2009						
Non-derivative financial liabilities						
Trade and other payables	45,790	3,944	14,606	64	64,404	64,404
Amount due to a director	421	–	–	–	421	421
Borrowings	34,402	10,879	18,123	–	63,404	62,250
	80,613	14,823	32,729	64	128,229	127,075
At 30 April 2009						
Non-derivative financial liabilities						
Trade and other payables	54,404	4,075	14,957	32	73,468	73,468
Amount due to a director	208	–	–	–	208	208
Borrowings	33,001	10,527	16,637	–	60,165	59,149
	87,613	14,602	31,594	32	133,841	132,825

Rakupuri

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total undiscounted cash flows	Carrying amounts
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
At 28 February 2007						
Non-derivative financial liabilities						
Trade and other payables	24,966	3,872	12,070	1,099	42,007	42,007
Borrowings	27,861	12,972	14,077	–	54,910	53,182
	52,827	16,844	26,147	1,099	96,917	95,189
At 29 February 2008						
Non-derivative financial liabilities						
Trade and other payables	41,481	4,732	15,382	815	62,410	62,410
Borrowings	19,858	15,688	29,002	–	64,548	63,069
	61,339	20,420	44,384	815	126,958	125,479
At 28 February 2009						
Non-derivative financial liabilities						
Trade and other payables	45,790	3,944	14,606	64	64,404	64,404
Amount due to a director	421	–	–	–	421	421
Borrowings	34,402	10,879	18,123	–	63,404	62,250
	80,613	14,823	32,729	64	128,229	127,075
At 30 April 2009						
Non-derivative financial liabilities						
Trade and other payables	54,404	4,075	14,957	32	73,468	73,468
Amount due to a director	208	–	–	–	208	208
Borrowings	33,001	10,527	16,637	–	60,165	59,149
	87,613	14,602	31,594	32	133,841	132,825

8. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities (including derivate instruments) with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair value of other financial assets and financial liabilities (excluding derivate instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instrument.

The directors of Rakupuri consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their fair values due to their short-term maturities.

The directors of Rakupuri also consider that the carrying amount of the long-term portion of liability approximate to their fair value as the impact of discounting is not significant.

9. TURNOVER AND OTHER OPERATING INCOME

Turnover represents invoiced value of sales, net of returns, discounts and sales related taxes. Revenues recognised during the year/period are as follows:

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
Turnover					
Sales of dye-sublimation printed products	112,339	177,882	309,197	71,911	44,068
Other operating income					
Bank Interest income	2	44	25	6	10
Interest on loan to a director *(Note 20)*	323	685	–	–	–
Government grant *(Note)*	–	–	–	–	5,311
Waiver of long outstanding trade payables	5,871	–	–	–	–
Sundry income	57	122	87	–	–
	6,253	851	112	6	5,321
Total revenues	118,592	178,733	309,309	71,917	49,389

Note: For the two months ended 30 April 2009, the amount represented an unconditional grant from the Japan government specifically for encouraging Rakupuri Group's business development in Japan.

Rakupuri Group's revenues and expenses are primarily derived from the sales and manufacturing of dye-sublimation printed products in Japan. Its assets and capital expenditure are located in Japan. Accordingly, no segmental analysis of financial information for management purposes is presented.

10. FINANCE COSTS

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
Interest expenses on:					
– bank borrowings wholly repayable within five years	960	2,064	1,520	237	234
– other borrowings wholly repayable within five years	413	501	148	86	38
– discounted bills of exchanges	32	41	265	146	21
Total finance costs	1,405	2,606	1,933	469	293

11. INCOME TAX EXPENSES

Income tax arising in Japan is calculated at a progressive statutory rate of 22% on the portion of assessable income not exceeding JPY8,000,000 and 30% on the portion of assessable income in excess of JPY8,000,000.

No provision for Japan corporate tax is provided in the consolidated statements of comprehensive income for the year ended 29 February 2008 and the two months ended 30 April 2008, as there was no estimated assessable profit derived for the respective year/period.

No provision for Japan corporate tax is provided in the consolidated statements of comprehensive income for the year ended 28 February 2007, year ended 28 February 2009 and the two months ended 30 April 2009 as the assessable profits were offset by the brought forward tax losses and deductible temporary differences previously not recognised for the respective year/period.

Rakupuri Group is not subject to Hong Kong profits tax as Rakupuri Group's income neither arises in, nor is derived from Hong Kong for the Relevant Periods and the two months ended 30 April 2008.

The income tax expenses for the year/period can be reconciled to the profit (loss) before taxation per the consolidated statements of comprehensive income as follows:

	Year ended 28 February 2007	**Year ended 29 February 2008**	**Year ended 28 February 2009**	**Two months ended 30 April 2008**	
				2008	**2009**
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
Profit (loss) before taxation	7,979	(193,522)	(50,927)	(11,479)	5,643
Tax at the applicable tax rate of 22%	1,755	(42,575)	(11,204)	(2,525)	1,241
Tax effect of income not taxable for tax purpose	(324)	(4,127)	(346)	–	–
Tax effect of expenses not deductible for tax purposes	597	2,123	3,298	2,266	803
Utilisation of tax losses previously not recognised	(129)	–	(901)	–	–
Tax effect of tax losses and deductible temporary differences not recognised	–	44,579	9,153	259	–
Utilisation of deductible temporary difference previously not recognised	(1,899)	–	–	–	(2,044)
Income tax expenses	–	–	–	–	–

Details of deferred taxation are set out in Note 26.

12. PROFIT (LOSS) FOR THE YEARS/PERIOD

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	Two months ended 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
				(unaudited)	
Profit (loss) for the years/period has been arrived at after charging:					
Amortisation of intangible assets	224	2,415	3,055	428	498
Auditor's remuneration	–	–	–	–	–
Cost of inventories recognised as an expense	47,270	50,489	74,726	22,807	10,633
Depreciation of plant and equipment	3,682	5,789	8,368	1,453	1,400
Directors' emoluments (including retirement benefits scheme contributions) *(Note 13)*	6,481	18,143	39,547	4,541	3,051
Impairment loss recognised in respect of inventories (included in cost of sales)	–	–	22,644	–	–
Minimum lease payment under operating leases	6,522	12,173	11,291	2,724	2,406
Research and development costs	2,708	13,545	–	–	–
Staff costs (excluding directors)					
– salaries and allowances	2,648	64,249	56,013	14,720	8,443
– long service payment	–	–	2,150	2,150	–
– retirement benefits scheme contributions	165	1,108	2,041	900	563
Total staff costs	2,813	65,357	60,204	17,770	9,006

13. DIRECTORS' AND EMPLOYEE'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the directors of Rakupuri Group during the Relevant Periods and the two months ended 30 April 2008 are as follows:

For the year ended 28 February 2007

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
増子茂美 Masuko Shigemi (resigned on 5 February 2007)	–	–	–	–
天野达暁 Tatsuaki Amano	–	–	–	–
天野江美子 Mieko Amano	–	–	–	–
青田淳 Atushi Aota (resigned on 5 February 2007)	–	4,200	121	4,321
天野康朋 Yasutomo Amano	–	–	–	–
西泽良幸 Nishizawa Yoshiyuki (resigned on 5 February 2007)	–	–	–	–
平岩一郎 Ichiro Hiraiwa	–	–	–	–
远山元树 Motoki Tohyama	–	–	–	–
石村守 Mamoru Ishimura (resigned on 5 February 2007)	–	2,100	60	2,160
	–	6,300	181	6,481

For the year ended 29 February 2008

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
天野达暁 Tatsuaki Amano	–	–	–	–
天野江美子 Mieko Amano	–	3,725	197	3,922
天野康朋 Yasutomo Amano	–	6,212	278	6,490
平岩一郎 Ichiro Hiraiwa	–	5,453	278	5,731
远山元树 Motoki Tohyama	–	2,000	–	2,000
	–	17,390	753	18,143

For the year ended 28 February 2009

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
天野达晓 Tatsuaki Amano	–	–	–	–
天野江美子 Mieko Amano	–	7,189	469	7,658
天野康朋 Yasutomo Amano	–	21,857	398	22,255
平岩一郎 Ichiro Hiraiwa	–	6,726	508	7,234
远山元树 Motoki Tohyama (resigned on 28 February 2009)	–	2,400	–	2,400
	–	38,172	1,375	39,547

For the two months ended 30 April 2008 (unaudited)

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
天野达晓 Tatsuaki Amano	–	–	–	–
天野江美子 Mieko Amano	–	941	66	1,007
天野康朋 Yasutomo Amano	–	1,570	93	1,663
平岩一郎 Ichiro Hiraiwa	–	1,378	93	1,471
远山元树 Motoki Tohyama	–	400	–	400
	–	4,289	252	4,541

For the two months ended 30 April 2009

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
天野达晓 Tatsuaki Amano	–	–	–	–
天野江美子 Mieko Amano	–	1,255	91	1,346
天野康朋 Yasutomo Amano	–	524	40	564
平岩一郎 Ichiro Hiraiwa	–	1,064	77	1,141
	–	2,843	208	3,051

No directors waived or agreed to waive any emoluments during the Relevant Periods and the two months ended 30 April 2008.

(b) Employee's emoluments

Of the five highest paid individuals with the highest emoluments in the Rakupuri Group, two, three, three, two and two were directors of Rakupuri, whose emoluments are included in Note 13(a) above for the Relevant Periods and the two months ended 30 April 2008, respectively. The aggregate emoluments of the remaining three, two, two, three and three individuals for the Relevant Periods and the two months ended 30 April 2008 were as follows:

	Year ended 28 February 2007	Year ended 29 February 2008	Year ended 28 February 2009	Two months ended 30 April 2008	2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
Salaries and other allowances	2,648	11,307	12,409	5,168	2,565
Retirement benefits scheme contributions	165	529	717	256	189
	2,813	11,836	13,126	5,424	2,754

During the Relevant Periods and the two months ended 30 April 2008, the emoluments for each of the above employees were below HK$1,000,000 per annum (equivalent to approximately JPY12,195,000).

During the Relevant Periods and the two months ended 30 April 2008, no emoluments were paid by the Rakupuri Group to any of the directors of Rakupuri or the five highest paid individuals as an inducement to join or upon joining the Rakupuri Group, or as compensation for loss of office.

14. INVESTMENT IN A SUBSIDIARY

At 28 February 2007, 29 February 2008, 28 February 2009 and at 30 April 2009, Rakupuri had interests in the following subsidiary.

Name of subsidiary	Place of incorporation/ operation	Issued share capital	Effective percentage held by Rakupuri	Principal activity
Rakupuri Hanbai KK	Japan/Japan	JPY10,000,000	100%	Sale of dye-sublimation printed products and became inactive since 2008

Pursuant to the ordinary resolution of Rakupuri dated 31 October 2008, Rakupuri applied to dissolve Rakupuri Hanbai KK and the dissolution is now under process up to this report date. The amount due from a subsidiary was unsecured, non-interest bearing and repayable on demand.

15. INTANGIBLE ASSETS

Rakupuri Group and Rakupuri

	Patent	**Trademark**	**License**	**Software**	**Total**
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*	*JPY'000*
COST					
At 1 March 2006	–	–	573	–	573
Additions	802	426	–	300	1,528
At 28 February 2007	802	426	573	300	2,101
Additions	4,245	458	–	7,821	12,524
At 29 February 2008	5,047	884	573	8,121	14,625
Additions	4,504	136	–	318	4,958
At 28 February 2009	9,551	1,020	573	8,439	19,583
Additions	–	60	–	–	60
At 30 April 2009	9,551	1,080	573	8,439	19,643
ACCUMULATED AMORTISATION					
Provided for the year and at 28 February 2007	100	42	72	10	224
Provided for the year	631	89	71	1,624	2,415
At 29 February 2008	731	131	143	1,634	2,639
Provided for the year	1,194	101	72	1,688	3,055
At 28 February 2009	1,925	232	215	3,322	5,694
Provided for the period	199	18	12	269	498
At 30 April 2009	2,124	250	227	3,591	6,192
CARRYING VALUES					
At 30 April 2009	7,427	830	346	4,848	13,451
At 28 February 2009	7,626	788	358	5,117	13,889
At 29 February 2008	4,316	753	430	6,487	11,986
At 28 February 2007	702	384	501	290	1,877

Intangible assets have definite useful lives and are amortised on a straight-line basis over five to ten years.

16. PLANT AND EQUIPMENT

Rakupuri Group and Rakupuri

	Leasehold improvement *JPY'000*	Plant and machinery *JPY'000*	Furniture, fixtures and equipment *JPY'000*	Total *JPY'000*
COST				
At 1 March 2006	–	22,817	3,184	26,001
Additions	–	11,475	2,981	14,456
Disposals	–	(411)	(898)	(1,309)
At 28 February 2007	–	33,881	5,267	39,148
Additions	2,426	14,765	10,456	27,647
Disposals	–	(14,820)	(1,194)	(16,014)
At 29 February 2008	2,426	33,826	14,529	50,781
Additions	400	11,014	473	11,887
Disposals	–	(2,863)	–	(2,863)
At 28 February 2009	2,826	41,977	15,002	59,805
Additions	–	–	450	450
At 30 April 2009	2,826	41,977	15,452	60,255
ACCUMULATED DEPRECIATION				
At 1 March 2006	–	3,204	1,302	4,506
Provided for the year	–	2,846	836	3,682
Eliminated on disposals	–	(301)	(689)	(990)
At 28 February 2007	–	5,749	1,449	7,198
Provided for the year	559	3,034	2,196	5,789
Eliminated on disposals	–	(3,335)	(537)	(3,872)
At 29 February 2008	559	5,448	3,108	9,115
Provided for the year	1,296	4,099	2,973	8,368
Eliminated on disposals	–	(1,407)	–	(1,407)
At 28 February 2009	1,855	8,140	6,081	16,076
Provided for the period	236	651	513	1,400
At 30 April 2009	2,091	8,791	6,594	17,476
CARRYING VALUES				
At 30 April 2009	735	33,186	8,858	42,779
At 28 February 2009	971	33,837	8,921	43,729
At 29 February 2008	1,867	28,378	11,421	41,666
At 28 February 2007	–	28,132	3,818	31,950

The following rates are used for the depreciation of plant and equipment after considering their respective useful lives:

Leasehold improvement	2 years or over the lease term, if shorter
Plant and machinery	10 years
Furniture, fixture and equipment	5 years

17. DEPOSIT PAID FOR ACQUISITION OF PLANT AND EQUIPMENT

Rakupuri Group and Rakupuri

Balance as at 29 February 2008 represented deposits paid for the acquisition of plant and machinery.

18. INVENTORIES

Rakupuri Group and Rakupuri

	At 28 February 2007 *JPY'000*	**At 29 February 2008** *JPY'000*	**At 28 February 2009** *JPY'000*	**At 30 April 2009** *JPY'000*
Raw materials	–	7,947	19,241	20,784
Work in progress	–	4,107	4,120	1,893
Finished goods	1,663	1,166	2,790	2,639
	1,663	13,220	26,151	25,316

19. TRADE AND OTHER RECEIVABLES

(a)

Rakupuri Group

	At 28 February 2007 *JPY'000*	**At 29 February 2008** *JPY'000*	**At 28 February 2009** *JPY'000*	**At 30 April 2009** *JPY'000*
Trade and bills receivables	39,369	46,639	31,684	48,614
Less: Impairment loss recognised in respect of trade receivables	–	(5,719)	(9,002)	(9,002)
	39,369	40,920	22,682	39,612
Prepayment, deposits and other receivables	3,507	46,919	44,915	45,910
Less: Impairment loss recognised in respect of other receivables	–	(30,000)	(38,944)	(38,944)
	42,876	57,839	28,653	46,578

Rakupuri

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
Trade and bills receivables	35,735	45,624	31,055	47,985
Less: Impairment loss recognised in respect of trade receivables	–	(5,719)	(8,373)	(8,373)
	35,735	39,905	22,682	39,612
Prepayment, deposits and other receivables	3,507	46,676	35,971	36,966
Less: Impairment loss recognised in respect of other receivables	–	(30,000)	(30,000)	(30,000)
	39,242	56,581	28,653	46,578

(b) There were no specific credit terms granted to the customers. Ageing analysis of the trade receivables net of impairment losses, based on invoice date, is as follows:

Rakupuri Group

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
0-90 days	36,778	38,531	17,699	35,339
90-180 days	796	1,490	3,832	2,215
181-365 days	1,795	899	538	1,439
Over 365 days	–	–	613	619
	39,369	40,920	22,682	39,612

Rakupuri

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
0-90 days	33,144	37,516	17,699	35,339
90-180 days	796	1,490	3,832	2,215
181-365 days	1,795	899	538	1,439
Over 365 days	–	–	613	619
	35,735	39,905	22,682	39,612

Rakupuri Group and Rakupuri do not hold any collateral over these trade receivables balances. Based on past experience, management consider the unimpaired balances are fully recoverable as relevant customers have a good track record based on Rakupuri Group and Rakupuri's past experience and are of a good credit standing.

(c) The movements in impairment losses recognised in respect of trade receivables is as follow:

Rakupuri Group

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
At the beginning of the year/period	–	–	5,719	9,002
Recognised during the year/period	–	5,719	3,283	–
At the end of the year/period	–	5,719	9,002	9,002

At 28 February 2007, included in the impairment loss are individually impaired trade receivables in Rakupuri Group with an aggregate balance of approximately Nil (At 29 February 2008: JPY5,719,000; at 28 February 2009: JPY9,002,000; and at 30 April 2009: JPY9,002,000) which are due to long outstanding. Rakupuri Group does not hold any collateral over these balances.

Rakupuri

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
At the beginning of the year/period	–	–	5,719	8,373
Recognised during the year/period	–	5,719	2,654	–
At the end of the year/period	–	5,719	8,373	8,373

At 28 February 2007, included in the impairment loss are individually impaired trade receivables in Rakupuri with an aggregate balance of approximately Nil (At 29 February 2008: JPY5,719,000; at 28 February 2009: JPY8,373,000; and at 30 April 2009: JPY8,373,000) which are due to long outstanding. Rakupuri does not hold any collateral over these balances.

(d) The movements in impairment losses recognised in respect of other receivables are as follow:

Rakupuri Group

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
At the beginning of the year/period	–	–	30,000	38,944
Recognised during the year/period	–	30,000	8,944	–
At the end of the year/period	–	30,000	38,944	38,944

At 28 February 2007, included in the impairment loss are individually impaired other receivables in Rakupuri Group with an aggregate balance of approximately Nil (At 29 February 2008: JPY30,000,000; at 28 February 2009: JPY38,944,000; and at 30 April 2009: JPY38,944,000) which are due to long outstanding. Rakupuri Group does not hold any collateral over these balances.

Rakupuri

	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
At the beginning of the year/period	–	–	30,000	30,000
Recognised during the year/period	–	30,000	–	–
At the end of the year/period	–	30,000	30,000	30,000

At 28 February 2007, included in the impairment loss are individually impaired other receivables in Rakupuri with an aggregate balance of approximately Nil (At 29 February 2008: JPY30,000,000; at 28 February 2009: JPY30,000,000; and at 30 April 2009: JPY30,000,000) which are due to long outstanding. Rakupuri Group does not hold any collateral over these balances.

20. AMOUNT(S) DUE FROM (TO) A DIRECTOR(S)

Rakupuri Group and Rakupuri

The amounts are unsecured and repayable on demand. Other than an amount due from Yasutomo Amano, a director of Rakupuri of JPY22,411,000 for the year ended 29 February 2008 which carried interest at 3% per annum, the remaining amounts are non-interest bearing.

21. BANK BALANCES AND CASH

Rakupuri Group

	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
Bank balance and cash	21,184	34,655	23,893	19,160
Less: Pledged bank deposit	–	–	(10,000)	(10,000)
Other time deposits with a maturity of more than three months when acquired	(1,000)	(12,200)	(3,400)	(3,600)
Cash and cash equivalents	20,184	22,455	10,493	5,560

Rakupuri

	At 28 February 2007 JPY'000	At 29 February 2008 JPY'000	At 28 February 2009 JPY'000	At 30 April 2009 JPY'000
Bank balance and cash	10,632	24,148	23,893	19,160
Less: Pledged bank deposit	–	–	(10,000)	(10,000)
Other time deposits with a maturity of more than three months when acquired	(1,000)	(2,200)	(3,400)	(3,600)
Cash and cash equivalents	9,632	21,948	10,493	5,560

Pledged bank deposit/bank balances and cash/other time deposits

Pledged bank deposit represents deposit pledged to a bank to secure short-term banking facilities granted to Rakupuri Group and Rakupuri in respect of short-term bank loan and are therefore, classified as current assets. For the year ended 28 February 2009 and period ended 30 April 2009, the deposit carried interest at a fixed rate of 0.40% per annum.

For the year ended 28 February 2007, bank balances carry interest at prevailing market rates and other time deposits carry interest at a fixed rate of 0.15% per annum (for the year ended 29 February 2008: ranged from 0.15% to 0.35% per annum; for the year ended 28 February 2009: ranged from 0.15% to 0.40% per annum and for the period ended 30 April 2009: ranged from 0.25% to 0.40% per annum).

22. TRADE AND OTHER PAYABLES

Rakupuri Group

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Trade payables	15,175	26,359	24,695	28,093
Accrued expenses and other payables	12,030	18,712	21,095	26,311
	27,205	45,071	45,790	54,404

Rakupuri

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Trade payables	15,175	26,359	24,695	28,093
Accrued expenses and other payables	9,791	15,122	21,095	26,311
	24,966	41,481	45,790	54,404

Rakupuri Group and Rakupuri

An aged analysis of trade payables is as follows:

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
0-90 days	13,472	23,513	17,946	7,139
90-180 days	797	135	5,678	18,416
181-365 days	1	1,805	–	1,467
Over 365 days	905	906	1,071	1,071
	15,175	26,359	24,695	28,093

23. BORROWINGS

Rakupuri Group and Rakupuri

	At 28 February 2007 *JPY'000*	At 29 February 2008 *JPY'000*	At 28 February 2009 *JPY'000*	At 30 April 2009 *JPY'000*
Bank loans	35,982	56,115	59,772	57,417
Other loans	17,200	6,954	2,478	1,732
	53,182	63,069	62,250	59,149
Analysis as:				
Secured bank loan	–	–	6,855	6,485
Unsecured bank and other loans	53,182	63,069	55,395	52,664
	53,182	63,069	62,250	59,149
Carrying amount repayable:				
On demand or within one year	26,884	19,394	33,916	32,613
More than one year, but not exceeding two years	12,590	15,341	10,640	10,296
More than two years but not more than five years	13,708	28,334	17,694	16,240
	53,182	63,069	62,250	59,149
Less: Amounts due within one year shown under current liabilities	(26,884)	(19,394)	(33,916)	(32,613)
	26,298	43,675	28,334	26,536

At 28 February 2007, the effective interest rate on Rakupuri Group and Rakupuri's borrowings was 2.79 % (At 29 February 2008: 4.41%; At 28 February 2009: 2.66% and at 30 April 2009: 2.69%).

The secured bank loan was secured by pledged bank deposit disclosed in Note 21.

Unsecured bank and other loans for the Relevant Periods were guaranteed by Meiko Amano, a director of Rakupuri and an independent third party.

24. SHARE CAPITAL

	Number of shares	*JPY'000*
Authorised ordinary shares:		
At 1 March 2006, JPY50,000 each	1,760	88,000
Sub-division of share of JPY50,000 each into five shares of JPY10,000 each *(Note a)*	7,040	–
At 28 February 2007, JPY10,000 each	8,800	88,000
Increase in authorised share capital *(Note b)*	21,200	212,000
At 29 February 2008, JPY10,000 each	30,000	300,000
Share consolidation *(Note e)*	–	730,680
28 February 2009 and 30 April 2009, JPY34,356 each	30,000	1,030,680

	Number of shares	*JPY'000*
Issued and fully paid ordinary shares:		
At 1 March 2006, JPY50,000 each	500	25,000
Sub-division of shares of JPY50,000 each into five shares of JPY10,000 each (Note a)	2,000	–
Issue of shares *(Note c)*	1,300	13,000
At 28 February 2007, JPY10,000 each	3,800	38,000
Issue of shares *(Note d)*	14,996	149,960
At 29 February 2008, JPY10,000 each	18,796	187,960
Share consolidation *(Note e)*	(13,325)	–
At 28 February 2009 and 30 April 2009, JPY34,356 each	5,471	187,960

Notes:

(a) Pursuant to an ordinary resolution passed by the Rakupuri's shareholders at a special general meeting held on 31 May 2006, every share of JPY50,000 each in issue and unissued share capital of Rakupuri was sub-divided into 5 shares of JPY10,000 each (the "Share Sub-division"). The Share Sub-division was effective from 31 May 2006.

(b) Pursuant to an ordinary resolution passed by Rakupuri's shareholders at a special general meeting held on 28 March 2007, the authorised share capital of Rakupuri was increased from JPY88,000,000 to JPY300,000,000 by the creation of an additional 21,200 shares of JPY10,000 each in the capital of Rakupuri.

(c) On 19 February 2007, Rakupuri issued 1,300 ordinary shares of JPY10,000 each of a total of JPY13,000,000 in cash and used as working capital of Rakupuri.

(d) On 13 July 2007 and 19 October 2007, Rakupuri issued 2,498 and 12,498 ordinary shares of JPY10,000 each, respectively. A sum of approximately JPY299,920,000 was raised and used as working capital of Rakupuri.

(e) Pursuant to the ordinary resolution passed by Rakupuri's shareholder at a special general meeting held on 5 November 2008, the existing 18,796 shares of JPY10,000 each were consolidated into 5,471 shares of JPY34,356 each.

(f) All the share issued during the year ended 28 February 2007 and 29 February 2008 rank pari passu with the existing ordinary shares in all respects.

25. OTHER PAYABLES

Rakupuri Group and Rakupuri

The amount represented the amortised cost of the deferred consideration in respect of the acquisition of certain plant and equipment during the Relevant Periods. At 28 February 2007, the other payables had aggregate principal amount of approximately JPY21,063,000 (At 29 February 2008: JPY25,551,000; at 28 February 2009: JPY22,687,000; and at 30 April 2009: JPY23,139,000), with a term of repayment ranging from 5 to 7 years.

26. DEFERRED TAXATION

At 28 February 2007, Rakupuri Group had unused tax losses of approximately JPY16,439,000 (At 29 February 2008: JPY177,159,000; at 28 February 2009: JPY173,063,000 and at 30 April 2009: JPY173,063,000). No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire after seven years from the year of assessment to which they relate to.

At 28 February 2007, Rakupuri Group has deductible temporary differences of approximately JPY1,504,000 (At 29 February 2008: JPY43,417,000; at 28 February 2009: JPY85,024,000 and at 30 April 2009: JPY75,735,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

27. RESERVES

Rakupuri

	Share Premium	**Accumulated losses**	**Total**
	JPY'000	*JPY'000*	*JPY'000*
At 1 March 2006	–	(34,373)	(34,373)
Profit for the year	–	7,755	7,755
At 28 February 2007	–	(26,618)	(26,618)
Issue of shares	149,960	–	149,960
Transaction costs attributable to the issue of shares	(21,961)	–	(21,961)
Loss for the year	–	(190,788)	(190,788)
At 29 February 2008	127,999	(217,406)	(89,407)
Loss for the year	–	(43,437)	(43,437)
At 28 February 2009	127,999	(260,843)	(132,844)
Profit for the period	–	5,643	5,643
At 30 April 2009	127,999	(255,200)	(127,201)

28. OPERATING LEASE COMMITMENTS

Rakupuri Group and Rakupuri lease certain of its offices under operating leases. Leases for properties are negotiated for a term ranging from one to two years and rentals are fixed, with an option to renew the lease when all terms are renegotiated.

At the end of the reporting period, Rakupuri Group and Rakupuri had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Within one year	524	10,967	2,796	10,007
In the second to fifth years inclusive	–	1,932	504	9,251
	524	12,899	3,300	19,258

29. CAPITAL COMMITMENTS

Rakupuri Group and Rakupuri

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
Capital expenditure in respect of acquisition of plant and equipment contracted for but not provided	–	–	650	650

30. RETIREMENT BENEFITS PLANS

Employees in Japan are members of the state-managed retirement benefits contributions scheme operated by the Japan local government. Rakupuri Group and Rakupuri are required to contribute certain pre-fixed amounts of contribution, according to the level of income for each employee to the retirement benefits contributions scheme to fund the benefits. The only obligation of Rakupuri Group and Rakupuri with respect of the retirement benefits contributions scheme is the required contributions under the retirement benefits contributions scheme.

The retirement benefit costs represent gross contributions paid and payable by the Rakupuri Group and Rakupuri to the schemes operated in Japan. There was no forfeited contribution throughout the Relevant Periods and the two months ended 30 April 2008.

31. RELATED PARTY TRANSACTIONS

(a) Related party balances

The balances with related parties at each of the respective end of the reporting period are disclosed elsewhere in the Financial Information.

(b) At each of the respective end of the reporting period, Rakupuri Group's and Rakupuri's banking facilities were secured by guarantees given by Meiko Amano, a director of Rakupuri:

	At 28 February 2007	At 29 February 2008	At 28 February 2009	At 30 April 2009
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000*
To the extent to:	30,000	70,000	70,000	70,000

(c) During the Relevant Periods, loan interest income charged to Yasutomo Amano, a director of Rakupuri (Note 20) is as follow:

	Year ended 28 February	Year ended 29 February	Year ended 28 February	Two months ended 30 April	
	2007	**2008**	**2009**	**2008**	**2009**
	JPY'000	*JPY'000*	*JPY'000*	*JPY'000* (unaudited)	*JPY'000*
Loan interest income	323	685	–	–	–

The loan interest income charged to the director during the year ended 2007 and 2008 are not yet received as at the end of respective reporting date and included as amounts due from directors.

(d) **Compensation of key management personnel**

The key management personnel of Rakupuri Group and Rakupuri comprise of all directors of Rakupuri, details of their emoluments is disclosed in Note 13a. The remuneration of the directors of Rakupuri is determined by the board of directors having regard to the performance of individuals and market trends.

II. SUBSEQUENT EVENTS

No significant subsequent events took place subsequent to 30 April 2009.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Rakupuri and Rakupuri Group have been prepared in respect of any period subsequent to 30 April 2009.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798
Hong Kong

The following is the text of a report of the unaudited pro forma financial information of the Enlarged Group, prepared for the sole purpose of inclusion in this circular, received from the auditors of the Company, SHINEWING CPA (HK) Limited.

A. Unaudited Pro Forma Financial Information of the Enlarged Group

On 14 September 2009, Buildmore International Limited (the "Company") entered into a sale and purchase agreement and a supplement agreement with two independent third parties (the "Vendors"), pursuant to which the Company has conditionally agreed to acquire for and the Vendors have conditionally agreed to dispose of entire issued share capital of United Achieve International Limited ("United Achieve") for a total consideration of HK$315,000,000 (the "Proposed Acquisition").

The accompanying unaudited pro forma consolidated balance sheet, unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") (the "Unaudited Pro Forma Financial Information") have been prepared to illustrate the effect of the Proposed Acquisition might have affected the financial information of the Group. The Group immediately after the completion of the Proposed Acquisition is referred to as the "Enlarged Group".

The unaudited pro forma consolidated balance sheet of the Enlarged Group as at 31 January 2009 is prepared based on (i) the audited consolidated balance sheet of the Group as at 31 January 2009 as extracted from the published annual report of the Company as set out in Appendix I to this Circular; and (ii) the audited consolidated statement of financial position of United Achieve as at 30 April 2009 as set out in Appendix IIA to this Circular and adjusted in accordance with pro forma adjustments described in the notes thereto as if the Proposed Acquisition had been completed on 31 January 2009.

The unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 31 January 2009 are prepared based on i) the audited consolidated income statement and audited consolidated cash flow statement of the Group for the year ended 31 January 2009 as extracted from the published annual report of the Company as set out in Appendix I to this Circular; and ii) the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of United Achieve for the year ended 28 February 2009 as set out in Appendix IIA to this Circular and adjusted in accordance with pro forma adjustments described in the notes thereto, as if the Proposed Acquisition had been completed on 1 February 2008.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position, results of operations or cash flow of the Enlarged Group had the Proposed Acquisition been completed as at the respective dates to which it is made up to or at any future dates.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	Audited consolidated balance sheet of the Group as at 31 January 2009	Audited consolidated statement of financial position of United Achieve as at 30 April 2009	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated balance sheet of the Enlarged Group as at 31 January 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(a)	*(b)*	*(c)*	*(f)*	
Non-current asset							
Investment properties	85,749	–					85,749
Property, plant and equipment	775	3,397					4,172
Intangible assets	–	1,068					1,068
Goodwill	–	207,139		327,931			535,070
Investments in subsidiaries	–	–	315,000	(315,000)			–
Other non-current assets	–	66					66
	86,524	211,670					626,125
Current assets							
Inventories	–	2,010					2,010
Trade and other receivables	372	3,702					4,074
Amounts due from minority shareholders	–	2,816					2,816
Bank balances and cash							
– Pledged	–	794					794
– Unpledged	37,702	743					38,445
	38,074	10,065					48,139
Current liabilities							
Trade and other payables	1,362	8,195			220,243	2,500	232,300
Amount due to a director	52	220,243			(220,243)		52
Amount due to a minority shareholder	–	17					17
Income tax payable	666	–					666
Borrowings – due within one year	–	2,590					2,590
Convertible bonds	–	–	226,750				226,750
	2,080	231,045					462,375
Net current assets (liabilities)	35,994	(220,980)					(414,236)
	122,518	(9,310)					211,889

	Audited consolidated balance sheet of the Group as at 31 January 2009	Audited consolidated statement of financial position of United Achieve as at 30 April 2009	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated balance sheet of the Enlarged Group as at 31 January 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(a)	*(b)*	*(c)*	*(f)*	
Capital and reserves							
Share capital	106,974	–	25,000				131,974
Reserves	4,605	(12,931)	63,250	12,931		(2,500)	65,355
Equity attributable to owners of the parent	111,579	(12,931)					197,329
Non-current liabilities							
Other payables	–	1,514					1,514
Borrowings – due after one year	–	2,107					2,107
Deferred taxation	10,939	–					10,939
	10,939	3,621					14,560
	122,518	(9,310)					211,889

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF THE ENLARGED GROUP

	Audited consolidated income statement of the Group for the year ended 31 January 2009	Audited consolidated statement of comprehensive income of United Achieve for the year ended 28 February 2009	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated income statement of the Enlarged Group for the year ended 31 January 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(f)	*(e)*	
Turnover	4,496	24,550			29,046
Cost of sales and services	(599)	(15,442)			(16,041)
Gross profit	3,897	9,108			13,005
Other operating income	684	9			693
Selling and distribution expenses	–	(3,160)			(3,160)
Administrative expenses	(4,438)	(10,478)	(2,500)		(17,416)
Change in fair value of investment properties	(8,724)	–			(8,724)
Net exchange loss	(1,105)	–			(1,105)
Impairment loss recognised in respect of trade and other receivables	–	(971)			(971)
Finance costs	–	(153)		(16,380)	(16,533)
Loss before taxation	(9,686)	(5,645)			(34,211)
Income tax credit	1,395	–			1,395
Loss for the year	(8,291)	(5,645)			(32,816)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

	Audited consolidated cash flow statement of the Group for the year ended 31 January 2009	Audited consolidated statement of cash flows of United Achieve for the year ended 28 February 2009	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 31 January 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(d)	*(f)*	*(e)*	
OPERATING ACTIVITIES						
Loss before taxation	(9,686)	(5,645)		(2,500)	(16,380)	(34,211)
Adjustments for:						
Depreciation for property, plant and equipment	143	665				808
Amortisation of intangible assets	–	241				241
Decrease in fair value of investment properties	8,724	–				8,724
Gain on dissolution of subsidiaries	(15)	–				(15)
Impairment loss recognised in respect of inventories	–	1,798				1,798
Impairment loss recognised in respect of trade and other receivables	–	971				971
Net exchange loss	1,105	–				1,105
Finance costs	–	153			16,380	16,533
Interest income	(663)	(2)				(665)
Operating cash flows before movements in working capital	(392)	(1,819)				(4,711)
Increase in inventories	–	(2,825)				(2,825)
Decrease in trade and other receivables	200	1,345				1,545
(Decrease) increase in trade and other payables	(226)	713		2,500		2,987
Cash used in operations	(418)	(2,586)				(3,004)
Overseas profit tax paid	(210)	–	–			(210)
NET CASH USED IN OPERATING ACTIVITIES	(628)	(2,586)				(3,214)
INVESTING ACTIVITIES						
Purchase of investment properties	(5,450)	–	–			(5,450)
Purchase of property, plant and equipment	(46)	(825)				(871)
Increase in pledged banks deposit	–	(794)				(794)
Purchase of intangible assets	–	(390)				(390)
Repayment from minority shareholders	–	2,232				2,232
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	–	–	1,672			1,672
Decrease in time deposits	–	698				698

	Audited consolidated cash flow statement of the Group for the year ended 31 January 2009	Audited consolidated statement of cash flows of United Achieve for the year ended 28 February 2009	Pro forma adjustments	Pro forma adjustments	Pro forma adjustments	Unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 31 January 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(d)	*(f)*	*(e)*	
Interest received	663	2				665
Proceeds from disposal of plant and equipment	–	115				115
Decrease in other non-current assets	–	20				20
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(4,833)	1,058				(2,103)
FINANCING ACTIVITIES						
New borrowings raised	–	1,469				1,469
Advance from a director	–	958				958
Advanced from minority shareholders	–	33				33
Payment of preference share dividend	(1,615)	–				(1,615)
Repayments of borrowings	–	(1,533)				(1,533)
Decrease in other payables	–	(184)				(184)
Interest paid	–	(153)				(153)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,615)	590				(1,025)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,076)	(938)	1,672			(6,342)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	44,670	1,672	(1,672)			44,670
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	108	115				223
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY bank balances and cash	37,702	849				38,551

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Notes:

a) On 14 September, the Company entered into a conditional sale and purchased agreement with Mr. Lui Ming Ho and Mr. Wong Kin Ping (the "Vendors"), both independent third parties, to acquire the 100% equity interests in United Achieve International Limited ("United Achieve") for a total consideration of HK$315,000,000 ("Acquisition Agreement").

The consideration payable shall be settled by (i) HK$42,000,000 by allot and issue of consideration shares to the Vendors ("Consideration Shares") and (ii) issue of convertible bonds of HK$273,000,000 to the Vendors ("Convertible Bonds").

i) Details of the goodwill arising from the abovementioned acquisition are as below:

	Notes	*HK$'000*
Fair value of the consideration on 31 January 2009:		
Consideration settled by Consideration Shares	a (ii)	42,000
Consideration settled by Convertible Bonds	a (iii)	273,000
Total		315,000
Add: Fair value of net identifiable liabilities acquired	a (iv)	12,931
Goodwill		327,931

ii) Pursuant to the Acquisition Agreement, the consideration of approximately HK$42,000,000 will be satisfied by 25,000,000 Consideration Shares at an issue price of HK$1.68 each ("Issue Price"), assuming that the Issue Price was the fair value of the shares of the Company as at 31 January 2009.

iii) Pursuant to the Acquisition Agreement, the Convertible Bonds with a principal amount of HK$273,000,000 (which is a zero coupon bond) will be issued to the Vendors. The Convertible Bonds will mature on the third anniversary from the date of issuance ("Maturity Date") and no conversion of the Convertible Bonds for a period of six months commencing from the date of issue. The Convertible Bonds may at any time before the Maturity Date be redeemed by servicing at least thirty days' prior written notice. Unless previously converted, the principal amount of the Convertible Bonds will be repaid by the Company on the Maturity Date. The conversion price has been set at HK$1.68 per share. The value of the Convertible Bonds is split into a debt component of approximately HK$226,750,000 which is recognised in the unaudited consolidated statement of financial position as a current liability, and an equity component of approximately HK$46,250,000 which is recognised in the convertible bonds reserve.

iv) The fair value of net liabilities of United Achieve acquired in the above acquisition as at 31 January 2009 are as follows:

	Acquiree's carrying value and fair value
	HK$'000
Net liabilities acquired	
Plant and equipment	3,397
Intangible assets	1,068
Other non-current assets	66
Goodwill	207,139
Inventories	2,010
Trade and other receivables	3,702
Amounts due from minority shareholders	2,816
Bank balances and cash	1,537
Trade and other payables	(8,195)
Amount due to a director	(220,243)
Amount due to a minority shareholder	(17)
Borrowings	(4,697)
Other payables	(1,514)
	(12,931)
Goodwill	327,931
Total consideration	315,000

For the purposes of preparing the Unaudited Pro Forma Financial Information of the Enlarged Group, it is assumed that the carrying values of United Achieve are recorded in the Unaudited Pro Forma Financial Information at their fair values as if the acquisition was completed on 31 January 2009.

In accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations", the Group applied the purchase method to account for the acquisition of United Achieve as subsidiary if the Group has the power, directly or indirectly, to govern the financial and operating policies of the United Achieve, so as to obtain benefits from its activities after the completion of the Proposed Acquisition. As of the date of this report, the directors of the Company consider that the Group will have control over United Achieve after the completion of the Proposed Acquisition.

In applying the purchase method, the identifiable assets, liabilities and contingent liabilities of United Achieve will be recorded in the consolidated statements of financial position of the Group at their fair values at the date of the completion of the Proposed Acquisition.

On completion of the acquisition of United Achieve, the fair value of net identifiable assets, liabilities and contingent liabilities of United Achieve, the fair value of net identifiable assets, liabilities, Consideration shares and Convertible bonds will have to be reassessed. As a result of the assessment, the goodwill may be different from that estimated as stated above for the purpose of preparation of the unaudited pro forma financial information. Accordingly, the actual goodwill at the completion date of the transaction may be different from that presented above.

The adjustment represented the elimination of the Group's investment in United Achieve and the pre-acquisition reserves and the recognition of goodwill from acquisition.

b) The components of the reserves of the pro forma adjustment are as below:

	Notes	*HK$'000*
Equity portion of Convertible Bonds	a (iii)	46,250
Pre-acquisition reserves eliminated	b	12,931
Share premium		17,000
		76,181

The pre-acquisition reserve of United Achieve of approximately HK$12,931,000 would be eliminated upon consolidated as if the Proposed Acquisition had been completed on 31 January 2009.

c) The amount represents the reclassification of amount due from a director whose position within the Group changed upon the completion of the Proposed Acquisition.

d) Bank balances and cash of approximately HK$1,672,000 acquired from the acquisition of United Achieve, as if the acquisition was completed on 1 February 2008. This unaudited pro forma adjustment will not have continuing effect on consolidated cash flow statement to the Enlarged Group.

e) Assuming the Convertible Bonds were issued on 1 February 2008, the adjustment of approximately HK$16,380,000 represented the imputed interest to be expensed by the Group for the year ended 31 January 2009. This unaudited pro forma adjustment will have continuing statement of comprehensive income and statement of cash flows effect to the Enlarged Group, and the actual amount will vary according to the timing of the conversion and redemption of the whole or any part of the Convertible Bonds and the applicable effective interest rates.

f) The adjustment represented the net transaction costs directly attributable to the Acquisition of approximately HK$2,500,000 as estimated by the directors of the Company. This unaudited pro forma adjustment will not have continuing effect on consolidated income statement and consolidated income statement to the Enlarged Group.

g) No adjustment has been made to reflect any trading results and other transactions of the Group and United Achieve entered into subsequent to 31 January 2009.

B. Accountants' report on unaudited pro forma financial information of the Enlarged Group

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

7 October 2009

The Board of Directors
Buildmore International Limited
Room 806, 8th Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Buildmore International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and United Achieve International Limited ("United Achieve") and its subsidiaries (together with the Group, hereafter collectively referred to as the "Enlarged Group") set out in Appendix III of the circular dated 7 October 2009 (the "Circular") in connection with the proposed acquisition of the entire issued share capital of United Achieve (the "Proposed Acquisition"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purposes only, to provide information about how the Proposed Acquisition might have affected the financial information presented. The basis of preparation of the unaudited pro forma information is set out on pages 145 to 153 to the Circular.

Respective Responsibilities of the Directors and reporting accountants

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29 (7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Enlarged Group as at 31 January 2009 or any future date; and
- the results and cash flows of the Enlarged Group for the year ended 31 January 2009 or any future date.

Opinion

In our opinion:

(a) The unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
Ip Yu Chak
Practising Certificate Number: P04798
Hong Kong

The following is the text of a letter prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 July 2009 of the market value of a 100% equity interest in Rakupuri Inc.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

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7 October 2009

The Directors
Buildmore International Limited
Room 806, 8th Floor
Two Chinachem Exchange Square
No. 338 King's Road
North Point
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Buildmore International Limited (referred to as the "Company") for us to provide our opinion on the market value of a 100% equity interest in Rakupuri Inc. (referred to as "Rakupuri") as at 31 July 2009 (the "date of valuation").

This report includes the background of Rakupuri, a brief industry overview, the basis of valuation and assumptions. It also explains the valuation methodology applied and presents our conclusion of value.

BASIS OF VALUATION

We have conducted our valuation in accordance with the Business Valuation Standards published by the Hong Kong Business Valuation Forum in 2005. Our valuation has been carried out on the basis of market value. Market value is defined as "*the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*".

BACKGROUND OF RAKUPURI

Rakupuri, a company incorporated in Japan, is principally engaged in the manufacture and sales of dye-sublimiation printed products including Pita Clean, T-shirts and uniforms, zippers, tapes and straps.

Principal clients of Rakupuri include Bandai Co., Ltd., Hitachi Information Systems, Ltd., Mitsubishi Pencil Co., Ltd., Sanrio Company, Ltd., Sony Computer Entertainment Inc., etc.

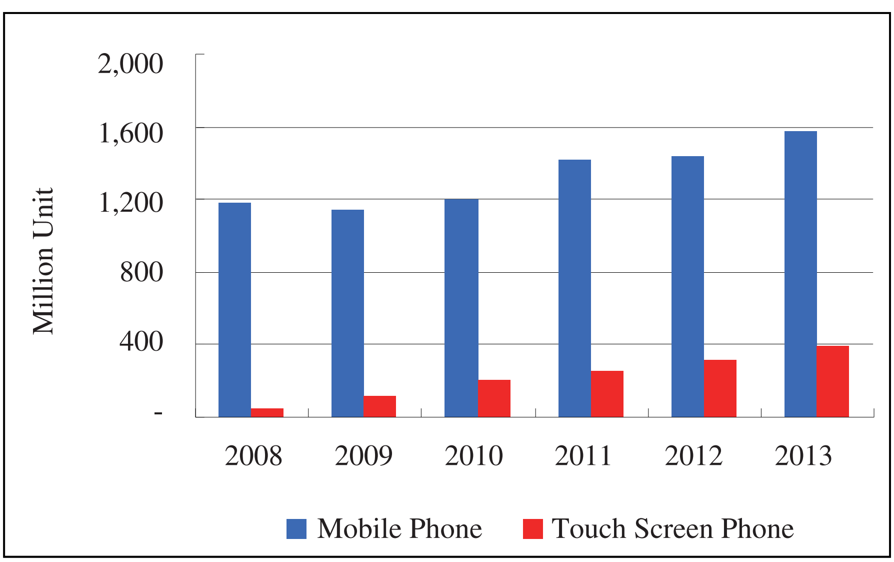
BRIEF INDUSTRY OVERVIEW

Pita Clean

Cleaning is the necessary agenda to the touch screen phone user because the dirt and fingerprint are always left on the screen surface. Most users may need to carry additional items, such as napkins and glasses cloth for cleaning. But, Pita Clean can stick on the back of the phone and it is easy to tear it down for cleaning. In addition, Pita Clean can be printed with fashionable patterns as decoration and it can be reused after washing. The potential market needs of Pita Clean are rising with the emerging touch screen phone market.

In January 2007, Apple Computer, Incorporation launched iPhone and sold 1.4 million pieces in the year, the touch screen design impressed world's consumers. According to Displaybank, a market research company, the touch screen phones accounted for 52 million pieces in 2008 and the compound annual growth rate (CAGR) is expected to be 50% until 2013. 1 out of 4 mobile phones is expected to be touch screen by 2013. As touch screen technology penetrates into personal mobile devices, most mobile manufacturers (such as Research In Motion Limited, HTC Corporation, Samsung Electronic Company Limited, LG Electronic Incorporation, Sony Ericsson Mobile Communications AB and so on) are launching more touch screen series products.

Touch screen panel industry trend is shown as below:



Source: Display Bank Forecast

The market potential of touch screen phone accessories are expected to rise and there is no exception for Pita Clean.

Zipper Division

Luxury leather products are high-end and conspicuous consumption products, of which their demand can serve as an indicator for economy conditions. According to the Data Monitor research in March 2009, the global market value of the luxury leather market was US$65.37 billion in 2008. Although the market shrank by 6.8% in 2008, the luxury leather market will pick up to grow when the economy recovers. The compound annual growth rate (CAGR) is expected to be 7.4% from 2008 until 2013. Counterfeiting product is a headachy problem to luxury brand manufacturers. According to Consumer Union of U.S., the manufacturers lose more than US$200 billion in revenue every year because of counterfeiting merchandise.

The both-side zipper dye sublimation technology can relieve the counterfeiting pressure of the luxury brand manufacturers as no similar technologies exist in the market. Once the manufacturers print specific patterns, logos or barcodes on the zippers of the handbags, consumers can identify whether the handbags are authentic or fake within a second. As the technology could definitely relieve the pressure of counterfeiting products, it is expected there is a huge potential in the luxury handbag market.

SOURCE OF INFORMATION

For the purpose of our valuation, we have been furnished with the financial and operational data related to Rakupuri, which were given by the senior management of Rakupuri.

The valuation of Rakupuri required consideration of all pertinent factors affecting the economic benefits of Rakupuri and its abilities to generate future investment returns. The factors considered in the valuation included, but were not limited to, the following:

- The business nature of Rakupuri;
- The financial information of Rakupuri;
- The specific economic environment and competition for the market in which Rakupuri operates or will operate; and
- The financial and business risks of Rakupuri, including the continuity of income and the projected future results.

SCOPE OF WORKS

In the course of our valuation work, we have conducted the following steps to evaluate the reasonableness of the adopted bases and assumptions provided by Rakupuri:

- Interviewed with the senior management of Rakupuri;
- Obtained all relevant financial and operational information in respect of Rakupuri;

- Examined all relevant bases and assumptions of both the financial and operational information in respect of Rakupuri, which were provided by the senior management of Rakupuri;

- Conducted appropriate research and consultation in order to obtain sufficient industrial information and statistical figures;

- Prepared a business financial model to derive our indicated value of Rakupuri; and

- Presented all relevant information on the background of Rakupuri, an industry overview, the basis of valuation, the source of information, the scope of works, the valuation assumptions, the valuation methodology and our conclusion of value in this report.

VALUATION ASSUMPTIONS

Due to the changing environment in which Rakupuri currently operates or will operate, a number of assumptions had to be established in order to sufficiently support our concluded opinion of value of Rakupuri. The major assumptions adopted in our valuation were:

- There will be no major changes in the existing political, legal and economic conditions in the jurisdiction where Rakupuri is currently or will be exposed to, which will materially affect the revenues generated;

- There will be no major changes in the current taxation law in the jurisdiction related to Rakupuri, that the rates of tax payable remain unchanged and that all applicable laws and regulations will be complied with;

- Exchange rates and interest rates will not differ materially from those presently prevailing;

- The financial projections in respect of Rakupuri have been prepared on a reasonable basis, reflecting estimates that have been arrived at after due and careful consideration by the senior management of Rakupuri;

- Economic conditions will not deviate significantly from economic forecasts;

VALUATION METHODOLOGY

Three generally accepted valuation approaches have been considered in the valuation. They are the cost approach, the market approach and the income approach.

The Cost Approach

The cost approach provides an indication of value based on the principle that an informed buyer would pay no more than the cost of producing a substitute asset with equal utility as the subject asset.

Under the cost approach, the historic cost method measures the cost incurred through the development of the subject asset at the time it was developed; the replication cost method measures the amount of investment that would be required to develop an asset similar to the subject asset; and the replacement cost method measures the amount of investment that would be required to develop the subject asset as it currently exists.

The Market Approach

The market approach provides an indication of value by comparing the subject asset to similar businesses, business ownership interests or securities that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the comparable assets.

Under the market approach, the guideline company method computes a price multiple for publicly listed comparable companies and then applies the result to a base of the subject asset; and the sales comparison method computes a price multiple using recent sales and purchase transactions of comparable assets and then applies the result to a base of the subject asset.

The Income Approach

The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset.

The discounted cash flow (DCF) method is the most fundamental and prominent method of the income approach. In applying the DCF method, the expected cash flows of an asset in the future were determined. The results were then discounted using a discount rate, or the cost of capital, to determine the present value of the expected cash flows. The present value of the expected cash flows was computed using the following formula:

$$PVCF = CF_1/(1+r)^1 + CF_2/(1+r)^2 + \ldots + CF_n/(1+r)^n$$

Where:

PVCF	=	present value of expected cash flows
CF	=	expected cash flow
r	=	discount rate

Valuation Methodology

The selection of a valuation approach is based on, among other criteria, the quantity and quality of the information provided, access to available data, supply of relevant market transactions, type and nature of the subject asset, purpose and objective of the valuation and professional judgment and technical expertise.

The income approach was considered to be the most appropriate valuation approach in this valuation as it takes the future growth potential and firm specific issues of Rakupuri into consideration.

Under the income approach, the DCF method was adopted. In the valuation, the free cash flows were determined from the net income after tax plus non-cash expenses, such as depreciation and amortization expenses, and after-tax interest expense; the result was then less non-cash incomes, investment in capital expenditure and investment in net working capital. The free cash flows were computed using the following formula:

$$FCF = NI + NCE + Int\ (1 - T_{int}) - NCI - InvFA - InvWC$$

Where:

FCF	=	free cash flow
NI	=	net income after tax
NCE	=	non-cash expenses
Int	=	interest expenses
T_{int}	=	tax rate applied to interest expense
$Int\ (1 - T_{int})$	=	after-tax interest expense
NCI	=	non-cash incomes
$InvFA$	=	investment in capital expenditure
$InvWC$	=	investment in net working capital

Comparable Companies

The market value of Rakupuri was determined with reference to the financial and operational information of publicly listed companies that are considered to be comparable to Rakupuri.

The selection of the comparable companies was based on the comparability of the overall industry sector and geographic location. Although no two companies can be exactly alike, behind the differences there are certain business universals such as projected sales growth rate, profit margin, required resources investment, overall perceived risk and uncertainties that guided the market in reaching the expected returns and risks. The comparable companies are as follows:

Comparable Company 1

Name of Company	:	Seiren Co., Ltd.
Bloomberg Ticker	:	3569 JP
Core Businesses	:	Seiren Co., Ltd. is a dyeing processor of filament fibers. The company also produces silk, synthetic fibers and textile products used in household interior and apparel. The company manufactures industrial materials including automobile interiors such as seats, air bags and ceiling.

Comparable Company 2

Name of Company	:	Komatsu Seiren Co., Ltd.
Bloomberg Ticker	:	3580 JP
Core Businesses	:	Komatsu Seiren Co., Ltd. manufactures synthetic fabrics, textiles products and composite thin-membrane. The company specializes in polyester dyeing processing. The company also produces apparel, chemical products and trades production machinery.

Comparable Company 3

Name of Company	:	Sakai Ovex Co., Ltd.
Bloomberg Ticker	:	3408 JP
Core Businesses	:	Sakai Ovex Co., Ltd. processes synthetic fabrics, focusing on the dyeing process. The company also designs, manufactures and sells apparel and textile products on Original Equipment Manufacturer(OEM) basis. The company also plans and produces factory automation system.

Comparable Company 4

Name of Company	:	Tokai Senko K.K.
Bloomberg Ticker	:	3577 JP
Core Businesses	:	Tokai Senko K.K. is a manufacturer and trader of printed cloths. The company manufactures and trades cotton, rayon, synthetic woven fabrics and knit products. The company produces dyeing machines.

Comparable Company 5

Name of Company	:	Soko Seiren Co., Ltd.
Bloomberg Ticker	:	3578 JP
Core Businesses	:	Soko Seiren Co., Ltd. finishes synthetic, knit, and resin fabrics. The company specializes in dyeing, printing and coating textile products such as nylon and polyester. The company also develops special sheet materials for biotechnology and electronics.

Discount Rate

The Weighted Average Cost of Capital (WACC) was adopted as the discount rate for the valuation. It is the required return on the capital investment of a company. The cost of capital will be different for each source of capital and class of securities a company has, reflecting the different risks. The WACC is the weighted average of the costs of each of the different types of capital, and the weights are proportion of the company's capital that comes from each source. The WACC was computed using the following formula:

$$WACC = R_e\,(E/V) + R_d\,(D/V)\,(1–T_c)$$

Where:

$WACC$	=	weighted average cost of capital
R_e	=	cost of equity
R_d	=	cost of debt
E	=	value of the firm's equity
D	=	value of the firm's debt
V	=	sum of the values of the firm's equity and debt
T_c	=	corporate tax rate

The WACC comprises two components: the cost of equity and the cost of debt. The cost of equity was determined using the Capital Asset Pricing Model (CAPM). The CAPM describes the relationship between the risk of a particular asset, its market price and the expected return to the investor, that investors required additional return to compensate additional risk associated. The CAPM was computed using the following formula:

$$K_c = R_f + \beta\,(K_m – R_f)$$

Where:

K_c	=	expected return on capital
R_f	=	risk-free rate
β	=	beta coefficient
K_m	=	expected market return
$K_m – R_f$	=	market risk premium

In the CAPM, the time value of money is represented by the risk-free rate. The yield rate of the 10-year Japanese Government Bond as at the date of valuation of 1.419% was adopted as the risk-free rate in the valuation.

The expected market return is the implied return expected from the market using forecasted growth rates, earnings, dividends, payout ratios and current values. In the valuation, the market return of 13.020% as extracted from Bloomberg was calculated by taking a capital weighted average of the internal rate of return of all members of the country's major index.

The market risk premium of 11.601% represents the additional return required by an investor as compensation for investing in equities rather than a risk-free instrument, which was determined by the market return minus the risk-free rate.

The beta coefficient measures the risk of an asset relative to the overall market. It reflects the sensitivity of an asset's value to economic variables that affect the values of all risky assets, including economic growth rates, interest rates, exchange rates and inflation rates.

In the valuation, the estimated beta for Rakupuri was determined as the average of the betas of publicly listed companies that are considered to be comparable to Rakupuri, with adjustment for the differences in corporate tax rates and leverage compositions.

The adjusted betas of the comparable companies, which measure their risks relative to the market, as extracted from Bloomberg, were derived from the corresponding raw betas, modified by the assumption that a security's beta moves toward the market average over time with the following generally accepted formula:

*Adjusted Beta = 0.33 + 0.67 * Raw Beta*

The raw betas and the adjusted betas of the comparable companies are as follows:

Comparable Company	**Raw Beta**	**Adjusted Beta**
Seiren Co., Ltd.	0.810	0.874
Komatsu Seiren Co., Ltd.	0.566	0.710
Sakai Ovex Co., Ltd.	1.006	1.004
Tokai Senko K.K.	0.841	0.894
Soko Seiren Co., Ltd.	0.362	0.575

The unlevered beta was calculated to consider the differences in corporate tax rates and leverage compositions of Rakupuri and the comparable companies. The unlevered beta removes the effects of the use of leverage on the capital structure of a firm. Removing the debt component allows an investor to compare the base level of risk between various companies. The unlevered beta was computed using the following formula:

$$\beta_u = \beta_l / 1 + (1 - T_c)\,(D/E)$$

Where:

β_u	=	unlevered beta
β_l	=	levered beta
T_c	=	corporate tax rate
D	=	value of the firm's debt
E	=	value of the firm's equity
D/E	=	debt-to-equity ratio

The applied corporate tax rates and the unlevered betas of the comparable companies are as follows:

Comparable Company	Applied Corporate Tax Rate	Unlevered Beta
Seiren Co., Ltd.	46.78%	0.559
Komatsu Seiren Co., Ltd.	39.42%	0.697
Sakai Ovex Co., Ltd.	51.09%	0.534
Tokai Senko K.K.	64.93%	0.511
Soko Seiren Co., Ltd.	45.46%	0.404

The average of the unlevered betas of the comparable companies of 0.541 was then being relevered based on the specific corporate tax rate and the expected debt-to-equity ratio applied to Rakupuri. The estimated beta for Rakupuri was then calculated as 0.675. An additional risk premium of 6.65% was adopted due to the size and the early stage of businesses of Rakupuri. As a result, the cost of equity was calculated as 15.90%.

The cost of debt of 3.19% was determined by the expected lending rate of Rakupuri. Since the interest paid on debts are tax-deductible expense for a company, the cost of the company of obtaining debt funds is less than the required rate of return of the suppliers of the debt capital. The after-tax cost of debt of 1.89% was calculated by multiplying one minus the corporate tax rate of Japan of 40.69% by the cost of debt.

The weight of debt of 29.45% was determined by the historical weight of debt of Rakupuri, and the weight of equity of 70.55% was calculated as one minus the weight of debt.

As a result, the WACC of Rakupuri was calculated as 11.77%.

Terminal Value

In a DCF method, the cash flow is projected for each year into the future for a certain number of years, after which unique annual cash flows cannot be forecasted with reasonable accuracy. At that point, rather than attempting to forecast the varying cash flow for each individual year, a terminal value is used to represent the discounted value of all subsequent cash flows. The terminal value was computed using the following formula:

$$TV_t = CF_{t+1}/(r - g)$$

Where:

TV_t	=	terminal value at the final year of projection
CF_{t+1}	=	cash flow in one year after the final year
r	=	discount rate
g	=	long-term growth rate

The long-term growth rate represents the rate at which the cash flow will grow perpetually after the final year of projection. After determining the terminal value at the final year of projection, the result was then discounted to the date of valuation to derive the present value of the terminal value. In the valuation, 3% was adopted as the long-term growth rate.

Discount for Lack of Marketability

The discount for lack of marketability is a downward adjustment to the value of an investment to reflect its reduced level of marketability. The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted into cash if the owner chooses to sell. The discount for lack of marketability reflects the fact that there is no ready market for shares in a closely held company. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly listed company.

As Rakupuri is unlikely to undergo public offering and shares of Rakupuri is unlikely to be listed in any major stock exchange or be marketable in any over-the-counter market in the near future, a discount for lack of marketability of 25% has been adopted in determining the market value of Rakupuri.

REMARKS

For the purpose of this valuation and in arriving at our opinion of value, we have referred to the information provided by the senior management of Rakupuri to estimate the value of Rakupuri. We have also sought and received confirmation from Rakupuri that no material facts have been omitted from the information supplied.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis.

Unless otherwise specified, all money amounts stated herein are in Hong Kong Dollars (HK$) and no allowances have been made for any exchange transfers. The exchange rate adopted as at the date of valuation is JPY100=HK$8.1853.

CONCLUSION OF VALUE

Our conclusion of value is based on accepted valuation procedures and practices in accordance with the Business Valuation Standards published by the Hong Kong Business Valuation Forum in 2005, which rely substantially on the use of numerous assumptions and the consideration of a lot of uncertainties, not all of which can be easily ascertained or quantified.

Further, whilst the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, Rakupuri or us.

Based on our investigation and analysis outlined in this report, it is our opinion that the market value of the 100% equity interest in Rakupuri as at 31 July 2009 was **HK$464,000,000 (HONG KONG DOLLARS FOUR HUNDRED AND SIXTY FOUR MILLION ONLY)**.

We hereby certify that we have neither present nor prospective interest in the Company, Rakupuri or the value reported.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C. H. Cheng
BSc, MUD, MBA(Finance), MSc(Eng), PhD(Econ), MHKIS, MCIArb, AFA, SIFM, FCIM, MASCE, MIET, MIEEE, MASME, MIIE
Managing Director

Marco T. C. Sze
B.Eng(Hon), PGD(Eng), MBA(Acct), CFA, AICPA/ABV, RBV
Director

Notes:

Dr. Tony C. H. Cheng is a member of the Hong Kong Institute of Surveyors (General Practice), a member of the American Society of Civil Engineers, a member of the American Society of Mechanical Engineers and a member of Institute of Industrial Engineers (U.K.). He has about 10 years' experience in valuing similar assets or companies engaged in similar business activities as those of Rakupuri worldwide, including Hong Kong, the People's Republic of China and the Asia-Pacific Region.

Mr. Marco T. C. Sze is a holder of Chartered Financial Analyst, a member of the American Institute of Certified Public Accountants (AICPA) and is accredited in Business Valuation by the AICPA. In addition, he is a Registered Business Valuer under the Hong Kong Business Valuation Forum. He has over 2 years' experience in valuing similar assets or companies engaged in similar business activities as those of Rakupuri in Hong Kong, the People's Republic of China and the Asia-Pacific Region.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 31 July 2009 of the property interests held or leased by the Enlarged Group.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

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Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
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7 October 2009

The Directors
Buildmore International Limited
Room 806, 8th Floor
Two Chinachem Exchange Square
No. 338 King's Road
North Point
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to the instructions from Buildmore International Limited (the "Company") for us to value the properties held or leased by the Company and/or its subsidiaries (together referred to as the "Group") located in the People's Republic of China (the "PRC") and the properties leased by United Achieve International Limited (the "Target") and/or its subsidiaries (together referred as the "Target Group") in Japan. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information, as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 July 2009 (the "date of valuation").

BASIS OF VALUATION

Our valuations of the concerned properties have been based on the Market Value, which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

PROPERTY CATEGORIZATION

In the course of our valuations, the portfolio of properties of the Group or the Target Group is categorized into the following groups:

Group I	–	Property held by the Group for owner-occupation in the PRC
Group II	–	Properties held by the Group for investment in the PRC
Group III	–	Properties leased by the Group in the PRC
Group IV	–	Properties leased by the Target Group in Japan

VALUATION METHODOLOGY

In valuing the properties held by the Group in the PRC, we have valued them on an open market basis by the Comparison Approach assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the properties and the comparables in terms of age, time, location, floor level and other relevant factors. Whenever applicable, we have also adopted the Investment Approach where appropriate by taking into account the current rents passing of the constituent units of the properties being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

In valuing the properties leased by the Group in the PRC and by the Target Group in Japan, we are of the opinion that they have no commercial value either because their non-assignability in the open market or there are prohibitions against assignment and/or subletting contained in the tenancy agreements or the lack of marketable and substantial profit rents.

TITLE INVESTIGATION

For the properties held by the Group in the PRC, we have been provided with copies of title/legal documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. Therefore, in the course of our valuations, we have relied on the advice and information given by the Group and the Group's PRC legal advisor, Fujian New-Stone Law Firm (福建新世通律師事務所), regarding the title of the properties in the PRC. All documents have been used for reference only.

In valuing the interests in the properties leased by the Group or the Target Group, we have been provided with copies of the tenancy agreements relating to the properties located in the PRC and Japan. However, we have not searched the titles of the properties and have not scrutinized the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumptions that the properties are sold in the open market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the properties located in the PRC, we have relied on the advice given by the legal opinion of the Group's PRC legal advisor that the Group has valid and enforceable titles to the properties which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group or the Target Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, site/floor areas, identification of the properties and other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group or the Target Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group or the Target Group and we have relied on your confirmation that no material facts have been omitted from the information so supplied.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK$). The exchange rates adopted are the average rates as at the date of valuation being HK$1=RMB0.8816 and HK$1=JPY12.2170. There has been no significant fluctuation in the exchange rates between that date and the date of this report.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED

Dr. Tony C.H. Cheng
BSc., MUD, MBA(Finance), MSc.(Eng), PhD(Econ),
MHKIS, MCIArb, AFA, SIFM, FCIM,
MASCE, MIET, MIEEE, MASME, MIIE
Managing Director

Joannau W.F. Chan
BSc., MSc., MRICS, MHKIS, RPS(GP)
Senior Director

Notes:

Dr. Tony C.H. Cheng is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 16 years' experience in valuations of properties in the People's Republic of China and over 10 years' experience in valuations of properties in Japan.

Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 10 years' experience in valuations of properties in the People's Republic of China and over 4 years' experience in valuations of properties in Japan.

SUMMARY OF VALUES

No.	Property	Market Value in existing state as at 31 July 2009 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 31 July 2009 *HK$*
Group I – Property held by the Group for owner-occupation in the PRC				
1.	9th Floor of Jiaxin Building, No. 119 Wusi Road, Wenquan Street, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉街道五四路119號嘉信大廈第九層	4,100,000	100%	4,100,000
	Sub-total:	**4,100,000**		**4,100,000**
Group II – Properties held by the Group for investment in the PRC				
2.	Shop Unit Nos. 01-06 and Storeroom Nos. 1-4 on Level 3 of Block 1, Shop Unit Nos. 01-04 and Storeroom Nos. 1-3 on Level 3 of Block 2, Shop Unit No. 01 on Level 2 of Block 3 and extension thereto and Shop Unit No. 01 on Level 3 of Block 3, Commercial Podium of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門1#樓三層01-06店面及01-04庫房；2#樓三層06店面；3#樓及3#樓連體二層01店面以及3#樓三層01店面	20,600,000	100%	20,600,000

No.	Property	Market Value in existing state as at 31 July 2009 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 31 July 2009 *HK$*
3.	Shop Unit No. 12 on Level 1 of Block 1, Shop Unit No. 15 on Level 1 of Block 2 and Shop Unit Nos. 18-20 on Level 1 of Block 3 and extension thereto, Commercial Podium of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門1#樓一層12店面；2#樓一層15店面以及3#樓及3#樓連體一層18-20店面	3,400,000	100%	3,400,000
4.	Shop Unit Nos. 01-03, 05-13 & 15 and Car Parking Space Nos. 2, 3 & 6-12 on Level 1 of Wenquan Apartment, No. 26 Shutang Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區樹湯路26號溫泉公寓一層01-03、05-13及15店面以及停車位2、3及6-12號	35,600,000	100%	35,600,000

No.	Property	Market Value in existing state as at 31 July 2009 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 31 July 2009 *HK$*
5.	Shop Unit Nos. 03-05 & 07 on Level 1 and Shop Unit Nos. 01-06 on Level 2 of Block 2, Victorfield Apartment, No. 436 of Wusi Road, Huada Street, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區華大街道五四路436號益力公寓2#樓一層03-05及07店面以及二層01-06店面	5,200,000	100%	5,200,000
	Sub-total:	**64,800,000**		**64,800,000**

No.	Property	Market Value in existing state as at 31 July 2009 *HK$*	Interest attributable to the Group	Value attributable to the Group as at 31 July 2009 *HK$*
Group III – Property leased by the Group in the PRC				
6.	Car Parking Space No. 78 on basement of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門地庫第78號車位	No Commercial Value	N/A	Nil
7.	Car Parking Space No. 33 on basement of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門地庫第33號車位	No Commercial Value	N/A	Nil
	Sub-total:	**Nil**		**Nil**
	Total:	**68,900,000**		**68,900,000**

No.	Property	Market Value in existing state as at 31 July 2009 *HK$*	Interest attributable to the Target Group	Value attributable to the Target Group as at 31 July 2009 *HK$*
Group IV – Properties leased by the Target Group in Japan				
8.	Floor 1-2, Ouchi Building, 1-3-9 Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004, Japan	No Commercial Value	N/A	Nil
9.	Unit No. 404, Ozaki Building, 3-24-1 Ryokoku, Sumida-ku, Tokyo, Japan	No Commercial Value	N/A	Nil
	Total:	**Nil**		**Nil**

VALUATION CERTIFICATE

Group I – Property held by the Group for owner-occupation in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
1.	9th Floor of Jiaxin Building, No. 119 Wusi Road, Wenquan Street, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉街道五四路119號嘉信大廈第九層	The property comprises the whole 9th Floor of a 20-storey office building (the "subject building") completed in about 2005. The gross floor area ("GFA") of the property is approximately 607.99 sq.m. (or about 6,544 sq.ft.). The land use rights of the property have been allocated for an unspecified term.	The property is occupied by the Group for office purpose.	4,100,000 (100% interest attributable to the Group: 4,100,000)

Notes:

1. Pursuant to a Real Estate Sale and Purchase Contract (房地產買賣契約) entered into between an independent third party and Victorfield (Fujian) Property Development Co., Ltd. (福建益力物業發展有限公司) ("Victorfield") dated 7 April 2009, Victorfield has agreed to purchase the property with a total GFA of 607.99 sq.m. at a consideration of RMB3,191,948.

2. Pursuant to a Building Ownership Certificate (房屋所有權証), Rong Fang Quan Zheng G Zi Di No. 0900507 (榕房權証G字第0900507號), issued by Fuzhou City Real Estate Administrative Bureau (福州市房地產管理局) dated 20 April 2009, the building ownership rights of the property with a total GFA of approximately 607.99 are legally owned by Victorfield for office use.

3. The status of title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

Real Estate Sale and Purchase Contract	Yes
State-owned Land Use Rights Certificate	Under Application
Building Ownership Certificate	Yes

4. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

   a. The land upon which the subject building erected is an allocated land held for an unspecified term. Since the subject building is a secondhand property, the owners of such can apply for the relevant State-owned Land Use Rights Certificates for a land use rights term of 50 years from the date of issue of such certificates. Victorfield is in the process of applying for the State-owned Land Use Rights Certificate of the property and there exist no material legal impediments for Victorfield to obtain such certificate; and

   b. Victorfield is legally entitled to occupy, use, receive income from and dispose of the property no matter the relevant State-owned Land Use Right Certificate has/has not been applied for. In exercising the rights, Victorfield does not need to obtain further authorization or approval from any Government authorities and incur any extra and material payments; and

   c. The property is not subject to mortgage or other material encumbrances; and

   d. The consideration mentioned in Note 1 has been fully settled; and

   e. The existing use of the property is in compliance with its permitted use stated in the Building Ownership Certificate.

5. Victorfield is a wholly owned subsidiary of the Company.

VALUATION CERTIFICATE

Group II – Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
2.	Shop Unit Nos. 01-06 and Storeroom Nos. 1-4 on Level 3 of Block 1, Shop Unit Nos. 01-04 and Storeroom Nos. 1-3 on Level 3 of Block 2, Shop Unit No. 01 on Level 2 of Block 3 and extension thereto and Shop Unit No. 01 on Level 3 of Block 3, Commercial Podium of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門1#樓三層01-06店面及01-04庫房；2#樓三層06店面；3#樓及3#樓連體二層01店面以及3#樓三層01店面	The property comprises 12 commercial units and 7 storerooms on level 2 and level 3 of the commercial podium of a residential development known as Gentlefolk. Gentlefolk, a development comprising four blocks of 16- to 19-storey residential buildings over a 3-storey commercial podium plus a basement carpark, was completed in 2004. The total gross floor area ("GFA") of the property is approximately 2,057.63 sq.m. (or about 22,148 sq.ft.). The land use rights of the property have been granted for a term expiring on 1 July 2038 for commercial use.	As advised by the Group, the property is currently subject to various tenancies at a total initial monthly rent of RMB31,310.29 with the latest term expiring on 5 May 2017. (Please refer to Note 5 for details.)	20,600,000 (100% interest attributable to the Group: 20,600,000)

Notes :

1. Pursuant to 4 Commodity Flat Sale and Purchase Contracts (商品房買賣合同) entered into between an independent third party and Faith Stand (China) Limited (信立(中國)有限公司) ("Faith Stand") all dated 8 October 2005, Faith Stand has agreed to purchase the property with a total GFA of 2,057.63 sq.m. at a consideration of RMB25,707,987.

2. Pursuant to 4 State-owned Land Use Rights Certificates (國有土地使用証) issued by the People's Government of Fuzhou City (福州市人民政府) all dated 8 February 2007, the land use rights of the property with a total site area of 266.1 sq.m. have been granted to Faith Stand for commercial use. The salient terms and conditions are summarized as follows:

No.	Certificate No.	Land Use Rights Expiry Date	Unit	Site Area *(sq.m.)*
1.	Rong Gu Guo Yung (2007) Di No. 00262302776 榕鼓國用(2007)第00262302776號	1 July 2038	Shop Unit Nos. 01-06 and Storeroom Nos. 01-04 on Level 3 of Block 1	95.8
2.	Rong Gu Guo Yung (2007) Di No. 00262302777 榕鼓國用(2007)第00262302777號	1 July 2038	Shop Unit Nos. 01-04 and Storeroom Nos. 01-03 on Level 3 of Block 2	87.8
3.	Rong Gu Guo Yung (2007) Di No. 00262302774 榕鼓國用(2007)第00262302774號	1 July 2038	Shop Unit No. 01 on Level 3 of Block 3	49.0
4.	Rong Gu Guo Yung (2007) Di No. 00262302775 榕鼓國用(2007)第00262302775號	1 July 2038	Shop Unit No. 01 on Level 2 of Block 3 and extension thereto	33.5
			Total:	**266.1**

3. Pursuant to 4 Building Ownership Certificates (房屋所有權証) issued by Fuzhou City Real Estate Administrative Bureau (福州市房地產管理局) dated 19 January 2007 or 23 January 2007, the building ownership rights of the property with a total GFA of approximately 2,057.63 are legally owned by Faith Stand for commercial use. The details of which are summarized as follows:

No.	Certificate No.	Unit	Structure	GFA *(sq.m.)*
1.	Rong Fang Quan Zheng R Zi Di No. 0703549 榕房權証R字第0703549號	Shop Unit Nos. 01-06 and Storeroom Nos. 01-04 on Level 3 of Block 1	Reinforced concrete	740.89
2.	Rong Fang Quan Zheng R Zi Di No. 0703548 榕房權証R字第0703548號	Shop Unit Nos. 01-04 and Storeroom Nos. 01-03 on Level 3 of Block 2	Reinforced concrete	678.83
3.	Rong Fang Quan Zheng R Zi Di No. 0703253 榕房權証R字第0703253號	Shop Unit No. 01 on Level 3 of Block 3	Reinforced concrete	378.59
4.	Rong Fang Quan Zheng R Zi Di No. 0703249 榕房權証R字第0703249號	Shop Unit No. 01 on Level 2 of Block 3 and extension thereto	Reinforced concrete	259.32
			Total:	**2,057.63**

4. The status of title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

Commodity Flat Sale and Purchase Contracts	Yes
State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes

5. As advised by the Group, the property has been leased to different independent third parties under various tenancy agreements which are summarized as follows:

No.	Unit	Area *(sq.m.)*	Term	Initial Monthly Rent *(RMB)*	Use
1.	Shop Unit Nos. 04-05 and Storeroom Nos. 03-04 on Level 3 of Block 1	168.60	1 Apr 2009 – 31 Aug 2016	3,372 (subject to an increment of 6% per year since 1 Sep 2009)	Office
2.	Shop Unit Nos. 01-03 and Storeroom Nos. 01-02 on Level 3 of Block 1	523.09	1 Jun 2009 – 30 Sep 2015	6,285 (subject to an increment of 5% per year since 1 Jun 2010)	Gymnasium
3.	Shop Unit No. 06 of Level 3 of Block 1	137.53	1 Jun 2009 – 31 May 2011	1,500	Office
4.	Shop Unit Nos. 01-04 and Storeroom Nos. 01-03 on Level 3 of Block 2	678.83	1 Apr 2009 – 7 May 2017	11,438.29 (subject to an increment of 6% per year since 1 Apr 2010)	Beauty Shop
5.	Shop Unit No. 01 on Level 3 of Block 3 and Shop Unit No. 01 on Level 2 of Block 3 and extension thereto	637.91	1 Jun 2009 – 30 Sep 2015	8,715 (subject to an increment of 6% per year since 1 Jun 2010)	Gymnasium
			Total:	**31,310.29**	

6. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

   a. The land use rights and building ownership rights of the property are legally vested in Faith Stand; and

   b. Faith Stand is legally entitled to occupy, use, receive income from and dispose of the property. In exercising the rights, Faith Stand does not need to obtain further authorization or approval from any Government authorities and incur any extra and material payments; and

   c. The property is not subject to mortgage or other material encumbrances; and

   d. The consideration mentioned in Note 1 has been fully settled; and

   e. The existing uses of the property, which is subject to various tenancy agreements, are in compliance with its permitted uses stated in the relevant State-owned Land Use Rights Certificates and Building Ownership Certificates.

7. Faith Stand is a wholly owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
3.	Shop Unit No. 12 on Level 1 of Block 1, Shop Unit No. 15 on Level 1 of Block 2 and Shop Unit Nos. 18-20 on Level 1 of Block 3 and extension thereto, Commercial Podium of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門1#樓一層12店面；2#樓一層15店面以及3#樓及3#樓連體一層18-20店面	The property comprises 5 retail shops on level 1 of the commercial podium of a residential development known as Gentlefolk. Gentlefolk, a development comprising four blocks of 16- to 19-storey residential buildings over a 3-storey commercial podium plus a basement carpark, was completed in 2004. The total gross floor area ("GFA") of the property is approximately 140.37 sq.m. (or about 1,511 sq.ft.). The land use rights of the property have been granted for a term expiring on 1 July 2038 for commercial use.	As advised by the Group, the property is currently subject to various tenancies at a total monthly rent of RMB9,998 expiring on 28 February 2011. (Please refer to Note 5 for details.)	3,400,000 (100% interest attributable to the Group: 3,400,000)

Notes:

1. Pursuant to 3 Commodity Flat Sale and Purchase Contracts (商品房買賣合同) entered into between an independent third party and Victorfield (Fujian) Property Development Co., Ltd. (福建益力物業發展有限公司) ("Victorfield") all dated 19 March 2009, Victorfield has agreed to purchase the property with a total GFA of 140.37 sq.m. at a consideration of RMB4,912,950.

2. Pursuant to 3 State-owned Land Use Rights Certificates (國有土地使用証) issued by the People's Government of Fuzhou City (福州市人民政府) all dated 5 April 2007, the land use rights of the property with a total site area of 18.1 sq.m. have been granted to Victorfield for commercial use. The salient terms and conditions are summarized as follows:

No.	Certificate No.	Land Use Rights Expiry Date	Unit	Site Area *(sq.m.)*
1.	Rong Gu Guo Yung (2007) Di No. 00262305912 榕鼓國用(2007)第00262305912號	1 July 2038	Shop Unit No. 15 on Level 1 of Block 2	2.3
2.	Rong Gu Guo Yung (2007) Di No. 00262305913 榕鼓國用(2007)第00262305913號	1 July 2038	Shop Unit No. 12 on Level 1 of Block 1	3.9
3.	Rong Gu Guo Yung (2007) Di No. 00262305914 榕鼓國用(2007)第00262305914號	1 July 2038	Shop Unit Nos. 18-20 on Level 1 of Block 3 and the extension thereto	11.9
			Total:	**18.1**

3. Pursuant to 3 Building Ownership Certificates (房屋所有權証) issued by Fuzhou City Real Estate Administrative Bureau (福州市房地產管理局) dated 23 March 2007 or 26 March 2007, the building ownership rights of the property with a total GFA of approximately 140.37 are legally owned by Victorfield for commercial use. The details of which are summarized as follows:

No.	Certificate No.	Unit	Structure	GFA *(sq.m.)*
1.	Rong Fang Quan Zheng R Zi Di No. 0713363 榕房權証R字第0716363號	Shop Unit No. 12 on Level 1 of Block 1	Reinforced Concrete	30.40
2.	Rong Fang Quan Zheng R Zi Di No. 0713575 榕房權証R字第0713575號	Shop Unit No. 15 on Level 1 of Block 2	Reinforced Concrete	17.83
3.	Rong Fang Quan Zheng R Zi Di No. 0713364 榕房權証R字第0713364號	Shop Unit No. 18 on Level 1 of Block 3 and extension thereto	Reinforced Concrete	37.58
		Shop Unit No. 19 on Level 1 of Block 3 and extension thereto	Reinforced Concrete	33.99
		Shop Unit No. 20 on Level 1 of Block 3 and extension thereto	Reinforced Concrete	20.57
			Total:	**140.37**

4. The status of title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

Commodity Flat Sale and Purchase Agreement	Yes
State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes

5. As advised by the Group, the property has been leased to different independent third parties under various tenancy agreements which are summarized as follows:

No.	Unit	Area *(sq.m.)*	Term	Initial Monthly Rent *(RMB)*	Use
1.	Shop Unit No. 12 on Level 1 of Block 1	30.40	1 Mar 2009 – 28 Feb 2011	1,200	Supermarket
2.	Shop Unit No. 15 on Level 1 of Block 2	17.83	1 Mar 2009 – 28 Feb 2011	1,427	Retail shop
3.	Shop Unit Nos. 18-20 on Level 1 of Block 3 and extension thereto	92.14	1 Mar 2009 – 28 Feb 2011	7,371	Retail shop
			Total	**9,998**	

6. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

   a. The land use rights and building ownership rights of the property are legally vested in Victorfield; and

   b. Victorfield is legally entitled to occupy, use, receive income from and dispose of the property. In exercising the rights, Victorfield does not need to obtain further authorization or approval from any Government authorities and incur any extra and material payments; and

   c. The property is not subject to mortgage or other material encumbrances; and

   d. The consideration mentioned in Note 1 has been fully settled; and

   e. The existing uses of the property, which is subject to various tenancy agreements, are in compliance with its permitted uses stated in the relevant State-owned Land Use Rights Certificates and Building Ownership Certificates.

7. Victorfield is a wholly owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
4.	Shop Unit Nos. 01-03, 05-13 & 15 and Car Parking Space Nos. 2, 3 & 6-12 on Level 1 of Wenquan Apartment, No. 26 Shutang Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區樹湯路26號溫泉公寓一層01-03、05-13及15店面以及停車位2、3及6-12號	The property comprises 13 retail shops and 9 car parking spaces on level 1 of a residential development known as Wenquan Apartment. Wenquan Apartment, a development comprising various blocks of medium rise residential building with retail shops and car parking spaces on the ground level, was completed in 1999. The total gross floor area ("GFA") of the 13 retail shops is approximately 1,271.2 sq.m. (or about 13,683 sq.ft.). The total GFA of the 9 car parking spaces is approximately 182.21 sq.m. (or about 1,961 sq.ft.). The land use rights of the retail shops of the property have been granted for a term expiring on 16 March 2034 for commercial use. The land use rights of the car parking spaces of the property have been granted for a term expiring on 16 March 2064 for car parking use.	As advised by the Group, portions of the property are currently subject to various tenancies at a total initial monthly rent of RMB108,047 with the latest term expiring on 31 March 2011. (Please refer to Note 4 for details.)	35,600,000 (100% interest attributable to the Group: 35,600,000)

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates (國有土地使用証) issued by the People's Government of Fuzhou City (福州市人民政府) dated 20 November 2005 or 18 September 2008, the land use rights of the property with a total site area of 478.3 sq.m. have been granted to Victorfield (Fujian) Property Development Co., Ltd (福建益力物業發展有限公司) ("Victorfield") for commercial and car parking uses respectively. The salient terms and conditions are summarized as follows:

No.	**Certificate No.**	**Land Use Rights Expiry Date**	**Unit**	**Site Area** *(sq.m.)*
1.	Rong Gu Guo Yung (2005) Di No. 0026231294 榕鼓國用(2005)第0026231294號	16 March 2034	Commercial	418.3
2.	Rong Gu Guo Yung (2008) Di No. 0026231068 榕鼓國用(2008)第0026231068號	1 July 2038	Car parking	60.0
			Total:	**478.3**

2. Pursuant to 2 Building Ownership Certificates (房屋所有權証) issued by Fuzhou City Real Estate Administrative Bureau (福州市房地產管理局) dated 22 January 1999 or 1 February 2008, the building ownership rights of the property with a total GFA of approximately 1,453.41 are legally owned by Victorfield for commercial use. The details of which are summarized as follows:

No.	**Certificate No.**	**Unit**	**Structure**	**GFA** *(sq.m.)*
1.	Rong Fang Quan Zheng R Zi Di No. 9909092 榕房權証R字第9909092號	Shop Unit Nos. 01-03, 05-13 and 15 (totally 13 units) on Level 1	Reinforced concrete	1,271.20
2.	Rong Fang Quan Zheng R Zi Di No. 0807700 榕房權証R字第0807700號	Car parking space Nos. 2, 3, 6-12 (totally 9 spaces) on Level 1	Reinforced concrete	182.2
			Total:	**1,453.41**

3. The status of title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes

4. As advised by the Group, portions of the property have been leased to different independent third parties under various tenancy agreements which are summarized as follows:

No.	Unit	Area *(sq.m.)*	Term	Initial Monthly Rent *(RMB)*	Use
1.	Shop Unit No. 01 on Level 1	114.71	1 Apr 2009 – 31 Mar 2011	9,452	Retail shop
2.	Shop Unit Nos. 02-03 on Level 1	221.38	1 Apr 2009 – 31 Mar 2011	18,242	Retail shop
3.	Shop Unit Nos. 05-06 on Level 1	187.69	1 Apr 2009 – 31 Mar 2011	15,466	Retail shop
4.	Shop Unit Nos. 07-10 on Level 1	295.74	1 Apr 2009 – 31 Mar 2011	24,369	Retail shop
5.	Shop Unit No. 11 on Level 1	104.51	1 Apr 2009 – 31 Mar 2011	8,612	Retail shop
6.	Shop Unit No. 12 on Level 1	121.10	1 Apr 2009 – 31 Mar 2011	9,979	Retail shop
7.	Shop Unit No. 13 on Level 1	127.37	1 Apr 2009 – 31 Mar 2011	10,495	Retail shop
8.	Shop Unit No. 15 on Level 1	98.70	1 Apr 2009 – 31 Mar 2011	8,133	Retail shop
9.	Car Parking Space Nos. 2 & 3 on Level 1	40.00	1 July 2008 – 30 Apr 2010	1,866 (subject to an increment of 8% per year since 1 Jul 2009)	Car parking
10	Car Parking Space No. 11 on Level 1	19.00	8 Jul 2008 – 30 Apr 2010	933 (subject to an increment of 8% per year since 8 Aug 2009)	Car parking
11	Car Parking Space No. 12 on Level 1	16.08	1 Jul 2008 – 30 Apr 2010	500	Car parking
			Total:	**108,047**	

5. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

   a. The land use rights and building ownership rights of the property are legally vested in Victorfield; and

   b. Victorfield is legally entitled to occupy, use, receive income from and dispose of the property. In exercising the rights, Victorfield does not need to obtain further authorization or approval from any Government authorities and incur any extra and material payments; and

   c. The property is not subject to mortgage or other material encumbrances; and

   d. The existing uses of the property, either subject to tenancy agreements or occupied by Victorfield, are in compliance with its permitted uses stated in the relevant State-owned Land Use Rights Certificates and Building Ownership Certificates.

6. Victorfield is a wholly owned subsidiary of the Company.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
5.	Shop Unit Nos. 03-05 & 07 on Level 1 and Shop Unit Nos. 01-06 on Level 2 of Block 2, Victorfield Apartment, No. 436 of Wusi Road, Huada Street, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區華大街道五四路436號益力公寓2#樓一層03-05及07店面以及二層01-06店面	The property comprises 10 commercial units and on the Levels 1 and 2 of a composite development known as Victorfield Apartment. Victorfield Apartment, a development comprising various blocks of medium rise buildings for residential or commercial uses, was completed in 2000. The total gross floor area ("GFA") of the property is approximately 930.14 sq.m. (or about 10,012 sq.ft.). The land use rights of the retail shops of the property have been granted for a term expiring on 23 March 2033 for commercial use.	As advised by the Group, portions of the property are currently subject to various tenancies at a total initial monthly rent of RMB17,044.2 with the latest term expiring on 31 May 2014. (Please refer to Note 5 for details.)	5,200,000 (100% interest attributable to the Group: 5,200,000)

Notes:

1. Pursuant to 10 Real Estate Sale and Purchase Contracts (房地產買賣契約) entered into between an independent third party and Victorfield (Fujian) Property Development Co., Ltd. (福建益力物業發展有限公司) ("Victorfield") all dated 15 July 2008, Victorfield has agreed to purchase the property with a total GFA of 930.14 sq.m. at a consideration of RMB4,774,840.

2. Pursuant to 10 State-owned Land Use Rights Certificates (國有土地使用証) issued by the People's Government of Fuzhou City (福州市人民政府) all dated 13 August 2008, the land use rights of the property with a total site area of 294.1 sq.m. have been granted to Victorfield for commercial use. The salient terms and conditions are summarized as follows:

No.	Certificate No.	Land Use Rights Expiry Date	Unit	Site Area *(sq.m.)*
1.	Rong Gu Guo Yung (2008) Di No. 00241509210 榕鼓國用(2008)第00241509210號	23 March 2033	Shop Unit No. 03 on Level 1	23.9
2.	Rong Gu Guo Yung (2008) Di No. 00241509209 榕鼓國用(2008)第00241509209號	23 March 2033	Shop Unit No. 04 on Level 1	23.9
3.	Rong Gu Guo Yung (2008) Di No. 00241509208 榕鼓國用(2008)第00241509208號	23 March 2033	Shop Unit No. 05 on Level 1	23.9
4.	Rong Gu Guo Yung (2008) Di No. 00241509207 榕鼓國用(2008)第00241509207號	23 March 2033	Shop Unit No. 07 on Level 1	24.3
5.	Rong Gu Guo Yung (2008) Di No. 00241509206 榕鼓國用(2008)第00241509206號	23 March 2033	Shop Unit No. 01 on Level 2	39.2
6.	Rong Gu Guo Yung (2008) Di No. 00241509205 榕鼓國用(2008)第00241509205號	23 March 2033	Shop Unit No. 02 on Level 2	25.8
7.	Rong Gu Guo Yung (2008) Di No. 00241509204 榕鼓國用(2008)第00241509204號	23 March 2033	Shop Unit No. 03 on Level 2	25.8
8.	Rong Gu Guo Yung (2008) Di No. 00241509203 榕鼓國用(2008)第00241509203號	23 March 2033	Shop Unit No. 04 on Level 2	25.8
9.	Rong Gu Guo Yung (2008) Di No. 00241509202 榕鼓國用(2008)第00241509202號	23 March 2033	Shop Unit No. 05 on Level 2	55.3
10.	Rong Gu Guo Yung (2008) Di No. 00241509201 榕鼓國用(2008)第00241509201號	23 March 2033	Shop Unit No. 06 on Level 2	26.2
			Total:	**294.1**

3. Pursuant to 10 Building Ownership Certificates (房屋所有權証) issued by Fuzhou City Real Estate Administrative Bureau (福州市房地產管理局) dated 17 July 2008 or 18 July 2008, the building ownership rights of the property with a total GFA of approximately 930.14 are legally owned by Victorfield for commercial use. The details of which are summarized as follows:

No.	Certificate No.	Unit	Structure	GFA *(sq.m.)*
1.	Rong Fang Quan Zheng R Zi Di No. 0837426 榕房權証R字第0837426號	Shop Unit No. 03 on Level 1	Reinforced concrete	75.64
2.	Rong Fang Quan Zheng R Zi Di No. 0837231 榕房權証R字第0837231號	Shop Unit No. 04 on Level 1	Reinforced concrete	75.64
3.	Rong Fang Quan Zheng R Zi Di No. 0837232 榕房權証R字第0837232號	Shop Unit No. 05 on Level 1	Reinforced concrete	75.64
4.	Rong Fang Quan Zheng R Zi Di No. 0837230 榕房權証R字第0837230號	Shop Unit No. 07 on Level 1	Reinforced concrete	76.95
5.	Rong Fang Quan Zheng R Zi Di No. 0837546 榕房權証R字第0837546號	Shop Unit No. 01 on Level 2	Reinforced concrete	123.92
6.	Rong Fang Quan Zheng R Zi Di No. 0837547 榕房權証R字第0837547號	Shop Unit No. 02 on Level 2	Reinforced concrete	81.59
7.	Rong Fang Quan Zheng R Zi Di No. 0837548 榕房權証R字第0837548號	Shop Unit No. 03 on Level 2	Reinforced concrete	81.59
8.	Rong Fang Quan Zheng R Zi Di No. 0837549 榕房權証R字第0837549號	Shop Unit No. 04 on Level 2	Reinforced concrete	81.59

No.	Certificate No.	Unit	Structure	GFA *(sq.m.)*
9.	Rong Fang Quan Zheng R Zi Di No. 0837550 榕房權証R字第0837550號	Shop Unit No. 05 on Level 2	Reinforced concrete	174.68
10.	Rong Fang Quan Zheng R Zi Di No. 0837551 榕房權証R字第0837551號	Shop Unit No. 06 on Level 2	Reinforced concrete	82.9
			Total:	**930.14**

4. The status of title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

Real Estate Sale and Purchase Contracts	Yes
State-owned Land Use Rights Certificates	Yes
Building Ownership Certificates	Yes

5. As advised by the Group, portions of the property have been leased to different independent third parties under various tenancy agreements which are summarized as follows:

No.	Unit	Area *(sq.m.)*	Term	Initial Monthly Rent *(RMB)*	Use
1.	Portion of Shop Unit No. 03 on Level 1	38.0	1 Jun 2009 – 31 May 2014	1,900 (subject to an increment of 8% per year since 1 Jun 2009)	Retail shop
2.	Shop Unit No. 04 on Level 1	75.64	1 Sep 2009 – 31 Aug 2012	4,160.2 (subject to an increment of 8% per year since 1 Sep 2009)	Retail shop
3.	Portion of Shop Unit No. 05 on Level 1 and Shop Unit Nos. 03-05 on Level 2	352.86	18 Dec 2008 – 17 Dec 2013	5,893 (subject to an increment of 8% per year since 18 Dec 2008)	Kindergarten
4.	Shop Unit No. 07 on Level 1 and Shop Unit No. 06 on Level 2	159.85	16 Apr 2009 – 15 Apr 2012	5,091 (subject to an increment of 8% per year since 16 Apr 2009)	Retail shop
			Total:	**17,044.2**	

6. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

   a. The land use rights and building ownership rights of the property are legally vested in Victorfield; and

   b. Victorfield is legally entitled to occupy, use, receive income from and dispose of the property. In exercising the rights, Victorfield does not need to obtain further authorization or approval from any Government authorities and incur any extra and material payments; and

   c. The property is not subject to mortgage or other material encumbrances; and

   d. The consideration mentioned in Note 1 has been fully settled; and

   e. The existing uses of the property, either subject to tenancy agreements or occupied by Victorfield, are in compliance with its permitted uses stated in the relevant State-owned Land Use Rights Certificates and Building Ownership Certificates.

7. Victorfield is a wholly owned subsidiary of the Company.

VALUATION CERTIFICATE

Group III – Properties leased by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
6.	Car Parking Space No. 78 on basement of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門地庫第78號車位	The property comprises a car parking space on the basement of a residential development known as Gentlefolk. Gentlefolk, a development comprising four blocks of 16- to 19-storey residential buildings over a 3-storey commercial podium plus a basement carpark, was completed in 2004. As advised by the Group, the gross floor area of the property is approximately 25.17 sq.m. (or about 271 sq.ft.). Pursuant to a tenancy entered into between Exceland (Fuzhou) Real Estate Development Co., Ltd. ("Exceland") and Faith Stand (China) Limited (信立(中國)有限公司) ("Faith Stand") dated 20 January 2009, the property is leased to Faith Stand for car parking use for a term commencing on 1 February 2009 and expiring on 31 January 2010 at a monthly rent of RMB1,000.	The property is occupied by the Group for carparking use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Faith Stand, which is a wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

   a. Exceland is authorized by the landlord of the property to entered into the tenancy agreement on behalf of him; and

   b. The tenancy agreement is legally valid and binding on the contracting parties; and

   c. The use of the property by Faith Stand is in compliance with the tenancy agreement and relevant laws and regulations; and

   d. Faith Stand is entitled to use the property in accordance with the tenancy agreement; and

   e. The non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
7.	Car Parking Space No. 33 on basement of Gentlefolk, No. 53 Wenquan Park Road, Gulou District, Fuzhou City, Fujian Province, the PRC 中國福建省福州市鼓樓區溫泉公園路53號盛世名門地庫第33號車位	The property comprises a car parking space on the basement of a residential development known as Gentlefolk. Gentlefolk, a development comprising four blocks of 16- to 19-storey residential buildings over a 3-storey commercial podium plus a basement carpark, was completed in 2004. As advised by the Group the gross floor area of the property is approximately 25.17 sq.m. (or about 271 sq.ft.). Pursuant to a tenancy entered into between Exceland (Fuzhou) Real Estate Development Co., Ltd. ("Exceland") and Victorfield (Fujian) Property Development Company Limited (福建益力物業發展有限公司) ("Victorfield") dated 1 January 2009, the property is leased to Victorfield for car parking use for a term commencing on 1 February 2009 and expiring on 31 January 2010 at a monthly rent of RMB1,000.	The property is occupied by the Group for carparking use.	No Commercial Value

Notes:

1. Pursuant to the aforesaid tenancy agreement, the tenant of the property is Victorfield, which is a wholly-owned subsidiary of the Company.

2. The opinion given by the PRC legal advisor – Fujian New-Stone Law Firm (福建新世通律師事務所) to the Group is as follows:

    a. Exceland is authorized by the landlord of the property to entered into the tenancy agreement on behalf of him; and

    b. The tenancy agreement is legally valid and binding on the contracting parties; and

    c. The use of the property by Victorfield is in compliance with the tenancy agreement and relevant laws and regulations; and

    d. Victorfield is entitled to use the property in accordance with the tenancy agreement; and

    e. The non-registration of the tenancy agreement will not affect its validity.

VALUATION CERTIFICATE

Group IV – Properties leased by the Target Group in Japan

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
8.	Floor 1-2, Ouchi Building, 1-3-9 Higashi-Nihonbashi, Chuo-ku, Tokyo 103-0004, Japan	The property comprises the Ground Floor and 1st Floor of a 6-storey commercial building which was completed in 1978. The total gross floor area of the property is approximately 267.41 sq.m. (or about 2,878 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third-party landlord and Rakupuri Inc. ("Rakupuri") dated 16 April 2009, the property is leased to Rakupuri for office use for a term commencing on 21 April 2009 and expiring on 21 April 2011 at a monthly rent of JPY800,000.	The property is occupied by the Target Group for office purpose.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Rakupuri, which is a 72.12% owned subsidiary of the Target.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2009 *HK$*
9.	Unit No. 404, Ozaki Building, 3-24-1 Ryokoku, Sumida-ku, Tokyo, Japan	The property comprises a residential unit on the 3rd Floor of a 6-storey residential building which was completed in 1965. The gross floor area of the property is approximately 31.93 sq.m. (or about 344 sq.ft.). Pursuant to a tenancy agreement entered into between an independent third-party landlord and Rakupuri Inc. ("Rakupuri") dated 8 September 2008, the property is leased to Rakupuri for residential use for a term commencing on 1 October 2008 and expiring on 20 September 2010 at a monthly rent of JPY75,000 inclusive of management fee.	The property is occupied by the Target Group for dormitory purpose.	No Commercial Value

Note:

Pursuant to the aforesaid tenancy agreement, the tenant of the property is Rakupuri, which is a 72.12% owned subsidiary of the Target.

A. REPORT FROM SHINEWING

信永中和
ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

7 October 2009

Board of Directors
Buildmore International Limited
Room 806, 8th Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying profit forecast (the "Underlying Forecast") to the business valuation dated 7 October 2009 prepared by BMI Appraisals Limited (the "Valuer") in respect of the valuation on Rakupuri Inc. ("Rakupuri") in connection with the proposed acquisition of the entire issued share capital of United Achieve International Limited (the "Target") by Buildmore International Limited (the "Company") as of 31 July 2009 as set out in Appendix IV of the circular of the Company dated 7 October 2009 (the "Circular"). The sole asset of the Target is the 72.12% effective equity interests in Rakupuri.

Responsibilities

The directors of Rakupuri and the Company (the "Directors") are solely responsible for the preparation of the Underlying Forecast including the assumptions, for the purpose of business valuation of Rakupuri based on discounted cash flow method. The Underlying Forecast has been prepared using a set of assumptions (the "Assumptions") that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the assumptions.

It is our responsibility to form an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Summary of our work

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagements Other Than Audits or Review of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants with reference to the procedures under Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts". We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of Rakupuri.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions made by the Directors as set out in Appendix IV of the Circular and is presented on a basis consistent in all material respects with the accounting policies currently adopted by the Company.

Yours faithfully,
SHINEWING (HK) CPA Limited
Certified Public Accountants
IP Yu Chak
Practising Certificate Number: P04798
Hong Kong

B. REPORT FROM TANRICH

Tanrich Capital Limited
敦沛融資有限公司

7 October 2009

The Directors
Buildmore International Limited
Room 806, Two Chinachem Exchange Square,
338 King's Road,
North Point,
Hong Kong.

Dear board of Directors of Buildmore International Limited,

We refer to the discounted cash flow forecasts underlying the business valuation (the "Valuation") prepared by BMI Appraisals Limited ("BMI") in relation to the appraisal of the valuation of Rakupuri Inc. The Valuation is regarded as a profit forecast under paragraph 29(2) of Appendix 1B of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Valuation is set out in the announcement of the Company dated 16 September 2009 (the "Announcement"), of which this report forms part of. Capitalised terms used in this letter have the same meanings as defined in the Announcement unless the context otherwise requires.

We have reviewed the forecasts upon which the Valuation has been made for which you as the Directors are solely responsible, and have discussed with you and BMI the information and documents provided by you which formed part of the basis and assumptions upon which the forecasts have been prepared. We have also considered the letter from SHINEWING (HK) CPA Limited dated 7 October 2009 addressed to yourselves regarding the calculations upon which the forecasts have been made. We have noted that the accounting policies of the Company have been adopted in its preparation as the Valuation.

On the basis of the foregoing, we are satisfied that the forecasts upon which the Valuation has been made, for which you as the directors of the Company are solely responsible, have been made after due and careful enquiry by you.

Yours faithfully,
For and on behalf of
Tanrich Capital Limited
Andy Chan
Director

(1) RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

(2) DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, 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 or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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 contained in the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of Shares held	Position	Approximate percentage of issued share capital
Lo Cheung Kin	Corporate *(Note)*	29,173,638	Long	27.27
Li Jianbo	Beneficial	776,000	Long	0.73

Note: The ordinary shares are held in the name of Mass Honour Investment Limited which is wholly and beneficially owned by Mr. Lo Cheung Kin.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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 contained in the Listing Rules.

(b) Director's interest in assets and/or arrangement

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31 January 2009, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any members of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group. As at the Latest Practicable Date, there was no contract or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Enlarged Group as a whole.

(c) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital) 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 is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Substantial shareholders of the Company:

Name of Director	Position	Nature of interest	Number of Shares held	Approximate percentage of issued share capital
Mass Honour Investment Limited	Long	Beneficial	29,173,638	27.27

Save as disclosed above, as at the Latest Practicable Date, 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, interest or short positions in the shares or underlying shares of the Company (including any interests in options in respect of such capital), 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 are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(3) DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(4) COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management Shareholders (as defined in the Listing Rules) or their respective associates has any interest in a business which competes or may compete with the business of the Group or have or may have any conflicts of interests with the Group.

(5) LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Enlarged Group.

(6) MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) were entered into by the members of the Enlarged Group within the two years immediately preceding the Latest Practicable Date and which is or may be material:

(a) a sale and purchase agreement dated 7 April 2009 and entered into between the Victorfield (Fujian) Property Development Company Limited, a wholly owned subsidiary of the Company, as purchaser and Lam Kung Yam as vendor in relation to the acquisition of the office premises located at situation at 9th Floor, Jia Xin Building, No. 119 Wusi Road, Wenquan Area, Gulou District, Fuzhou, Fujian Province, the PRC at the consideration of RMB3,191,948 (equivalent to approximately HK$3,621,040);

(b) a non-legally binding memorandum of understanding dated 3 July 2009 and entered into between the Company and the Vendors setting out the preliminary understanding in relation to the Acquisition of the entire issued share capital of the Target; and

(c) the Agreement.

(7) EXPERT AND CONSENT

The following are the qualification of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
SHINEWING	Certified Public Accountants
Tanrich Capital Limited ("**Tanrich**")	A licensed corporation under the SFO and engaged in types 1 and 6 regulated activities
BMI Appraisals Limited ("**BMI**")	Professional valuer

Each of SHINEWING, Tanrich and BMI has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of SHINEWING, Tanrich and BMI does not have any shareholding, directly or indirectly, in any member of the Enlarged Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

As at the Latest Practicable Date, each of SHINEWING, Tanrich and BMI does not have any direct or indirect interests in any assets which had been since 31 January 2009, the date of which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to, or proposed to be acquired or disposed of by, or leased to, any members of the Enlarged Group.

(8) MISCELLANEOUS

(a) The registered office of the Company is located at Room 806, 8th Floor, Two Chinachem Exchange Squarey, 338 King's Road, North Point, Hong Kong.

(b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The secretary of the Company is Ms Cheng Wai Yee Connie ("Ms. Cheng"), who is an associated member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries respectively. She has over 20 years' experience in providing company secretarial and corporate services. Ms. Cheng has been working for several solicitors' firms in Hong Kong in their company secretarial departments at supervisory level.

(d) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

(9) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 806, 8th Floor, Two Chinachem Exchange Squarey, 338 King's Road, North Point, Hong Kong, during normal business hours on any business day, from the date of this circular up to 23 October 2009:

(a) the memorandum of association of the Company and Articles;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this appendix VII;

(c) the written consents of the experts referred to in the paragraph headed "Experts" in this appendix VII;

(d) the annual reports of the Company for each of the two financial years ended 31 January 2008 and 31 January 2009;

(e) the accountants' report on the Target Group prepared by SHINEWING, the text of which is set out in appendix IIA to this circular;

(f) the accountant's report on Rakupuri and its subsidiary prepared by SHINEWING, the text of which is set out in appendix IIB to this circular;

(g) the accountants' report from SHINEWING in respect of the unaudited pro forma financial information of the Enlarged Group as set out in appendix III to this circular;

(h) the valuation report on Rakupuri, the text of which is set out in appendix IV to this circular;

(i) the property valuation report on the Enlarged Group, the text of which is set out in appendix V to this circular;

(j) the report from SHINEWING in relation to the valuation of Rakupuri, the text of which is set out in appendix VI to this circular;

(k) the report from Tanrich in relation to the valuation of Rakupuri, the text of which is set out in appendix VI to this circular; and

(l) a copy of this circular.

BUILDMORE INTERNATIONAL LIMITED
建懋國際有限公司

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the shareholders of Buildmore International Limited (the "**Company**") will be held at the Meeting Room of Island Pacific Hotel at 152 Connaught Road West, Hong Kong on Friday, 23 October 2009 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

ORDINARY RESOLUTION

"THAT

(a) the conditional agreement (the "**Agreement**") dated 14 September 2009 and entered into between the Company as purchaser and Mr. Lui Ming Ho and Mr. Wong Kin Ping (the "**Vendors**") as vendors in relation to the sale and purchase of the entire issued share capital (the "**Sale Shares**") of United Achieve International Limited (the "**Target**"), representing its entire issued share capital (a copy of the Agreement is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

(b) the allotment and issue of an aggregate of 25,000,000 shares (the "**Consideration Shares**" and each a "**Consideration Share**") of HK$1.00 each in the share capital of the Company credited as fully paid at an issue price of approximately HK$1.68 per Consideration Share to the Vendors in accordance with the Agreement be and is hereby approved;

(c) the issue of the convertible bonds (the "**Convertible Bonds**") in the principal amount of HK$273,000,000 by the Company to the Vendors pursuant to the terms and conditions of the Agreement be and is hereby approved;

(d) the allotment and issue of new ordinary shares (the "**Conversion Shares**") of HK$1.00 each in the share capital of the Company upon exercise of the conversion rights attaching to the Convertible Bonds pursuant to the terms of the Convertible Bonds be and is hereby approved; and

(e) any one or more directors of the Company (the "**Directors**") be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal) which he/she/they consider necessary or expedient to give effect to the Agreement and the transactions contemplated thereunder including but not limited to the allotment and issue of the Consideration Shares, the issue of the Convertible Bonds and the allotment and issue of Conversion Shares which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds."

Yours faithfully,
For and on behalf of
the board of Directors of
Buildmore International Limited
Lo Cheung Kin
Chairman

Hong Kong, 7 October 2009

Registered office:
Room 806, 8th Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.