BUILDMORE INTERNATIONAL LIMITED
建 懋 國 際 有 限 公 司

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

INTERIM FINANCIAL INFORMATION
For the six months ended 31 July 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 JULY 2011

	Note	Six months ended 31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
Continuing operations			
Revenue	3	12,714,560	11,255,846
Cost of sales		(6,899,643)	(7,346,992)
Gross profit		5,814,917	3,908,854
Other income		544,683	423,317
Research and development expenses		(2,237,544)	–
Selling and distribution costs		(2,170,823)	(1,983,538)
Administrative expenses		(9,215,978)	(6,883,974)
Finance cost		(35,628,945)	(30,310,375)
Changes in fair value of other financial assets		718,156	–
Changes in fair value of investment properties		–	6,129,117
Changes in fair value of derivatives embedded in convertible bonds		(17,503,505)	(169,911,307)
Loss before taxation		(59,679,039)	(198,627,906)
Taxation	5	(103,633)	(1,275,628)
Loss for the period from continuing operations		(59,782,672)	(199,903,534)
Discontinued operations			
Loss for the period from discontinued operation	4	–	(45,006)
Loss for the period	6	(59,782,672)	(199,948,540)
Other comprehensive income for the period			
Exchange difference arising on translation of functional currency to presentation currency		2,717,993	70,842
Total comprehensive expense for the period		(57,064,679)	(199,877,698)
Loss for the period attributable to:			
Owners of the Company		(58,895,143)	(199,249,970)
Non-controlling interests		(887,529)	(698,570)
		(59,782,672)	(199,948,540)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(55,752,184)	(199,179,128)
Non-controlling interests		(1,312,495)	(698,570)
		(57,064,679)	(199,877,698)
Loss per share	7		
From continuing and discontinued operations			
Basic		(0.45)	(1.51)
Diluted		(0.45)	(1.51)
From continuing operations			
Basic		(0.45)	(1.51)
Diluted		(0.45)	(1.51)

The notes on pages 4 to 9 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 JULY 2011

	Note	31.7.2011 HK$ (unaudited)	31.1.2011 HK$ (audited)
Non-current assets			
Investment properties	8	**90,790,208**	88,452,406
Property, plant and equipment	8	**7,060,418**	7,150,082
Intangible assets	9	**6,182,427**	966,604
Other financial assets	10	**11,866,418**	10,853,056
		115,899,471	107,422,148
Current assets			
Inventories		**1,673,500**	2,007,896
Trade and other receivables and prepayments	11	**4,182,797**	3,729,678
Bank balances and cash		**7,416,215**	13,045,976
		13,272,512	18,783,550
Current liabilities			
Trade and other payables and accruals	12	**10,695,340**	8,373,056
Amount due to a shareholder	13	**212,748,277**	193,574,722
Amount due to a director	14	**2,052,239**	52,239
Borrowings – due within one year		**1,648,245**	1,114,952
Tax liabilities		**805,512**	792,130
		227,949,613	203,907,099
Net current liabilities		**(214,677,101)**	(185,123,549)
Total assets less current liabilities		**(98,777,630)**	(77,701,401)
Non-current liabilities			
Borrowings – due after one year		**3,129,680**	3,418,084
Convertible bonds	15	**332,919,378**	297,061,555
Deferred taxation		**13,911,364**	13,492,333
		349,960,422	313,971,972
Net liabilities		**(448,738,052)**	(391,673,373)
Capital and reserves			
Share capital		**131,973,638**	131,973,638
Share premium and reserves		**(578,500,190)**	(522,748,006)
Equity attributable to owners of the Company		**(446,526,552)**	(390,774,368)
Non-controlling interests		**(2,211,500)**	(899,005)
Total equity		**(448,738,052)**	(391,673,373)

The notes on pages 4 to 9 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JULY 2011

	Attributable to owners of the Company							
	Share capital HK$	Share premium HK$	Shareholders' contribution HK$	Translation reserve HK$	Accumulated losses HK$	Sub-total HK$	Non-controlling interests HK$	Total HK$
As at 1 February 2011 (audited)	**131,973,638**	**250,076,221**	**4,536,895**	**14,744,794**	**(792,105,916)**	**(390,774,368)**	**(899,005)**	**(391,673,373)**
Exchange difference arising on translation of functional currency	–	–	–	**3,142,959**	–	**3,142,959**	**(424,966)**	**2,717,993**
Loss for the period	–	–	–	–	**(58,895,143)**	**(58,895,143)**	**(887,529)**	**(59,782,672)**
Total comprehensive expense for the period	–	–	–	**3,142,959**	**(58,895,143)**	**(55,752,184)**	**(1,312,495)**	**(57,064,679)**
As at 31 July 2011 (unaudited)	**131,973,638**	**250,076,221**	**4,536,895**	**17,887,753**	**(851,001,059)**	**(446,526,552)**	**(2,211,500)**	**(448,738,052)**
As at 1 February 2010 (audited)	131,973,638	250,076,221	4,536,895	11,728,394	(735,675,677)	(337,360,529)	–	(337,360,529)
Exchange difference arising on translation of functional currency	–	–	–	70,842	–	70,842	–	70,842
Loss for the period	–	–	–	–	(199,249,970)	(199,249,970)	(698,570)	(199,948,540)
Total comprehensive expense for the period	–	–	–	70,842	(199,249,970)	(199,179,128)	(698,570)	(199,877,698)
As at 31 July 2010 (unaudited)	131,973,638	250,076,221	4,536,895	11,799,236	(934,925,647)	(536,539,657)	(698,570)	(537,238,227)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 JULY 2011

	Six months ended	
	31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
Net cash used in operating activities	**(4,248,390)**	(1,853,053)
Investing activities		
Purchase of other financial assets	**–**	(9,912,163)
Sale proceeds on disposal of investment properties	**–**	2,088,524
Purchase of property, plant and equipment	**(359,034)**	(904,676)
Purchase of intangible assets	**(5,241,904)**	–
Other investing activities	**74,307**	(194,689)
Net cash used in investing activities	**(5,526,631)**	(8,923,004)
Financing activities		
Repayment of bank borrowings	**(570,067)**	(619,371)
New bank borrowings raised	**506,080**	269,526
Advance from a shareholder	**2,000,000**	–
Advance from a director	**2,000,000**	–
Interest paid	**(101,072)**	(126,820)
Net cash generated from (used in) financing activities	**3,834,941**	(476,665)
Net decrease in cash and cash equivalents	**(5,940,080)**	(11,252,722)
Cash and cash equivalents at 1 February	**13,045,976**	19,696,363
Effect of foreign exchange rate changes	**310,319**	24,992
Cash and cash equivalents at 31 July	**7,416,215**	8,468,633
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**7,416,215**	8,468,633

The notes on pages 4 to 9 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 JULY 2011

1. GENERAL INFORMATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 30 September 2011.

In preparing the interim financial report, the directors have given careful consideration to the future liquidity of the Group in the light of the fact that the Group incurred a loss for the period attributable to owners of the Company of HK$58,895,143 during the six months ended 31 July 2011 and, as of that date, the Group's total liabilities exceeded its total assets by HK$448,738,052 and the Group's total current liabilities exceeded its total current assets by HK$214,677,101. The directors of the Company have taken the following actions to improve the liquidity position of the Group:

(i) the substantial shareholder has undertaken to the Company not to demand repayment of the Advance (as defined in note 12) with carrying amount of HK$205,790,300 at 31 July 2011 on or after its maturity date of 31 December 2011 until such time as the Group has or has raised sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment;

(ii) the substantial shareholder has undertaken to the Company not to demand repayment of the 2nd Advance (as defined in note 12) and the 3rd Advance (as defined in note 12) with carrying amount of HK$4,000,000 and HK$2,000,000, respectively, at 31 July 2011 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment;

(iii) the director has undertaken to the Company not to demand repayment of the amount due to the director with carrying amount of HK$2,000,000 at 31 July 2011 until such time as the Group has sufficient funds to repay the amount due by the Group and still be able to meet in full its financial obligations after the repayment; and

(iv) the holders of convertible bonds have undertaken to the Company not to demand redemption of any amount of convertible bonds which remains outstanding on the maturity date unless the Group has sufficient funds to redeem the outstanding amount of the convertible bonds and still be able to meet in full its financial obligations after the redemption.

The directors of the Company consider that taking into account of the above, the cash requirements of the Group for the next twelve months from the end of the reporting period and the Group's ability to obtain external financing from the banks by pledging the investment properties of the Group, if required, the Group will have sufficient working capital to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 January 2011, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 January 2012. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 January 2011. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 January 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 January 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 April 2011.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group. The application of the new HKFRSs, amendments to HKFRSs and new Interpretation had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9	Financial Instruments[2]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair value Measurement[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2012.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 January 2014 and that the application of the new Standard might affect the classification and measurement of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

Other than as described above, the directors of the Company anticipate that the application of the other new and revised standards, Amendments and Interpretations will have no material impact on the results and the financial position of the Group or the Company.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents property rental, hotel management fee and revenue from sales of dye-sublimation printed products received and receivables during the year. An analysis of revenue is set out as below.

Information reported to the Group's chief operating decision maker for the purposes of resources allocation and assessment of performance focuses on the business divisions. The Group is currently categorised into three business divisions, which also constitute the operating segment of the Group – (i) property investment; (ii) hotel management and (iii) sales of dye-sublimation printed products.

An operating segment regarding the property management was discontinued in the six months ended 31 July 2010.

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

For the six months ended 31 July 2011

	Property investment HK$	Hotel management HK$	Sales of dye-sublimation printed products HK$	Consolidated HK$
Revenue	2,351,496	–	10,363,064	12,714,560
Segment results	(1,165,201)	(302,664)	(3,215,060)	(4,682,925)
Unallocated corporate income				205,953
Unallocated corporate expenses				(2,170,689)
Imputed interest expenses on amount due to a shareholder				(17,173,555)
Imputed interest expenses on convertible bonds				(18,354,318)
Change in fair value of derivatives embedded in convertible bonds				(17,503,505)
Loss before taxation				(59,679,039)

For the six months ended 31 July 2010

	Continuing operations				Discontinued operations	
	Property investment HK$	Hotel management HK$	Sales of dye-sublimation printed products HK$	Sub-total HK$	Property management HK$	Consolidated HK$
Revenue	894,174	275,572	10,086,100	11,255,846	13,151	11,268,997
Segment results	6,669,880	(177,892)	(2,590,614)	3,901,374	(45,006)	3,856,368
Unallocated corporate income				113,042	–	113,042
Unallocated corporate expenses				(2,547,460)	–	(2,547,460)
Imputed interest expenses on amount due to a shareholder				(14,528,005)	–	(14,528,005)
Imputed interest expenses on convertible bonds				(15,655,550)	–	(15,655,550)
Change in fair value of derivatives embedded in convertible bonds				(169,911,307)	–	(169,911,307)
Loss before taxation				(198,627,906)	(45,006)	(198,672,912)

Segment results represent the results generated by each segment without allocation of corporate administrative expenses including directors' salaries, other income, imputed interest expenses on amount due to a shareholder, imputed interest expenses on convertible bonds and change in fair value of derivatives embedded in convertible bonds. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

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

	31.7.2011 HK$ (unaudited)	31.1.2011 HK$ (audited)
Property investment	103,054,257	99,799,278
Hotel management	5,592,506	566,865
Sales of dye-sublimation printed products	9,386,368	9,755,209
	118,033,131	110,121,352

4. **DISCONTINUED OPERATION**

During the six months ended 31 July 2010, the Group discontinued the property management operation after the expiry of the property management contract.

The loss from the discontinued operation, which represented the loss of the property management operation for the six months ended 31 July 2010 was HK$45,006.

The results of the property management operation for the six months ended 31 July 2010 was as follows:

	Six months ended 31.7.2010 HK$ (unaudited)
Revenue	13,151
Cost of sales	(47,693)
Gross loss	(34,542)
Administrative expenses	(10,464)
Loss for the period attributable to the owners of the Company	(45,006)

There was no significant net assets of the property management operation at the date of discontinuance of its operation. The net cash flows attributable to the operating, investing and financing activities of the property management operation was not significant for the six months ended 31 July 2010.

5. **TAXATION**

	Six months ended 31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
Continuing operations:		
Current tax – PRC Enterprise Income Tax		
Provision of the period	–	14,677
Current tax – Japan		
Under-provision in prior years	41,923	–
Deferred tax		
Origination and reversal of temporary difference	61,710	1,260,951
	103,633	1,275,628

There was no taxation relating to the discontinued operation of the Group for the six months ended 31 July 2010.

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

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

Income tax arising in Japan is calculated at an effective corporate tax rate of 42%, comprising the aggregate of national tax, inhabitants tax and enterprise tax for a corporation with share capital exceeding JPY100 million. The provision for Japan corporate tax provided in the condensed consolidated statement of comprehensive income for the six months ended 31 July 2011 represents the under-provision of Japan corporate tax in prior years.

6. **LOSS FOR THE PERIOD**

	Six months ended 31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Bank interest income	(74,307)	(23,840)
Depreciation of property, plant and equipment	692,550	660,492
Imputed interest expenses on amount due to a shareholder	17,173,555	14,528,005
Imputed interest expenses on convertible bonds	18,354,318	15,655,550
Gain on disposal of investment properties	–	(310,274)

7. **LOSS PER SHARE**

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

Continuing and discontinued operations

	Six months ended 31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
The Group's loss for the period attributable to the owners of the Company	(58,895,143)	(199,249,970)
Number of shares		
Weighted average number of shares	131,973,638	131,973,638

Continuing operations

	Six months ended 31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
The Group's loss for the period attributable to the owners of the Company	**(58,895,143)**	(199,249,970)
Less: the Group's loss for the period from discontinued operation	**–**	45,006
Loss for the period for the purpose of basic and diluted loss per share from continuing operations	**(58,895,143)**	(199,204,964)
Number of shares		
Weighted average number of shares	**131,973,638**	131,973,638

The calculation of diluted loss per share for the six months ended 31 July 2011 and 2010 does not assume the conversion of convertible bonds into ordinary shares of the Company because the assumed conversion would reduce the loss per share.

Discontinued operation

The loss for the six months ended 31 July 2010 from discontinued operation attributable to the owners of the Company was HK$45,006. The basic and diluted loss per share from discontinued operation attributable to the owners of the Company were HK0.03 cents and HK0.03 cents, respectively. The denominators used are the same as those detailed above for the basic and diluted loss per share from continuing and discontinued operations.

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

During the six months ended 31 July 2011, the Group acquired property, plant and equipment at a cost of HK$359,034 (six months ended 31 July 2010: HK$904,676).

The fair value of the Group's investment properties of HK$90,790,208 as at 31 July 2011 (as at 31 January 2011: HK$88,452,406) has been arrived at on the basis of valuation carried out on that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. Messrs. DTZ Debenham Tie Leung Limited are members of the Institute of Valuers. 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. No changes in fair value of investment properties (six months ended 31 July 2010: increase in fair value of HK$6,129,117) has been recognised directly in the condensed consolidated statement of comprehensive income.

9. MOVEMENTS IN INTANGIBLE ASSETS

During the six months ended 31 July 2011, the Group acquired intangible assets at a cost of HK$5,241,904 (six months ended 31 July 2010: HK$Nil).

The intangible assets acquired during the period included an amount of HK$5,061,391 as a consideration for the acquisition of a hotel management right. The management right acquired is for provision of management service for a hotel located at Fujian of PRC for a period of not less than ten years since its commencement of operation. At 31 July 2011, the hotel was still under construction and expected to be completed by mid 2013.

10. OTHER FINANCIAL ASSETS

The carrying amount of other financial assets as at 31 July 2011 represents investments in two private entities incorporated in the PRC which are designated on initial recognition as financial assets at fair value through profit or loss. Under the terms of the investments, the Group is entitled to occupy, use or obtain the income derived from certain properties held by these two private entities. The fair value of the investments in these two private entities of HK$11,866,418 as at 31 July 2011 (as at 31 January 2011: HK$10,853,056) has been arrived at on the basis of valuation of the properties held by these two private entities carried out on that date by Messrs. DTZ Debenham Tie Leung Limited, independent qualified professional valuers not connected with the Group. The valuation was arrived at by direct comparison approach by making reference to comparable sales transactions available in the relevant market of the properties held by these two private entities. The resulting increase in fair value of the investments of HK$718,156 has been recognised directly in the condensed consolidated statement of comprehensive income.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	31.7.2011 HK$ (unaudited)	31.1.2011 HK$ (audited)
Trade receivables	**4,567,576**	4,142,200
Less: Allowance for bad and doubtful debts	**(1,555,685)**	(1,503,995)
	3,011,891	2,638,205
Other receivables and prepayments	**1,170,906**	1,091,473
	4,182,797	3,729,678

The following is an aged analysis of trade debtors net of allowance for bad and doubtful debts presented based on the invoice date at the end of the reporting period:

	31.7.2011 HK$ (unaudited)	31.1.2011 HK$ (audited)
0 – 90 days	**2,527,914**	2,023,749
91 – 180 days	**275,376**	76,841
181 – 365 days	**208,601**	537,615
	3,011,891	2,638,205

The Group allows a general credit period of one month to its tenants and no specific credit terms granted to the trade customers for sale of dye-sublimation printed products in which invoice is due on presentation.

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	31.7.2011 HK$ (unaudited)	31.1.2011 HK$ (audited)
Trade payables	**3,741,707**	2,208,248
Other payables and accruals	**4,385,381**	3,442,407
Tax payables other than income tax	**2,176,412**	1,743,528
Advanced payments from customers	**391,840**	978,873
	10,695,340	8,373,056

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31.7.2011 HK$ (unaudited)	31.1.2011 HK$ (audited)
0 – 90 days	**2,933,053**	2,158,454
91 – 180 days	**699,961**	–
Over 180 days	**108,693**	49,794
	3,741,707	2,208,248

13. AMOUNT DUE TO A SHAREHOLDER

As at 31 July 2011, the amount due to a shareholder of HK$212,748,277 (as at 31 January 2011: HK$193,574,722) included an amount of HK$206,748,277 (as at 31 January 2011: HK$189,574,722) due to one of the vendors of United Achieve International Limited (the "Vendor") who became a substantial shareholder of the Company upon the acquisition of United Achieve International Limited on 11 November 2009. This amount due to the Vendor was part of the identifiable net liabilities of United Achieve International Limited and its subsidiaries at the date of acquisition. As at 31 July 2011, the remaining carrying amount of amount due to a shareholder of HK$4,000,000 ("2nd Advance") (as at 31 January 2011: HK$4,000,000) and HK$2,000,000 ("3rd Advance") (as at 31 January 2011: HK$Nil) were borrowed by the Company during the year ended 31 January 2011 and the six months ended 31 July 2011, respectively, to support the Group's operations.

An amount of HK$6,957,977 (as at 31 January 2011: HK$4,957,977) included in the amount due to a shareholder is unsecured, non-interest bearing and repayable on demand and accordingly, it is included in current liabilities in the condensed consolidated statement of financial position as at 31 July 2011.

The remaining balance of HK$205,790,300 (as at 31 January 2011: HK$188,616,745), which has a repayable term due within one year as at 31 July 2011 (as at 31 January 2011: repayable within one year), is included in current liabilities in the condensed consolidated statement of financial position as at 31 July 2011 and recognised based on the effective interest method with an effective interest rate of 18.21% (as at 31 January 2011: 18.21%) per annum. The principal amount of this portion of amount due to a shareholder is HK$219,285,077 and is unsecured and non-interest bearing. Pursuant to the letter dated 5 October 2009 from the Vendor, the Vendor has undertaken that he would not demand for repayment of the advance of HK$219,285,077 (the "Advance") to United Achieve International Limited from the date of completion of the acquisition of United Achieve International Limited under the sale and purchase agreement dated 14 September 2009 to 31 December 2011.

Pursuant to another letter dated 19 May 2010, the Vendor has further undertaken not to demand for repayment of the Advance until such time as the Group has sufficient funds to repay the Advance and still be able to meet in full its financial obligations after the repayment.

Pursuant to another letter dated 27 January 2011 and 27 June 2011, the Vendor has undertaken not to demand repayment of the 2nd Advance and the 3rd Advance until such time as the Group has sufficient funds to repay the 2nd Advance and the 3rd Advance and still be able to meet in full its other financial obligations after the repayment.

14. AMOUNT DUE TO A DIRECTOR

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

Pursuant to the letter dated 20 June 2011, the director has undertaken not to demand repayment of the amount due to the director until such time as the Group has sufficient funds to repay the amount due to the director and still be able to meet in full its other financial obligations after the repayment.

15. CONVERTIBLE BONDS

The Company issued two zero coupon convertible bonds with an aggregate principal amount of HK$273,000,000 on 11 November 2009 and to be matured on the third anniversary of the date of the issue of the convertible bonds.

The convertible bonds do not accrue interest and may be assignable or transferable subject to the prior notification to the Company.

The convertible bonds are denominated in Hong Kong dollars and can be converted into ordinary shares of the Company at HK$1.68 per share at any time from the issue date until the maturity date, provided that no conversion of the convertible bonds can take place for a period of six months commencing from the date of issue of the convertible bonds and the number of ordinary shares to be issued and allotted to the vendors upon the exercise of the conversion rights attached to the convertible bonds and, if applicable, together with any ordinary shares already owned or agreed to be acquired by the Vendors and/or parties acting in concert with it cannot represent 30% or more of the then issued ordinary share capital of the Company.

The conversion price of HK$1.68 is subject to certain anti-dilution adjustments and certain events such as changes in the share capital of the Company including consolidation or sub-division of shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company at substantial discount to market value.

The convertible bonds mature on 10 November 2012 and can be redeemed at par at the discretion of the issuer in whole or in part anytime before the maturity date by serving at least thirty days' prior written notice to the bondholders. Unless previously converted or lapsed or redeemed by the Company, the Company will redeem the convertible bonds on the maturity date at its then outstanding principal amount.

The convertible bonds contain liability component and conversion option and the issuer's early redemption option components.

The fair value of the liability component on initial recognition was calculated at the present value of the principal amount. The discount rate used in the calculation is 18.21% per annum which represents the cost of debt applicable to the Group at the issue date. In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The effective interest rate of the liability component is 18.21% per annum.

The embedded conversion option represents the bondholders' option to convert the convertible bonds into ordinary shares of the Company. However, since the conversion will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments, the conversion option is treated as a derivative and is measured at fair value at the end of each reporting period with changes in fair value recognised in profit or loss. The issuer's early redemption option is not closely related to the host liability and is measured at fair value at the end of each reporting periods with changes in fair value recognised in profit or loss.

Pursuant to the letters dated 19 May 2010, the holders of the convertible bonds have undertaken not to demand redemption of any amount of convertible bonds which remains outstanding on the maturity date unless the Group has sufficient funds to redeem the remaining outstanding amount of the convertible bonds and still be able to meet in full its financial obligations after the redemption.

The movement of the liability and derivatives components of the convertible bonds during the period is set out below:

	Liability HK$	Derivatives embedded in convertible bonds HK$	Total HK$
As at 1 February 2011 (audited)	203,255,632	93,805,923	297,061,555
Change in fair value	–	17,503,505	17,503,505
Imputed interest recognised	18,354,318	–	18,354,318
As at 31 July 2011 (unaudited)	221,609,950	111,309,428	332,919,378

The fair value of the conversion option is calculated using the Binomial Model. The fair value of the issuer's early redemption option held by the Company is determined as the difference between the fair values of the convertible bonds with and without the redemption option under the Binomial Model. The inputs into the valuation models were as follow:

	At 31.7.2011	At 31.1.2011
Share price	HK$2.15	HK$2.00
Conversion price	HK$1.68	HK$1.68
Expected volatility *(note a)*	43.092%	74.79%
Expected life *(note b)*	1.28 years	1.78 years
Risk free rate *(note c)*	0.180%	0.422%
Expected dividend yield *(note d)*	0%	0%

Notes:

(a) Expected volatility were determined by calculating the historical volatility of the Company's share price.

(b) Expected life was the expected remaining life of the option.

(c) The risk free rate is determined by reference to the yield of the Hong Kong Exchange Fund Notes.

(d) The expected dividend yield was based on the historical dividend payment record of the Company.

16. **RELATED PARTY TRANSACTIONS**

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

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended	
	31.7.2011 HK$ (unaudited)	31.7.2010 HK$ (unaudited)
Short-term employee benefits	**1,875,698**	1,007,000
Post-employment benefits	**110,009**	33,000
Total remuneration	**1,985,707**	1,040,000

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

During the six months ended 31 July 2011 (the "Period"), the Group's operations are being categorised into three divisions: property investment; hotel management and sales of dye-sublimation printed products. The Group's property investment and hotel management divisions were mainly located at Fujian Province, the People's Republic of China (the "PRC") and the sales of dye-sublimation printed products division was principally located at Japan.

In respect of the property investment division, the Group has generated its revenue mainly by leasing out properties held in Fuzhou City, PRC to independent tenants through Jiacheng (Fujian) Investments Co., Ltd. ("Jiacheng Fujian") and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company. In the past two years, as a result of the implementation of government policies, the property leasing business of Jiacheng and Faith Stand China have been improving.

Last year, Jiacheng Fujian invested in 福建中青創業投資有限公司 (Fujian Channel Capital Co., Ltd.*) and 佳信(福建)光電科技有限公司 (Jiaxin (Fujian) Opto-Electronic Technology Co., Ltd.*). Both companies are private entities incorporated in the PRC and engage in property development in 海西高新技術產業園區 (Fuzhou New & High Technology Industry Development Zone*) located at the western side of the Taiwan Strait. As a result of the concrete measures laid down by the Central Government to promote the construction and development of this economic zone, fair value gain of approximately HK$718,000 from these investments has been recorded during the Period.

Thanks to the efforts of the hotel management team, during the Period Vast Glory (Fujian) Hotel Management Limited ("Vast Glory Fujian"), a wholly-owned subsidiary of the Company, concluded a hotel management contract with a business partner to provide hotel management service for a hotel. This hotel is under construction and is located at Pingtan Island, Fujian, the fifth largest island in China. It is expected that the construction will be completed by mid 2013 and will generate revenue for the Group by then.

Looking forward, as the PRC Central Government has laid down concrete development plans for the coastal area in Fujian Province, Fujian usher in better development opportunities, this will certainly be beneficial to the development of real estate industry and hotel industry, the management of the Group will continue to explore potential business opportunities which may generate greater return to the shareholders.

Rakupuri Inc. ("Rakupuri") is engaged in the manufacturing and sale of dye-sublimation printed products. Rakupuri currently owns various patents for their production of pita clean products in China and Japan, as well as patents for its distinct technology for colour-dyeing on both sides of a zipper, and such technology could be used on zippers, seat belts as well as apparel. During the Period, Rakupuri was honoured to obtain the approval from the Ministry of Economy, Trade and Industry of Japan for a research and development project in respect of counterfeiting technology. Regarding this project, Rakupuri incurred approximately HK$2,000,000 for research and development for the Period.

Rakupuri recorded a loss for the Period. Due to the devastating March quake and tsunami in the Northeast region of Japan, the local economy of Japan remains in a tough environment. With reorganization, strengthened management and suitable inputs, the management of Rakupuri intends to drive Rakupuri to a profitable track. The management of the Group will closely monitor the business development of Rakupuri and implement corresponding measures when the appropriate time comes.

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

Financial Resources and Current Capital

During the Period, the Group recorded a loss attributable to owners of the Company of approximately HK$58,900,000 (6 months ended 31 July 2010: approximately HK$199,250,000), including imputed interest expenses on amount due to a shareholder of approximately HK$17,174,000 (6 months ended 31 July 2010: approximately HK$14,528,000), imputed interest expenses on convertible bonds of approximately HK$18,354,000 (6 months ended 31 July 2010: approximately HK$15,656,000) and a change in fair value of derivatives embedded in convertible bonds of approximately HK$17,504,000 (6 months ended 31 July 2010: approximately HK$169,911,000).

As at 31 July 2011, the Group had available bank balances and cash of approximately HK$2,468,000, RMB3,675,000 and JPY4,906,000 (31 January 2011: approximately HK$2,756,000, RMB7,745,000 and JPY12,137,000), representing a capital liquidity ratio (bank balances and cash divided by current liabilities) of 0.03 (31 January 2011: 0.06).

As at 31 July 2011, the Group's debts to assets ratio was 3.42 (31 January 2011: 3.18). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included an amount due to a shareholder of approximately HK$212,748,000 (31 January 2011: approximately HK$193,575,000), an amount due to a director of approximately HK$2,052,000 (31 January 2011: approximately HK$52,000), borrowings of approximately HK$4,778,000 (31 January 2011: approximately HK$4,533,000), the liability component of the convertible bonds of approximately HK$221,610,000 (31 January 2011: approximately HK$203,256,000) over the amount of total assets of approximately HK$129,172,000 (31 January 2011: approximately HK$126,206,000).

Interim Dividend

No interim dividend has been declared by the Board for the six months ended 31 July 2011 (6 months ended 31 July 2010: nil).

Capital Structure

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

Pledge of Assets

As at 31 July 2011, the Group did not pledge any of its assets for bank credits. Also, the Group was not subject to any responsibilities in accordance with any bank credit documents.

Capital Commitments and Contingent Liabilities

As at 31 July 2011, the Group had no material capital commitments and contingent liabilities.

Employees and Remuneration Policy

As at 31 July 2011, the total number of employees of the Group (excluding directors of the Company) was 44 (31 January 2011: 40). 27 of them worked in the PRC, 15 worked in Japan, while 2 worked in Hong Kong.

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

Share Options

No share option scheme has been adopted by the Group.

* *English translation of the official Chinese names are included for information purpose only, should not be regarded as the official English translation of such Chinese names or words.*

Save as disclosed above, there has been no material change to information disclosed in the Company's annual financial statements for the year ended 31 January 2011 which necessitates additional disclosure to be made in this section.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES
Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

INTERESTS OF DIRECTORS
As at 31 July 2011, the interests and short positions of the directors and the chief executive and their associates in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Lo Cheung Kin	Corporate *(Note)*	29,173,638 ordinary shares of HK$1.00 each ("Shares") (L)	22.11%

(L) denotes long position

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

Save as disclosed herein, as at 31 July 2011, none of the directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS
So far as is known to the directors, as at 31 July 2011, the following persons (not being directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Capacity	Number and class of securities	Percentage of issued ordinary share capital
Lui Ming Ho	Beneficial	131,250,000 Shares (L) *(Note a)*	53.41%
Wong Kin Ping	Beneficial	56,250,000 Shares (L) *(Note b)*	31.12%
Mass Honour Investment Limited	Beneficial	29,173,638 Shares (L)	22.11%

(L) denotes long position

Notes:

(a) Among these 131,250,000 Shares, 17,500,000 Shares are beneficially owned by Mr. Lui Ming Ho and 113,750,000 Shares are to be obtained upon the full conversion of the convertible bonds in the principal amount of HK$191,100,000.

(b) Among these 56,250,000 Shares, 7,500,000 Shares are beneficially owned by Mr. Wong Kin Ping and 48,750,000 Shares are to be obtained upon the full conversion of the convertible bonds in the principal amount of HK$81,900,000.

Save as disclosed above, as at 31 July 2011, the directors and the chief executive of the Company were not aware of any other person (other than the directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

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

The Company does not fully comply with the code provision A.4.1 of the CG Code, under which non-executive directors should be appointed for a specific term, subject to re-election. All of the three independent non-executive directors of the Company, have not been appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS
The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors of the Company, the directors of the Company confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE
The Audit Committee of the Company is to review and supervise the financial reporting process and internal control procedures of the Group. The Group's interim results for the six months ended 31 July 2011 have been reviewed by the Audit Committee.

The Audit Committee of the Company comprises of three Independent Non-executive Directors, namely, Mr. See Tak Wah ("Mr. See"), Mr. Wong Cheong and Mr. Ngai Sai Chuen, with Mr. See as the Chairman.

PUBLICATION OF RESULTS ON WEBSITES

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

By order of the Board
Lo Cheung Kin
Chairman

Hong Kong, 30 September 2011

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