CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31st July	
	2003	2002
	(unaudited)	(unaudited)
	HK$	HK$
NET CASH USED IN OPERATING ACTIVITIES	**(853,977)**	(672,374)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**3,070**	(79,940)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**81,383**	(24,694)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(769,524)**	(777,008)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**2,465,834**	4,119,804
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**1,696,310**	3,342,796
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**1,696,310**	3,342,796

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31ST JULY, 2003

1. **Basis of preparation**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting".

2. **Principal accounting policies**

The condensed consolidated financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st January, 2003, except as described below.

In the Period, the Group has adopted SSAP 12 (Revised) "Income Taxes" issued by the Hong Kong Society of Accountant. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. The adoption of SSAP 12 (Revised) has not had any material impact on the financial statements. Accordingly, no prior period adjustment has been required.

The Group's accounting policy for taxation following the adoption of SSAP 12 (Revised) is set out below:

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. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods 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 the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associated companies 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 is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. **Segment information**

An analysis of turnover and contribution to loss before taxation of the Group for the six months ended 31st July, 2003 and 2002 is as follows:

	Turnover 2003 HK$	**Contribution to loss before taxation 2003 HK$**	Turnover 2002 HK$	Contribution to loss before taxation 2002 HK$
Business Segments				
Property development and trading	**–**	**(241,085)**	–	(257,274)
Property investment	**184,000**	**(662,288)**	233,750	(455,173)
	184,000	**(903,373)**	233,750	(712,447)
Share of results of associates		**(198,683)**		(166,680)
Loss before taxation		**(1,102,056)**		(879,127)

4. **Depreciation**

During the Period, depreciation provided by the Group was HK$807 (2002: HK$998).

5. **Taxation**

No provision for Hong Kong Profits Tax is payable by the Company or its Hong Kong subsidiaries since they had no assessable profit for the Period.

A deferred tax asset of approximately HK$1,423,000 (31st January, 2003: HK$1,175,000) has not been recognised in the financial statements in respect of estimated tax losses available to offset future profits, due to the unpredictability of future profit streams.

6. **Loss per share**

The calculation of the basic loss per share is based on the net loss for the Period of HK$1,057,817 (2002: HK$831,916) and on the number of ordinary shares of 86,141,399 (2002: 86,141,399) in issue during the Period.

7. **Investment properties**

At 31st July, 2003, the directors have considered the carrying amounts of the Group's investment properties carried at their 31st January, 2003 revalued amounts and have estimated that the carrying amounts do not differ significantly from those which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the Period.

8. **Sundry receivables**

The balance comprises:

	31st July, 2003 HK$	31st January, 2003 HK$
Deposits and prepayments	**710,390**	846,255
Other receivables	**11,445,965**	11,445,965
	12,156,355	12,292,220
Allowance for other receivables	**(5,500,000)**	(5,500,000)
	6,656,355	6,792,220

9. **Sundry payables**

The balance comprises:

	31st July, 2003 HK$	31st January, 2003 HK$
Accruals and deposits received	**665,062**	729,268
Other payables	**6,954,783**	6,974,783
	7,619,845	7,704,051

10. **Related party transactions**

During the Period, the Group received rental income of HK$120,000 (2002: HK$120,000) from a related company, in which the directors of the Company, Mr. Lo Cheung Kin and Ms. Yin Hoi Yeung, have beneficial interests. The above transaction was carried out at market price.

In addition, included in borrowings at 31st July, 2003 was an amount of HK$1,374,238 (31st January, 2003: HK$832,568), due to a shareholder. The amount is non-interest bearing and has no fixed terms of repayment. The loan will not be requested to be repaid within the next twelve months, accordingly, the amount is shown as a non-current liability.

11. **Pending litigation**

In respect of the civil litigation, as mentioned in note 25 of the Group's annual report for the year ended 31st January, 2003, between Ka Fai Land Investment Company Limited ("Ka Fai"), a 81.65% owned subsidiary of the Group, and Lune Kin Investment and Development Company Limited ("Luen Kin"), the joint venture partner of Ka Fai to develop Phases II to V of Lisboa Gardens, the Court of Second Instance of Macau SAR made a decision on 6th October, 2003 that the Injunction Order is considered extinguished. In addition, the Court of Second Instance of Macau SAR considered that the Joint Venture Agreement ("the Agreement") between Ka Fai and Luen Kin should be maintained. Ka Fai is going to appeal to the Court of Final Appeal requesting re-appreciation to consider the Agreement rescinded, and based on the advice of legal counsel, the directors are of the opinion that the outcome will be in favour of Ka Fai and will not give rise to any additional obligation for the Group.

INDEPENDENT REVIEW REPORT

德勤·關黃陳方會計師行

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Deloitte Touche Tohmatsu

To the Board of Directors of
Buildmore International Limited
(Incorporated in Hong Kong with limited liability)

Introduction

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

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

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

Review work performed

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

Review conclusion

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 interim financial report for the six months ended 31st July, 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 24th October, 2003

MANAGEMENT DISCUSSION AND ANALYSIS

The major financial resources of the Group are derived from the sale and renting of properties. All these activities are based in Hong Kong and Macau.

The unaudited consolidated turnover of the Group for the Period amounts to HK$184,000 (2002: HK$233,750). The Group recorded a loss for the Period of HK$1,057,817 (2002: HK$831,916). Loss per share for the Period is HK1.23 cents (2002: HK0.97 cent).

As at 31st July, 2003, the Group's liquid assets amounted to HK$1,696,310 (31st January, 2003: HK$2,465,834) representing a liquidity ratio of 0.144 (31st January, 2003: 0.195).

In respect of the civil litigation between Ka Fai Land Investment Company Limited ("Ka Fai"), a 81.65% owned subsidiary of the Group, and Lune Kin Investment and Development Company Limited ("Lune Kin"), the joint venture partner of Ka Fai to develop Phases II to V of Lisboa Gardens, the decision made by the Collegiate Bench of the Court of Second Instance of Macau SAR on 6th October, 2003 was that the Injunction Order to freeze the right of Ka Fai to sign sale and purchase agreements and public deeds is considered extinguished. In addition, the Court of Second Instance of Macau SAR considered that the Joint Venture Agreement between Ka Fai and Luen Kin should be maintained. Ka Fai, after discussing with its lawyer, found the decision to maintain the Joint Venture Agreement unfair to Ka Fai and therefore is going to submit an appeal to the Court of Final Appeal requesting re-appreciation of Ka Fai's request to consider the Joint Venture Agreement rescinded. The lawyer of Ka Fai is following up the matters concerning the said appeal closely. Under normal circumstances, it takes lesser time to obtain a decision from the Court of Final Appeal. So, we hope that such a decision can be received shortly. Ka Fai, its lawyer and the Group are all of the opinion that the outcome will be favorable to Ka Fai.

The Company and Victorfield Limited have agreed with a purchaser in principle certain terms and conditions to sell the entire issued share capital of their jointly owned associated company, Property Developments Limited ("PDL"), in which the Company has 45% interest. The major terms and conditions include (1) the total consideration will be approximately HK$10,180,000 and the Company's share of 45% will be payable in Hong Kong; (2) the purchaser will be responsible for all the liabilities of Staten (Fujian) Real Estate Co., Ltd. ("Staten") and will be entitled to all Staten's receivables (Staten is a wholly owned subsidiary of PDL); and (3) the purchaser will be responsible for the rebuilding, renovation and decoration works of the composite building of Hudong Building in Fuzhou, the People's Republic of China, which is developed and held by Staten. Based on the said consideration, the selling price of the composite building of Hudong Building will be about HK$4,230 per square metre. The Company finds the aforesaid major terms and conditions fair and reasonable and they have been arrived at on arm's length basis. The said sale and purchase of PDL cannot be confirmed until the signing of a formal agreement after the purchaser has returned from abroad at the end of this month or at the beginning of next month.

The investment properties of the Company with a book value of HK$6,550,000 (31st January, 2003: HK$6,550,000) were pledged to secure banking facilities to the Group. In addition, the Group had, as at 31st July, 2003, obtained a term loan of approximately HK$1,436,000. As at 31st July, 2003, the Group had a utilizable fund in cash of HK$1,696,310 (31st January, 2003: HK$2,465,834).

As at 31st July, 2003, the gearing ratio of the Group was 0.196 (31st January, 2003: 0.191).

The Group is not subject to fluctuations in exchange rates as its investment portfolio is based in Hong Kong, Macau and the People's Republic of China only.

During the Period, the total emoluments paid to an independent non-executive director amount to HK$60,000 (2002: HK$60,000). The aggregate emoluments of each of the directors for the Period are within the emoluments band of not more than HK$1,000,000.

The emoluments of the only one employee of the Group, other than the director's fees paid to an independent non-executive director, during the Period are HK$39,940 (2002: HK$48,390).

Save as disclosed above, there has been no material change in the information disclosed in the Company's annual report for the year ended 31st January, 2003 which necessitates additional disclosure to be made in this section.

INTERIM DIVIDEND

In view of the loss of the Company, no interim dividend has been declared by the directors in respect of the year ending 31st January, 2004 (2002: nil).

DIRECTORS' INTERESTS IN SECURITIES

As at 31st July, 2003, the interests of the directors of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") or as notified to the Company were as follows:

	Ordinary Shares			Convertible Preference Shares	
Name	**Nature of interests**	**Number**	**% of issued ordinary share capital**	**Nature of interests**	**Number**
Mr. Jong Kong Ki	Corporate	21,600,000 *(Note a)*	25.08	–	–
Mr. So Yiu Kong	Personal	982,000	1.14	–	–
Mr. Chu Kwok Chue	Personal	420,000	0.49	–	–
Mr. Lo Cheung Kin	Corporate	14,141,399 *(Note b)*	16.42	Corporate	3,032,239 *(Note b)*

Notes:

a. 16,650,000 Ordinary Shares are held in the name of Nordstan Company Limited, 89.5% issued share capital of which is beneficially owned by Mr. Jong Kong Ki. 3,918,000 Ordinary Shares and 1,032,000 Ordinary Shares are held in the name of Kik Keung Finance Limited and Benwee Company Limited respectively. Both are beneficially owned by Mr. Jong Kong Ki.

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

In addition, Mr. Jong Kong Ki also holds 3,000,000 Ordinary Shares on behalf of an independent third party.

All the interests stated above represent long positions. As at 31st July, 2003, no short positions were recorded in the Company's Register of Directors' and Chief Executives' Interests and Short Positions required to be kept under section 352 of the SFO.

Other than as disclosed above, as at 31st July, 2003, neither the directors of the Company nor any of their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SFO.

As at 31st July, 2003, the Company has not granted any right to subscribe for shares in the Company to any director of the Company or to the spouse or children under 18 years of age of any such director.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

Other than the interests disclosed above in respect of certain directors of the Company, as at 31st July, 2003, the register maintained by the Company pursuant to section 336 of the SFO recorded interests (as defined in the SFO) of the following person in the Company:

Name	Capacity	Number of Ordinary Shares	% of issued ordinary share capital
Mr. Hooi Tak Piu	Beneficial owner	4,692,000	5.45

The interests stated above represent long positions. As at 31st July, 2003, no short positions were recorded in the Company's Register of Interests in Shares and Short Positions of substantial shareholders required to be kept under section 336 of the SFO.

Save as disclosed above, so far as the directors of the Company are aware, there was no person who, as at 31st July, 2003, directly or indirectly held or was beneficially interested in shares representing 5% or more of the issued ordinary share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the Period, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the Company's independent non-executive directors were not appointed for a specific term.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial statements for the Period.

On behalf of the Board
Jong Kong Ki
Chairman

Hong Kong, 24th October, 2003