Deloitte.
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德勤・關黃陳方會計師行
香港中環干諾道中111號
永安中心26樓

Deloitte Touche Tohmatsu
26/F Wing On Centre
111 Connaught Road Central
Hong Kong

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 on pages 1 and 2.

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 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public 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 Institute of Certified Public Accountants. A review consists principally of making enquiries 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, 2004.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 25th October, 2004

MANAGEMENT DISCUSSION AND ANALYSIS

The major financial resources of the Group are derived from the disposal and renting of properties in the People's Republic of China ("PRC") and Hong Kong.

The unaudited consolidated turnover of the Group for the Period amounted to HK$180,000 (2003: HK$184,000). The Group recorded a profit for the Period of HK$1,002,005 (2003: loss of HK$1,057,817). Basic earnings per share for the Period were HK1.163 cents (2003: basic loss per share of HK1.228 cents).

As at 31st July, 2004, the Group's liquid assets, being utilizable fund in cash, amounted to HK$323,340 (31st January, 2004: HK$1,191) representing a liquidity ratio of 0.150 (31st January, 2004: 0.00024).

The investment properties of the Company with a book value as at 31st July, 2004 of HK$8,500,000 (31st January, 2004: HK$8,500,000) were pledged to secure banking facilities to the Group.

As at 31st July, 2004, the gearing ratio of the Group was 0.137 (31st January, 2004: 0.196). The gearing ratio is calculated by dividing total external borrowings over shareholders' equity.

The Company had disposed of its 45% equity interests in the Hudong Composite Building in Fuzhou, the PRC, which is wholly owned by Property Developments Limited, to an independent third party for a consideration of HK$4,580,000. The disposal was approved at the Company's Extraordinary General Meeting held on 12th July, 2004 (the "EGM"). At the EGM, the Company had also amended its articles of association to allow the conversion of the outstanding 3,032,239 convertible preference shares in the Company by Mass Honour Investment Limited. Details of the aforesaid were set out in the Company's circular dated 18th June, 2004.

The property owned by Keen Luck (China) Limited ("Keen Luck"), a wholly owned subsidiary of the Company, has been completed. The property is known as "GENTLEFOLK", situated at No. 53 Wenquan Park Road, Gulou District, Fuzhou, the PRC, and consisting of 51 residential units and 15 car parking spaces. Although the property market in Fuzhou has become weaker due to the macroeconomics adjustment and control in the PRC, Keen Luck is still negotiating with some potential purchasers. If possible, Keen Luck hopes to sell all the residential units and car parking spaces at a fair and reasonable price before the issuance of the Property Right Certificates commencing in January 2005 so as to save the relevant expenses.

The Company entered into a provisional agreement on 30th July, 2004 with independent purchasers to dispose of the Company's residential unit situated at Flat H, 21st Floor, Tower 19, South Horizons, No. 19 South Horizon Drive, Ap Lei Chau, Hong Kong (the "Property"), together with a tenancy of HK$14,000 per month, for a cash consideration of HK$4,350,000. The consideration over the net book value of the Company's interests in the Property as at 31st January, 2004 amounts to HK$200,000. The formal agreement for sale and purchase of the Property was signed by both parties on 12th August, 2004. Upon approval being obtained at the Company's Extraordinary General Meeting held on 12th September, 2004, the sale and purchase of the Property was completed on 17th September, 2004. The net proceeds of the disposal were used mainly for the repayment of bank indebtedness secured by the Property and the remaining are treated as the Company's general working capital.

Ka Fai Land Investment Company Limited ("Ka Fai"), of which the Company's 36.74% owned associate, Gladiolus Trading Limited, possesses 81.65% shareholding, had been condemned by the Court of Macau to present an amount of MOP36,595,000 to the Court of Macau as guarantee to secure future development expenses of Phases II to V of Jardins Lisboa. After receiving that amount, the Court of Macau will withdraw the Injunction Order so that Ka Fai can execute the "Buying and Selling Public Deeds". The said amount will be subject to audit when a decision has been given by the Court of Final Appeal as to whether the Joint Venture Agreement between Ka Fai and its joint venture partner, Luen Kin Investment and Development Company Limited, should be maintained.

The Group is not subject to fluctuations in exchange rates as its investment portfolio is based in Hong Kong and the PRC only.

During the Period, the total emoluments paid to an independent non-executive director amounted to HK$60,000 (2003: 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.

Other than the director's fees paid to an independent non-executive director, no emolument was paid to any other director of the Company or employee of the Group during the Period (2003: emoluments paid to the only employee of the Group of HK$39,940).

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, 2004 which necessitates additional disclosure to be made in this section.