BUILDMORE INTERNATIONAL LIMITED

建懋國際有限公司

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

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST JANUARY, 2009

The board of directors (the "Board") of Buildmore International Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st January, 2009 (the "Year"), which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31st January	
		2009	2008
	Notes	***HK$***	*HK$*
Revenue	2 & 3	**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	4	**1,395,006**	2,862,168
(Loss) profit for the year	5	**(8,291,125)**	4,303,851
Basic (loss) earnings per share	6	**HK(7.75) cents**	HK4.58 cents

CONSOLIDATED BALANCE SHEET

		At 31st January	
		2009	2008
	Note	***HK$***	*HK$*
Non-current assets			
Investment properties		**85,749,294**	85,379,452
Property, plant and equipment		**775,386**	836,827
		86,524,680	86,216,279
Current assets			
Trade and sundry receivables and prepayments	7	**372,199**	1,052,818
Bank balances and cash		**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		**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		**10,938,703**	12,042,263
Net assets		**111,579,100**	115,504,401
Capital and reserves			
Share capital		**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

Notes:

1. 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, 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.

2. 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 3.

3. 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		Property management		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*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		Property management		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*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 People's Republic of China (excluding Hong Kong) (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.

4. TAXATION CREDIT

	2009	2008
	HK$	*HK$*
Current tax charge:		
PRC	**(212,645)**	(350,031)
Deferred tax:		
Current year	**1,607,651**	(313,453)
Attributable to change in tax rate	**–**	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.

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)

5. (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	**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)**	–

6. (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.

7. TRADE AND SUNDRY RECEIVABLES AND PREPAYMENTS

	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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

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 ("Lakeside Travel").

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.

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.

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 (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.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the Year.

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

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors of the Company, the Company is not aware of any non-compliance with the Model Code regarding the trading of the Company's securities for the Year.

AUDIT COMMITTEE

The audit committee has reviewed with the Group's management the accounting principles and practices adopted by the Group and discussed on the financial, operational and compliance controls and risk management functions and in particular, the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budget. The audit committee has no dissenting view on the accounting policies adopted by the Group and on the Group's internal controls and risk management, accounting and financial reporting functions.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement of the Company will be posted at the website of the Company (http://www.capitalfp.com.hk/eng/index.jsp?co=108) and the website of the Stock Exchange (http://www.hkexnews.hk). Annual Report 2009 of the Company containing all information as required by the Listing Rules will be despatched to the shareholders of the Company later and posted at the above websites.

By order of the Board
Lo Cheung Kin
Chairman

Hong Kong, 22nd May, 2009

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