Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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, 2010

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, 2010 (the "Year"), which have been reviewed by the audit committee of the Company, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31st January	
		2010	2009
	Notes	***HK$***	*HK$*
Revenue	3	**9,807,983**	4,495,674
Cost of sales		**(5,164,707)**	(598,805)
Gross profit		**4,643,276**	3,896,869
Other income		**103,253**	684,355
Selling and distribution costs		**(993,656)**	–
Administrative expenses		**(10,298,267)**	(4,438,430)
Finance cost	4	**(13,666,171)**	–
Change in fair value of investment properties		**(21,983,884)**	(8,723,681)
Impairment loss on goodwill		**(509,234,337)**	–
Change in fair value of derivatives embedded in convertible bonds		**22,031,520**	–
Net exchange loss		**(111,256)**	(1,105,244)
Loss before taxation		**(529,509,522)**	(9,686,131)
Taxation	5	**2,988,021**	1,395,006
Loss for the year attributable to owners of the Company	6	**(526,521,501)**	(8,291,125)
Other comprehensive income			
Exchange difference arising on translation from functional currency to presentation currency		**81,872**	4,365,824
Total comprehensive expense for the year attributable to owners of the Company		**(526,439,629)**	(3,925,301)
Loss per share	7		
Basic		**(4.70)**	(0.08)
Diluted		**(4.70)**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31st January	
		2010	2009
	Notes	***HK$***	*HK$*
Non-current assets			
Investment properties		**68,153,445**	85,749,294
Property, plant and equipment		**7,002,596**	775,386
Goodwill		**–**	–
Intangible assets		**673,427**	–
		75,829,468	86,524,680
Current assets			
Inventories		**1,582,877**	–
Trade and other receivables and prepayments	8	**4,435,310**	372,199
Bank balances and cash		**19,696,363**	37,701,724
		25,714,550	38,073,923
Current liabilities			
Trade and other payables and accruals	9	**6,781,562**	1,362,638
Amount due to a shareholder		**957,977**	–
Amount due to a director		**52,239**	52,239
Borrowings – due within one year		**1,180,719**	–
Tax liabilities		**740,959**	665,923
		9,713,456	2,080,800
Net current assets		**16,001,094**	35,993,123
Total assets less current liabilities		**91,830,562**	122,517,803
Non-current liabilities			
Amount due to a shareholder		**159,560,735**	–
Borrowings – due after one year		**4,096,099**	–
Convertible bonds		**257,647,080**	–
Deferred taxation		**7,887,177**	10,938,703
		429,191,091	10,938,703
Net (liabilities) assets		**(337,360,529)**	111,579,100
Capital and reserves			
Share capital		**131,973,638**	106,973,638
Share premium and reserves		**(469,334,167)**	4,605,462
Equity attributable to owners of the Company		**(337,360,529)**	111,579,100

Notes:

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 3).

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group had an accounting policy that expensed all borrowing costs when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all borrowing costs that are directly attributable to the acquisition, construction on production of a qualifying asset as part of the cost of the qualifying asset. The revised accounting policy does not have a material effect on the reported results and financial position of the Group for the current or prior accounting periods as the Group does not have qualifying asset.

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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[8]
HKAS 24 (Revised)	Related party disclosures6
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[5]

1 Effective for annual periods beginning on or after 1st July, 2009.

2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.

3 Effective for annual periods beginning on or after 1st January, 2010.

4 Effective for annual periods beginning on or after 1st February, 2010.

5 Effective for annual periods beginning on or after 1st July, 2010.

6 Effective for annual periods beginning on or after 1st January, 2011.

7 Effective for annual periods beginning on or after 1st January, 2013.

8 Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.

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.

HKFRS 9 "Financial instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors have given careful consideration to the future liquidity of the Group and the Company in the light of the fact that the Group incurred a loss of HK$526,521,501 during the year ended 31st January, 2010 and, as of that date, the Group's total liabilities exceeded its total assets by HK$337,360,529 and the Company's total liabilities exceeded its total assets by HK$162,401,099. Subsequent to 31st January, 2010, the directors of the Company have taken the following actions to improve the liquidity position of the Group and the Company:

(i) a shareholder has undertaken not to demand repayment of the advance with principal amount of HK$219,285,077 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 other financial obligations after the repayment;

(ii) the holders of convertible bonds have undertaken not to redeem any amount of convertible bonds which remains outstanding on the maturity date until such time as the Group has sufficient funds to redeem the remaining outstanding amount of the convertible bonds and still be able to meet in full its other financial obligations after the redemption; and

(iii) the Group disposed of its investment properties with a carrying amount of approximately HK$1,774,000 at 31st January, 2010 at a consideration of approximately HK$2,247,000.

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

3. REVENUE AND SEGMENT INFORMATION

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

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st February, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers, represented by executive directors of the Company, for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard, HKAS 14 "Segment Reporting", required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of performance is focused on the business divisions. The Group is currently organised into four operating segments – (i) property investment; (ii) property management; (iii) hotel management and (iv) sales of dye-sublimation printed products.

During the year, the Group commenced the business in hotel management, and involved in the business of sales of dye-sublimation printed products after the acquisition of subsidiaries.

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31st January, 2010

	Property investment *HK$*	**Property management** *HK$*	**Hotel management** *HK$*	**Sales of dye-sublimation printed products** *HK$*	**Total** *HK$*
REVENUE					
Segment revenue – external sales	**2,473,790**	**103,456**	**621,223**	**6,609,514**	**9,807,983**
RESULTS					
Segment results	**(21,326,109)**	**(357,127)**	**30,734**	**(510,246,833)**	**(531,899,335)**
Other income					**103,253**
Corporate administrative expenses					**(6,007,396)**
Imputed interest expenses on amount due to a shareholder					**(6,947,708)**
Imputed interest expenses on convertible bonds					**(6,678,600)**
Change in fair value of derivatives embedded in convertible bonds					**22,031,520**
Exchange loss					**(111,256)**
Loss before taxation					**(529,509,522)**

For the year ended 31st January, 2009

	Property investment *HK$*	Property management *HK$*	Total *HK$*
REVENUE			
Segment revenue – external sales	4,060,684	434,990	4,495,674
RESULTS			
Segment results	(5,798,285)	(310,106)	(6,108,391)
Other income			684,355
Corporate administrative expenses			(3,156,851)
Exchange loss			(1,105,244)
Loss before taxation			(9,686,131)

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 exchange loss. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

As at 31st January, 2010

	Property investment *HK$*	Property management *HK$*	Hotel management *HK$*	Sales of dye-sublimation printed products *HK$*	Total *HK$*
SEGMENT ASSETS					
Segment assets	**68,618,559**	**–**	**15,602**	**10,794,055**	**79,428,216**
Property, plant and equipment (for corporate)					**4,200,054**
Other receivables and prepayments (for corporate)					**143,980**
Bank balances and cash (for corporate)					**17,771,768**
Consolidated assets					**101,544,018**
SEGMENT LIABILITIES					
Segment liabilities	**9,759,395**	**9,420**	**6,506**	**9,647,695**	**19,423,016**
Other payables and accruals (for corporate)					**1,263,500**
Amount due to a shareholder					**160,518,712**
Amount due to a director					**52,239**
Convertible bonds					**257,647,080**
Consolidated liabilities					**438,904,547**

As at 31st January, 2009

	Property investment *HK$*	Property management *HK$*	Total *HK$*
SEGMENT ASSETS			
Segment assets	86,720,159	13,211	86,733,370
Property, plant and equipment (for corporate)			15,349
Other receivables and prepayments (for corporate)			148,160
Bank balances and cash (for corporate)			37,701,724
Consolidated assets			124,598,603
SEGMENT LIABILITIES			
Segment liabilities	12,376,060	22,660	12,398,720
Other payables and accruals (for corporate)			568,544
Amount due to a director			52,239
Consolidated liabilities			13,019,503

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments, other than corporate assets of the Group.
- All liabilities are allocated to reportable segments, other than liabilities not directly related to operation of segments such as other payables and accruals for corporate, amount due to a shareholder, amount due to a director and convertible bonds.

Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31st January, 2010

	Property investment ***HK$***	**Property management** ***HK$***	**Hotel management** ***HK$***	**Sales of dye-sublimation printed products** ***HK$***	**Total** ***HK$***
Additions of property, plant and equipment	**54,749**	**–**	**9,477**	**–**	**64,226**
Amortisation of intangible assets	**–**	**–**	**–**	**27,395**	**27,395**
Depreciation of property, plant and equipment	**145,927**	**–**	**1,819**	**185,477**	**333,223**
Change in fair value of investment properties	**21,983,884**	**–**	**–**	**–**	**21,983,884**
Impairment loss on goodwill	**–**	**–**	**–**	**509,234,337**	**509,234,337**

For the year ended 31st January, 2009

	Property investment *HK$*	Property management *HK$*	Total *HK$*
Additions of property, plant and equipment	45,545	–	45,545
Depreciation of property, plant and equipment	142,952	–	142,952
Change in fair value of investment properties	8,723,681	–	8,723,681

Geographical information

The Group's operations are located in Japan and the People's Republic of China (excluding Hong Kong) ("PRC").

The Group's revenue from external customers by geographic location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	Year ended 31.1.2010	Year ended 31.1.2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
PRC	**3,198,469**	4,495,674	**72,556,579**	86,509,331
Hong Kong	**–**	–	**244,190**	15,349
Japan	**6,609,514**	–	**3,028,699**	–
	9,807,983	4,495,674	**75,829,468**	86,524,680

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010 ***HK$***	2009 *HK$*
Customer A – Sales of dye-sublimation printed products	**1,777,880**	–
Customer B – Sales of dye-sublimation printed products	**1,060,958**	–
Customer C – Property investment	**1,036,547**	–
Customer D – Property investment	**–**	1,596,514

4. FINANCE COST

	2010	2009
	HK$	*HK$*
Interest expenses on borrowings wholly repayable within five years	**39,863**	–
Imputed interest expenses on amount due to a shareholder	**6,947,708**	–
Imputed interest expenses on convertible bonds	**6,678,600**	–
	13,666,171	–

5. TAXATION

	2010	2009
	HK$	*HK$*
Current tax charge:		
PRC	**(74,543)**	(212,645)
Deferred tax:		
Current year	**3,062,564**	1,607,651
Taxation attributable to the Group	**2,988,021**	1,395,006

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong. Taxation arising in PRC is calculated at the rates prevailing in the relevant jurisdictions.

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 JPY 100 million. No provision for Japan corporate tax is provided in the consolidated statement of comprehensive income for the year ended 31st January, 2010, since there is no assessable profit in Japan for the year.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$	*HK$*
Loss before taxation	**(529,509,522)**	(9,686,131)
Taxation at tax rate of 25% (2009: 25%)	**(132,377,381)**	(2,421,533)
Tax effect of expenses not deductible for tax purpose	**133,316,669**	57,570
Tax effect of income not taxable for tax purpose	**(5,525,795)**	(115,525)
Tax effect of tax losses not recognised	**1,414,519**	641,273
Tax effect of different tax rates of group entities operating in other jurisdiction	**183,967**	443,209
Taxation for the year	**(2,988,021)**	(1,395,006)

6. LOSS FOR THE YEAR

	2010	2009
	HK$	*HK$*
Loss for the year has been arrived at after charging (crediting):		
Auditor's remuneration	**1,000,000**	615,680
Cost of inventories that recognised as an expense	**3,031,032**	–
Depreciation of property, plant and equipment	**570,109**	142,952
Amortisation of intangible assets (included in cost of sales)	**27,395**	–
Directors' emoluments	**1,324,628**	1,187,964
Gross rents from investment properties under operating lease	**(2,473,790)**	(4,060,684)
Less: Outgoings	**270,087**	260,637
Net rental income	**(2,203,703)**	(3,800,047)
Loss on disposal of property, plant and equipment	**2,885**	–
Other staff costs (including contribution to retirement benefits schemes of HK$217,533 (2009: HK$12,800))	**2,982,085**	1,132,174
Operating lease rentals in respect of:		
Premises	**250,192**	87,389
Equipment	**89,221**	–
Interest income	**(35,741)**	(662,877)

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:

	2010	2009
	HK$	*HK$*
Loss for the purposes of basic and diluted loss per share	**(526,521,501)**	(8,291,125)

	Number of shares	
	2010	2009
Number of shares		
Weighted average number of shares for the purposes of basic and diluted loss per share	**111,935,426**	106,973,638

The calculation of diluted loss per share for the year ended 31st January, 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.

No diluted loss per share has been presented for the year ended 31st January, 2009 as there were no potential ordinary shares subsisted during the year.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2010	2009
	HK$	*HK$*
Trade receivables	**4,401,045**	198,480
Less: Allowance for bad and doubtful debts	**(939,169)**	–
	3,461,876	198,480
Other receivables and prepayments	**973,434**	173,719
	4,435,310	372,199

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:

	2010	2009
	HK$	*HK$*
0 – 90 days	**2,794,123**	198,480
91 – 180 days	**223,445**	–
181 – 365 days	**444,308**	–
	3,461,876	198,480

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.

As at 31st January, 2010, the whole amount of trade debtors (2009: nil) was related to the sale of dye-sublimation printed products and were all past due but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these trade receivables is 80 days as at 31st January, 2010 (2009: not applicable). As at 31st January, 2009, trade receivables were neither past due nor impaired.

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

	2010	2009
	HK$	*HK$*
Balance at beginning of the year	**–**	–
Acquisition of subsidiaries	**939,169**	–
Balance at end of the year	**939,169**	–

Included in the allowance for doubtful debts of HK$939,169 (2009: nil) are individually impaired trade debtors, which were long outstanding overdue. The Group has provided fully for these debts. In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade receivable from the date of invoice up to the statement of financial position date. The trade debtors past due but not impaired for were either subsequently settled or with no historical default of payments by the respective customers. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	2010	2009
	HK$	*HK$*
Trade payables	**2,960,637**	–
Other payables and accruals	**2,068,249**	1,137,609
Tax payables other than income tax	**1,663,793**	165,679
Advanced payments from customers	**88,883**	59,350
	6,781,562	1,362,638

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

	2010	2009
	HK$	*HK$*
0 – 90 days	**2,857,794**	–
91 – 180 days	**10,322**	–
181 – 365 days	**1,050**	–
> 365 days	**91,471**	–
	2,960,637	–

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

"Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a loss of HK$526,521,501 during the year ended 31st January, 2010 and, as of that date, the Group's total liabilities exceeded its total assets by HK$337,360,529 and the Company's total liabilities exceeded its total assets by HK$162,401,099. These conditions, along with other matters as set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern."

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

The Company has generated its income mainly by leasing out properties held in Fuzhou City, PRC to independent tenants through Jiacheng (Fujian) Investments Co., Ltd. ("Jiacheng Fujian", formerly known as Victorfield (Fujian) Property Development Co., Ltd.) and Faith Stand (China) Limited ("Faith Stand China"), two wholly-owned subsidiaries of the Company, and by managing the construction and decoration of two hotels and the preparation for their opening through Vast Glory (Fujian) Hotel Management Limited ("Vast Glory Fujian"), a wholly-owned subsidiary of the Company.

The property leasing businesses of Jiacheng Fujian and Faith Stand China were previously under the impact of the financial tsunami. With the implementation of central government policies and the gradual recovery of the global economy, the situation is improving. Jiacheng Fujian and Faith Stand China are in negotiation with their tenants with a view to adjust the rent upwards to bring in more revenue. On 9th March, 2010, Jiacheng Fujian terminated its property management of Wenquan Apartment, completely discontinuing its property management business. At the same time, on 23rd April, 2010, Jiacheng Fujian sold Shop Unit Nos. 04 and 07 on the 1st Floor and Shop Unit No. 06 on the 2nd Floor of Block 2, Victorfield Apartment, No. 436 Wusi Road, Gulou District, Fuzhou City, Fujian Province, PRC to Madam 徐玉華 (Xu Yuhua), an independent third party, at the prices of HK$859,545 (RMB756,400), HK$856,943 (RMB754,110) and HK$423,920 (RMB373,050) respectively, which represent a premium of HK$128,932 (RMB113,460), HK$113,676 (RMB100,035) and HK$94,205 (RMB82,900) respectively over the corresponding purchase price.

In addition to the two hotels whose preparation Vast Glory Fujian is managing, Vast Glory Fujian is in negotiation with a guesthouse in Fuzhou City concerning a contract in relation to the investment in decoration and the franchise for long-term operations, and in negotiation with another two hotels for management contracts. For some special reasons, Vast Glory Fujian terminated its contract for the franchise for operating Fujian Lakeside International Travel Service ("Lakeside Travel") on 31st March, 2010. Tourism deposits of RMB1.6 million paid on behalf of Lakeside Travel have been recovered in full.

On 16th May, 2009, Jiacheng Fujian completed the acquisition of 9th Floor, Jia Xin Building, No. 119 Wusi Road, Gulou District, Fuzhou City, Fujian Province, PRC (total gross floor area of approximately 607.99 square metres) from a connected person, Mr. Lam Kung Yam, at a total consideration of HK$3,625,442 (RMB3,191,948). After renovation, the property now serves as the business premises of Jiacheng Fujian, Vast Glory Fujian, Faith Stand China and Lakeside Travel to facilitate the business development of each of these companies.

On 27th September, 2009, Jiacheng Fujian acquired a total of ten garages, namely Garage Nos. 04 to 10, Raised Floor, Block 8 and Garage Nos. 07, 09 and 10, Raised Floor, Block 9, Victorfield Apartment, No. 436 Wusi Road, Gulou District, Fuzhou City, Fujian Province, PRC, from 福建益力房地產開發有限公司 (Victorfield (Fujian) Real Estate Development Limited), an independent third party, at an aggregate consideration of HK$908,142 (RMB800,000). The transaction was completed on 16th October, 2009. Those garages have been commissioned to 益力公寓物業管理公司 (Victorfield Apartment Property Management Company) for short-term rental at a rent of approximately RMB300 per month per garage. On 4th May, 2010, Jiacheng Fujian transferred Garage No. 07, Raised Floor, Block 9 to an independent third party at a price of HK$106,818 (RMB94,000).

On 26th October, 2009, Faith Stand China acquired 13 parking spaces at 1st Floor (Street Front), Block #4, Gentlefolk, 53 Wenquan Park Road, Wenquan Sub-district, Gulou District, Fuzhou City, Fujian Province, PRC from 福州凱華房地產開發有限公司 (Exceland (Fuzhou) Real Estate Co., Ltd.), an independent third party, at an aggregate consideration of HK$3,394,410 (RMB2,990,000). The transaction was completed on 6th November, 2009. In April 2010, the selling price of a basement parking space at Gentlefolk reached RMB320,000 (exclusive of handling charges and taxes). Various clients have contacted Faith Stand China for negotiation to rent all 13 parking spaces as shops or cafes. The properties are expected to bring better returns.

On 11th November, 2009, the Company completed its acquisition of the entire issued capital of United Achieve International Limited ("United Achieve") from Mr. Lui Ming Ho and Mr. Wong Kin Ping, independent third parties, at an aggregate consideration of HK$315,000,000 (HK$42,000,000 by the issue of new shares at a price of HK$1.68 each and HK$273,000,000 by the issue of convertible bonds). United Achieve holds 72.12% issued share capital of Viswell International Limited ("Viswell International"), which is interested in 100% equity interest in Rakupuri Inc. ("Rakupuri"). Rakupuri is a company engaged in the manufacture and sale of dye-sublimation printed products. Rakupuri currently owns various patents for their production of pita clean products, 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. The Company's reason for this acquisition is not solely Rakupuri's business in Japan. Its goal is to take advantage of the Company's connections, and to form cooperation bonds with relevant enterprises in the Chinese mainland with the promotion of the use of Rakupuri's patented technologies, actively expanding its businesses and gradually establishing cooperation relationships with world-renowned companies, striving for diversification and the expansion of its scope of operation, thus bringing benefits to the Group. Rakupuri recorded a loss this year; with reorganization, suitable inputs, and strengthened management, however, it is believed that it can return to profitability.

Liquidity and Financial Resources

During the Year, the Group recorded a loss attributable to owners of the Group of HK$526,521,501, including a one-off impairment of goodwill of HK$509,234,337 which arose from the acquisition of United Achieve.

Goodwill of HK$509,234,337 arose because of the Company's acquisition (the "Acquisition") of United Achieve and its subsidiaries, Viswell International and Rakupuri. As consideration of the Acquisition, the Company issued two convertible bonds with an aggregate principal amount of HK$273,000,000 and issued 25,000,000 ordinary shares in the Company to the vendors. In accordance with Hong Kong accounting standards, the consideration of the Acquisition should be stated at fair value at the date of completion of the Acquisition. The reorganization has only been completed towards the end of the Year. Cooperation projects in the Chinese mainland are still in negotiation, and the management is confident about the prospect of the development.

According to applicable Hong Kong accounting standards, the management considered that Rakupuri represents a separate cash generating unit ("CGU") for the purpose of impairment testing. The assumptions on development of Rakupuri's businesses in the Chinese mainland with the effect of the Group after the Acquisition cannot be clearly quantified and supported and therefore have not been included in the value in use calculations to arrive at the recoverable amount of the CGU. Since the carrying amount of the CGU (including goodwill) is significantly above its recoverable amount, the Group fully impaired the amount of goodwill of HK$509,234,337 in the Year. The impairment of goodwill has been included in the financial statements but has had no effect on the Group's cash flow. The management still has confidence that positive cash flow will be generated by Rakupuri in the foreseeable future. The impairment of goodwill will not affect the operation of the Group.

As at 31st January, 2010, the Group had available cash and bank deposit of HK$8,828,744, RMB7,879,698 and JPY22,343,837 (2009: HK$29,429,426 and RMB7,296,082), representing a capital liquidity ratio (cash and bank balance divided by current liabilities) of 2.03 (2009: 18.12).

As at 31st January, 2010, the Group's debts to assets ratio was 3.33 (2009: zero). The debts to assets ratio is calculated by dividing the aggregate amount of debts which included an amount due to a shareholder of HK$160,518,712 (2009: nil), borrowings of HK$5,276,818 (2009: nil), the liability component of the convertible bonds of HK$171,944,533 (2009: nil) over the amount of total assets of HK$101,544,018 (2009: HK$124,598,603).

During the Year, the Group's business operations were chiefly in the PRC and the main operational currencies are HK$ and RMB. The exchange rate between RMB and HK$ has remained stable. Following the acquisition of Rakupuri, the Group runs additional businesses in Japan and the JPY has become our additional operational currency. The Group will closely monitor any exchange rate trend and take corresponding measures in a timely manner to reduce foreign exchange risk and exposure.

Employees and Remuneration Policy

As at 31st January, 2010, the total number of employees of the Group (excluding directors of the Company) was 53 (2009: 38). Thirty-nine of them worked in the PRC, 13 worked in Japan, while one worked in Hong Kong.

During the Year, the Group paid employees' emoluments (including emoluments for directors, company secretary and qualified accountant of the Company) amounting to HK$1,036,000, RMB1,299,269, and JPY12,146,900 (1st November, 2009 to 31st January, 2010) (2009: HK$1,004,000 and RMB1,074,996). 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 level, as well as the individual competence and performance 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 2010 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, 26th May, 2010

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, Mr. Chau On Ta Yuen and Mr. Ngai Sai Chuen who are independent non-executive directors.