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BUILDMORE INTERNATIONAL LIMITED

建懋國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 108)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JULY 2011

The Board of Directors (the “Board”) of Buildmore International Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 July 2011 (the “Period”), which have been reviewed by the audit committee of the Company, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 July 2011

		Six months ended	
		31.7.2011	31.7.2010
	<i>Notes</i>	HK\$	HK\$
		(unaudited)	(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)

		Six months ended	
		31.7.2011	31.7.2010
		HK\$	HK\$
	<i>Notes</i>	(unaudited)	(unaudited)
Loss for the period from continuing operations		(59,782,672)	(199,903,534)
Discontinued operation			
Loss for the period from discontinued operation	4	<u>—</u>	<u>(45,006)</u>
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		<u>2,717,993</u>	<u>70,842</u>
Total comprehensive expense for the period		<u>(57,064,679)</u>	<u>(199,877,698)</u>
Loss for the period attributable to:			
Owners of the Company		(58,895,143)	(199,249,970)
Non-controlling interests		<u>(887,529)</u>	<u>(698,570)</u>
		<u>(59,782,672)</u>	<u>(199,948,540)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(55,752,184)	(199,179,128)
Non-controlling interests		<u>(1,312,495)</u>	<u>(698,570)</u>
		<u>(57,064,679)</u>	<u>(199,877,698)</u>
Loss per share	7		
From continuing and discontinued operations			
Basic		<u>(0.45)</u>	<u>(1.51)</u>
Diluted		<u>(0.45)</u>	<u>(1.51)</u>
From continuing operations			
Basic		<u>(0.45)</u>	<u>(1.51)</u>
Diluted		<u>(0.45)</u>	<u>(1.51)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 July 2011

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

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

1. GENERAL INFORMATION

The interim financial statements have 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 statements, 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 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 advance with carrying amount of HK\$6,000,000 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;
- (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 statements have 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 statements 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 statements contain 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 statements are unaudited, but have 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 statements 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	<u>2,351,496</u>	<u>–</u>	<u>10,363,064</u>	<u>12,714,560</u>
Segment results	<u>(1,165,201)</u>	<u>(302,664)</u>	<u>(3,215,060)</u>	<u>(4,682,925)</u>
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				<u>(17,503,505)</u>
Loss before taxation				<u><u>(59,679,039)</u></u>

For the six months ended 31 July 2010

	Continuing operations				Discontinued operations	
	Property investment	Hotel management	Sales of dye-sublimation printed products	Sub-total	Property management	Consolidated
	HK\$	HK\$	HK\$	HK\$	HK\$	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	31.7.2010
HK\$	HK\$
(unaudited)	(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)
	<u> </u>	<u> </u>

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 operation

Six months ended	
31.7.2011	31.7.2010
HK\$	HK\$
(unaudited)	(unaudited)

The Group's loss for the period attributable to the owners of the Company

(58,895,143)	(199,249,970)
<u> </u>	<u> </u>

Number of shares

Weighted average number of shares

131,973,638	131,973,638
<u> </u>	<u> </u>

Continuing operations

	Six months ended	
	31.7.2011	31.7.2010
	HK\$	HK\$
	(unaudited)	(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	<u>(58,895,143)</u>	<u>(199,204,964)</u>
Number of shares		
Weighted average number of shares	<u>131,973,638</u>	<u>131,973,638</u>

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. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

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

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	31.1.2011
	HK\$	HK\$
	(unaudited)	(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.

9. TRADE AND OTHER PAYABLES AND ACCRUALS

	31.7.2011	31.1.2011
	HK\$	HK\$
	(unaudited)	(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	31.1.2011
	HK\$	HK\$
	(unaudited)	(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

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 PRC 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.

* *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.*

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.

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 (<i>Note</i>)	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) (<i>Note a</i>)	53.41%
Wong Kin Ping	Beneficial	56,250,000 Shares (L) (<i>Note b</i>)	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 announcement, 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.