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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Buildmore International Limited (the “**Company**”), you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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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)

#### **(1) CONNECTED TRANSACTION RELATING TO ALTERATION OF THE TERMS OF THE CONVERTIBLE BONDS;**

**AND**

#### **(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser**

**VEDA | CAPITAL**  
**智略資本**

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A letter from the Board is set out on pages 3 to 6 of this circular.

A letter from the Independent Board Committee is set out on page 7 and 8 of this circular. A letter from Veda Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 9 to 14 of this circular.

A notice convening the EGM to be held at the Meeting Room of Island Pacific Hotel, 152 Connaught Road West, on Friday, 29 June 2012 at 11:30 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same day and at the same place) or any adjournment thereof is set out on pages 18 to 19 of this circular.

A proxy form for use in the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and return the same at the office of the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish.

11 June 2012

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Acquisition”	the acquisition of the entire issued and fully paid up shares of United Achieve International Limited owned by the Vendors by the Company for a total consideration of HK\$315,000,000 pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 14 September 2009 entered into between the Vendors and the Company in relation to the Acquisition
“Alteration of Terms”	the proposed alteration of the terms and conditions of the Convertible Bonds pursuant to the terms of the Deed of Amendment
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Company”	Buildmore International Limited (stock code: 108), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“Consideration”	the consideration of HK\$315,000,000 payable by the Company for the Acquisition
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of HK\$273,000,000 issued by the Company to the Vendors on 11 November 2009 to satisfy part of the Consideration
“Deed of Amendment”	the deed of amendment dated 18 May 2012 and entered into between the Company and Mr. Lui and Mr. Wong in respect of the Alteration of Terms
“Director(s)”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Deed of Amendment and the transactions contemplated thereunder
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board established for making recommendation to the Independent Shareholders in respect of the Deed of Amendment and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Financial Adviser” or “Veda Capital”	Veda Capital Limited, a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the independent financial adviser appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee and the Independent Shareholders in respect of the Deed of Amendment and the transactions contemplated thereunder
“Independent Shareholders”	all Shareholders other than the Vendors and theirs respective associates and any other Shareholders who are involved in or interested (other than solely in their capacity as Shareholders) in the Deed of Amendment and the transactions contemplated thereunder
“Latest Practicable Date”	8 June 2012, being the latest practicable date for ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third anniversary of the date of issue of the Convertible Bonds being 10 November 2012
“Mr. Lui”	Lui Ming Ho, a Hong Kong citizen, being the holder of the Convertible Bonds in the principal amount of HK\$191,100,000
“Mr. Wong”	Wong Kin Ping, a Hong Kong citizen, being the holder of the Convertible Bonds in the principal amount of HK\$81,900,000
“New Maturity Date”	three years from the Maturity Date being 10 November 2015
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	together, Mr. Lui and Mr. Wong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Lo Cheung Kin  
Madam Huang Haiping  
Mr. Li Jianbo  
Madam Song Xiaoling

*Registered office:*

Room 806, 8th Floor,  
Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

*Independent non-executive Directors:*

Mr. See Tak Wah  
Mr. Wong Cheong  
Mr. Ngai Sai Chuen

11 June 2012

*To the Shareholders*

Dear Sir or Madam

### CONNECTED TRANSACTION RELATING TO ALTERATION OF THE TERMS OF THE CONVERTIBLE BONDS

#### INTRODUCTION

The Company announced that on 18 May 2012 (after trading hours), the Company and the Vendors entered into the Deed of Amendment, pursuant to which the parties thereto have conditionally agreed the Alteration of Terms.

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Deed of Amendment and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the Deed of Amendment and the transactions contemplated thereunder; (iii) a letter from Veda Capital containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Amendment and the transactions contemplated thereunder; and (iv) a notice of the EGM.

#### RELEVANT BACKGROUND

Reference is made to the announcements of the Company dated 16 September 2009 and the circular of the Company dated 7 October 2009 in relation to the Acquisition under which the Convertible Bonds were issued as a part of the Consideration to the Vendors and the announcement of the Company dated 18 May 2012 in relation to the Alteration of Terms.

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## LETTER FROM THE BOARD

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The Agreement was completed and the Convertible Bonds were issued to each of the Vendors on 11 November 2009.

As disclosed in the subparagraph headed “The Convertible Bonds” in the circular of the Company dated 7 October 2009, the Convertible Bonds are in the principal amount of HK\$273,000,000 with zero coupon at the conversion price of HK\$1.68 and due on the Maturity Date. The Company has a right to redeem the Convertible Bonds prior to the Maturity Date.

As at the Latest Practicable Date, there were two holders of the Convertible Bonds, namely Mr. Lui and Mr. Wong, and Mr. Lui was a substantial Shareholder. The outstanding principal amount of the Convertible Bonds held by Mr. Lui and Mr. Wong were HK\$191,100,000 and HK\$81,900,000 respectively.

In consideration of the reasons as provided in the paragraph headed “Reasons for the proposed alteration” below, the Company and the Vendors, who are the holders of the Convertible Bonds, propose that the terms and conditions of the Convertible Bonds shall be modified to postpone and to unfetter the redemption obligation of the Convertible Bonds of the Company.

### THE PROPOSED ALTERATION

The Alteration of Terms includes that:–

- (a) the Maturity Date will be extended to the New Maturity Date; and
- (b) notwithstanding any other provision of the Convertible Bonds, the holders of the Convertible Bonds will undertake not to request the Company to redeem any amount of the Convertible Bonds which remain outstanding on the New Maturity Date unless (i) the Company has or has raised funds which are sufficient and (ii) the Company would be able to meet in full the financial obligations of the Company and its subsidiaries after such redemption.

### Conditions

The Alteration of Terms will be subject to:

- (a) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules at an extraordinary general meeting of the Company to be convened and held of the necessary resolutions to approve the Alteration of Terms and the transactions contemplated thereunder; and
- (b) all necessary consents and approvals required to be obtained on the part of the Company and the holders of the Convertible Bonds in respect of the Alteration of Terms and the transactions contemplated thereunder having been obtained.

Apart from the Alteration of Terms, the other terms and conditions of the Convertible Bonds shall remain intact and unchanged.

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## LETTER FROM THE BOARD

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### REASONS FOR THE PROPOSED ALTERATION

The Alteration of Terms was arrived at after arm's length negotiations between the Company and the Vendors. The Board believes that the Alteration of Terms will be in the interests of the Company and the Shareholders as a whole.

Based on the audited consolidated financial results of the Company for the year ended 31 January 2012 as published on 27 April 2012, the Group recorded a profit attributable to owners of the Company of approximately HK\$29,055,029 and the Group's current assets are approximately HK\$11,859,271, non-current assets are approximately HK\$116,220,290, current liabilities are approximately HK\$482,258,289 and non-current liabilities are approximately HK\$17,176,068.

After the completion of the Acquisition, the Target Group has not been achieving satisfactory financial results due to the effect of the financial tsunami and the relatively weak global financial performance.

In view that the Convertible Bonds would fall due on 10 November 2012, which is less than 12 months from the financial year ended 31 January 2012, the current assets of the Group are hard to satisfy the payment obligation under the Convertible Bonds. In addition, the mutual agreement on the redemption arrangement will allow the Company to have more certainty on its cash flow control without worrying about immediate demand of redemption by the Vendors upon commencement of the redemption period, and the discretion given to the Company on redemption would remove the restrictions imposed on the Company to redeem the Convertible Bonds on the Maturity Date, so the Company could have greater flexibility in operating its business.

No Directors have a material interest in the Deed of Amendment and the transactions contemplated thereunder.

### IMPLICATION UNDER LISTING RULES

According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An application for the said approval was submitted to the Stock Exchange by the legal advisers of the Company on 3 May 2012.

Approval of the Independent Shareholders by way of poll is proposed to be sought at the EGM in respect of the Deed of Amendment and the transactions contemplated thereunder.

As at the Latest Practicable Date, Mr. Lui held 17,500,000 Shares and Mr. Wong held 7,500,000 Shares, representing approximately 13.26% and 5.68% of the issued share capital of the Company respectively. As such, Mr. Lui is a substantial Shareholder and hence a connected person of the Company. The Deed of Amendment and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are subject to the requirements of the reporting, announcement and the Independent Shareholders' approval. Given the above, Mr. Lui, being a connected person of the Company, and Mr. Wong, having material interest in this connected transaction, and their respective associates will abstain from voting in the EGM in respect of the 25,000,000 Shares held by them.

Save as disclosed, no other Shareholders have material interest in the Deed of Amendment and the transactions contemplated thereunder and are required to abstain from voting at the EGM.

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## LETTER FROM THE BOARD

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### GENERAL

The Independent Board Committee comprising Mr. See Tak Wah, Mr. Wong Cheong and Mr. Ngai Sai Chuen being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Deed of Amendment and the transactions contemplated thereunder. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Deed of Amendment and the transactions contemplated thereunder has been set out at pages 7 to 8 of this circular.

Veda Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and a letter from Veda Capital to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Deed of Amendment and the transactions contemplated thereunder has been set out at pages 9 to 14 of this circular.

### EGM

Set out on pages 18 to 19 of this circular is a notice convening the EGM to be held at the Meeting Room of Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Friday, 29 June 2012 at 11:30 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same day and at the same place) or any adjournment thereof at which relevant resolution(s) will be proposed to the Shareholders to consider and, if thought fit, approve the Deed of Amendment and the transactions contemplated thereunder.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

### RECOMMENDATION

The Board considers that the terms of the Deed of Amendment and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of EGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully  
For and on behalf of the Board  
**Buildmore International Limited**  
**Lo Cheung Kin**  
*Chairman*



**BUILDMORE INTERNATIONAL LIMITED**

**建懋國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 108)

11 June 2012

*To the Independent Shareholders*

Dear Sir or Madam

**CONNECTED TRANSACTION RELATING TO  
ALTERATION OF  
THE TERMS OF THE CONVERTIBLE BONDS**

We refer to the circular of the Company dated 11 June 2012 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the Deed of Amendment and the transactions contemplated thereunder and whether such terms are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the Deed of Amendment were entered into on normal commercial terms; whether the terms of the Deed of Amendment and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned; and whether such terms are in the interests of the Company and the Independent Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 9 to 14 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 6 of the Circular and the additional information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Deed of Amendment and the transactions contemplated thereunder and the advice of Veda Capital, we are of the opinion that the Deed of Amendment were entered into on normal commercial terms; and the terms of the Deed of Amendment and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. We therefore recommend that you vote in favour of the resolution to be proposed at the EGM to approve the Deed of Amendment and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of  
Independent Board Committee of  
**Buildmore International Limited**

**Mr. See Tak Wah**  
*Independent*  
*non-executive Director*

**Mr. Wong Cheong**  
*Independent*  
*non-executive Director*

**Mr. Ngai Sai Chuen**  
*Independent*  
*non-executive Director*

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## LETTER FROM VEDA CAPITAL

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*The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to the Deed of Amendment prepared for the purpose of inclusion in this circular.*

**VEDA | CAPITAL**  
**智 略 資 本**

Veda Capital Limited  
Suite 3214, 32/F  
COSCO Tower  
183 Queen's Road Central  
Hong Kong

11 June 2012

*To the Independent Board Committee and the Independent Shareholders of  
Buildmore International Limited*

Dear Sirs,

### **CONNECTED TRANSACTION RELATING TO ALTERATION OF THE TERMS OF THE CONVERTIBLE BONDS**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the terms of the Deed of Amendment, details of which are set out in the circular to the Shareholders dated 11 June 2012 (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcements of the Company dated 16 September 2009 and the circular of the Company dated 7 October 2009 (the “**Acquisition Circular**”) in relation to the Acquisition under which the Convertible Bonds were issued as a part of the Consideration to the Vendors and the announcement of the Company dated 18 May 2012 in relation to the Alteration of Terms.

As noted from the Letter from the Board in the Circular (the “**Board Letter**”), the Agreement was completed and the Convertible Bonds were issued to each of the Vendors on 11 November 2009. United Achieve International Limited (the “**Then Target Company**”) and its subsidiaries, including Viswell International Limited (“**Viswell**”) and Rakupuri Inc., (“**Rakupuri**”) (collectively, the “**Then Target Group**”) became the subsidiaries of the Company. The Convertible Bonds are in the principal amount of HK\$273,000,000 with zero coupon at the conversion price of HK\$1.68 and due on the Maturity Date. The Company has a right to redeem the Convertible Bonds prior to the Maturity Date.

As at the Latest Practicable Date, there are two holders of the Convertible Bonds, namely Mr. Lui and Mr. Wong, and Mr. Lui is a substantial Shareholder. The outstanding principal amount of the Convertible Bonds held by Mr. Lui and Mr. Wong are HK\$191,100,000 and HK\$81,900,000 respectively.

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## LETTER FROM VEDA CAPITAL

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Pursuant to the Deed of Amendment, the Alteration of Terms includes that (a) the Maturity Date will be extended to the New Maturity Date; and (b) notwithstanding any other provision of the Convertible Bonds, the holders of the Convertible Bonds will undertake not to request the Company to redeem any amount of the Convertible Bonds which remain outstanding on the New Maturity Date unless (i) the Company has or has raised funds which are sufficient and (ii) the Company would be able to meet in full the financial obligations of the Company and its subsidiaries after such redemption.

The Independent Board Committee comprising Mr. See Tak Wah, Mr. Wong Cheong and Mr. Ngai Sai Chuen, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Deed of Amendment and the transactions contemplated thereunder.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true at the date of this circular.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Deed of Amendment, we have taken into consideration the following factors and reasons:

#### **1. Financial information of the Group**

(i) *Financial year ended 31 January 2012*

As set out in the annual report of the Company for the year ended 31 January 2012 (the “AR 2012”), the turnover of the Group was approximately HK\$30.08 million for the year ended 31 January 2012, representing an increase of approximately 21.58% as compared to the restated turnover of approximately HK\$24.74 million for the year ended 31 January 2011. As advised by

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## LETTER FROM VEDA CAPITAL

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the Company, such increase in turnover was mainly driven by the improved performance of the property investment segment.

The Group recorded a profit attributable to Shareholders of approximately HK\$29.06 million for the year ended 31 January 2012 whereas the restated loss for the year ended 31 January 2011 was approximately HK\$46.72 million. As set out in the AR 2012, this is mainly attributed to a gain on change in fair value of derivatives (which is measured at fair value in a foreign currency) embedded in convertible bonds which amounted to HK\$92.70 million.

As at 31 January 2012, the Group's cash and cash equivalents were approximately HK\$6.20 million and the Group's current assets were approximately HK\$11.86 million.

*(ii) Financial year ended 31 January 2011*

As set out in the annual report of the Company (the "AR 2011") for the year ended 31 January 2011, the turnover of the Group was approximately HK\$24.74 million for the year ended 31 January 2011, representing an increase of approximately 155.05% as compared to the turnover of approximately HK\$9.70 million for the year ended 31 January 2010. As advised by the Company, turnover of the Group mainly came from the sales of dye-sublimation printed products which is the principal activity of the Then Target Group. As the Then Target Group became the subsidiaries of the Company since November 2009, turnover of the Group for the year ended 31 January 2010 only accounted for the results of the Then Target Group for the period from November 2009 to January 2010 while the turnover of the Group for the year ended 31 January 2011 accounted for the results of the Then Target Group in full year basis.

The Group reported restated loss attributable to Shareholders of approximately HK\$46.72 million for the year ended 31 January 2011, representing a decrease in loss of approximately 91.13% from that for the year ended 31 January 2010 of approximately HK\$526.52 million. As noted from the AR 2011, the substantial reduction in loss attributable to the Shareholders was mainly attributed to the fact that the loss for the year ended 31 January 2010 included an one-off impairment of goodwill of HK\$509.23 million which arose from the acquisition of Then Target Company.

As at 31 January 2011, the Group's cash and cash equivalents were approximately HK\$13.05 million and the Group's current assets were approximately HK\$18.78 million.

## **2. Financial information of the Then Target Group**

The Then Target Company is an investment holding company whose principal asset is the holding of approximately 72.12% issued share capital of Viswell, which is interested in 100% equity interest in Rakupuri, a company incorporated in Japan. Rakupuri is principally engaged in the manufacture and sales of dye-sublimation printed products including Pita Clean, t-shirts and uniforms, zippers, tapes and straps.

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## LETTER FROM VEDA CAPITAL

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As noted from the AR 2012, Rakupuri recorded a turnover of approximately HK\$25.54 million for the year ended 31 January 2012, representing an increase of approximately 12.71% as compared to that for the year ended 31 January 2011 of approximately HK\$22.66 million. Rakupuri recorded a loss of approximately HK\$2.62 million for the year ended 31 January 2012, representing a decrease in loss of approximately 34.99% as compared to that for the year ended 31 January 2011 of approximately HK\$4.03 million.

As further noted from the AR 2012, the reason for loss making of Rakupuri for the year ended 31 January 2012 was due to the tough environment in local economy of Japan after the devastating disasters which swept through the Northeast region of Japan in March 2011.

As set out in the annual report for the year ended 31 January 2010 (the “AR 2010”), Rakupuri recorded a turnover of approximately HK\$6.61 million and a loss of HK\$510.25 million which included the impairment of goodwill of approximately HK\$509.23 million.

### **3. Reasons for the Deed of Amendment**

The principal activities of the Group are manufacturing and sale of dye-sublimation printed products, property investment and hotel management.

As set out in the AR 2012, the Group recorded a profit attributable to the Shareholders of approximately HK\$29,055,029 for the year ended 31 January 2012 and the Group’s current assets were approximately HK\$11,859,271, non-current assets were approximately HK\$116,220,290, current liabilities were approximately HK\$482,258,289 and non-current liabilities were approximately HK\$17,176,068 as at 31 January 2012. As noted from the Board Letter, the outstanding principal amount of the Convertible Bonds amounted to HK\$273,000,000 as at the Latest Practicable Date.

As stated in the Board Letter, after the completion of the Acquisition, the Then Target Group has not been achieving satisfactory financial results due to the effect of the financial tsunami and the relatively weak global financial performance.

In view that the Convertible Bonds would fall due on 10 November 2012, which is less than 12 months from the financial year ended 31 January 2012, the current asset of the Group is hard to satisfy the payment obligation under the Convertible Bonds. In addition, the mutual agreement on the redemption arrangement will allow the Company to have more certainty on its cash flow control without worrying about immediate demand of redemption by the Vendors upon commencement of the redemption period, and the discretion given to the Company on redemption would remove the restrictions imposed on the Company to redeem the Convertible Bonds on the Maturity Date, so the Company could have greater flexibility in operating its business.

The Alteration of Terms was arrived at after arm’s length negotiations between the Company and the Vendors. The Board believes that the Alteration of Terms will be in the interests of the Company and the Shareholders as a whole. As set out in the Board Letter, no Directors have a material interest in the Deed of Amendment and the transactions contemplated thereunder.

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## LETTER FROM VEDA CAPITAL

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We noted from the Acquisition Circular that Rakupuri has planned to expand its business into Europe and America. It has also engaged an OEM manufacturing line in Shanghai, the PRC, intending to seek further development in the market in the PRC. As further noted from the AR 2011 and the Acquisition Circular, the Company's reason for the Acquisition is not only Rakupuri's business in Japan but also to take advantage of the Company's connections, and to form cooperation bonds with relevant enterprises in the PRC 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.

We were given to understand by the Company that since completion of the Acquisition, the operations of Rakupuri are not satisfactory. The zipper division, one of the business divisions of Rakupuri, has not commenced operation since completion of the Acquisition. Furthermore, the OEM manufacturing line in Shanghai has not commenced any production since completion of the Acquisition and potential manufacturing line and concrete sales plan in the PRC is yet to be identified by Rakupuri.

Having considered (i) the current assets of the Group as at 31 January 2012 are insufficient to redeem the Convertible Bonds; (ii) the reason of the Acquisition was to seek further development in the market in the PRC and the channel of entering of the PRC market was blocked due to the discontinuation of the OEM manufacturing line in Shanghai; and (iii) the consecutive loss makings of Rakupuri and unsatisfactory operational performance of Rakupuri, we concur with the view of the Directors that the Alteration of Terms will be in the interests of the Company and the Independent Shareholders as a whole.

#### **4. The Deed of Amendment**

On 18 May 2012 (after trading hours), the Company and the Vendors entered into the Deed of Amendment, pursuant to which the parties thereto have conditionally agreed the Alteration of Terms.

The Alteration of Terms includes that:-

- (a) the Maturity Date will be extended to the New Maturity Date; and
- (b) notwithstanding any other provision of the Convertible Bonds, the holders of the Convertible Bonds will undertake not to request the Company to redeem any amount of the Convertible Bonds which remain outstanding on the New Maturity Date unless (i) the Company has or has raised funds which are sufficient and (ii) the Company would be able to meet in full the financial obligations of the Company and its subsidiaries after such redemption.

We have reviewed the terms of the Convertible Bonds and noted that the Convertible Bonds carry zero interest rate.

Having considered that (i) the extension of the Maturity Day will not incur interest burden to the Company due to zero interest rate; and (ii) the undertaking by the holders of the Convertible Bonds on redemption can ease the Company from the immediate demand of redemption by the holders of the Convertible Bonds upon commencement of the redemption period which in turn ease the financial burden of the Company caused by the Convertible Bonds, we are of the view that the Deed of Amendment is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM VEDA CAPITAL

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### 5. Alternatives

We are advised by the Board that they have considered other financing methods (e.g. equity financing or debt financing) to raise funds for the redemption of the Convertible Bonds. The Directors are of the view that equity financing will result in potential dilution effect to the Shareholders and debt financing will incur interest burden to the Company. Having considered (i) the current financial performance of the Group; (ii) the potential dilution effect to the Shareholders caused by equity financing; and (iii) the interest burden incurred by debt financing alternatives, we concur with the view of the Directors that the Alteration of Terms is in the interest of the Company and the Independent Shareholders as a whole.

### RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we are of the view that the Deed of Amendment are (i) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) in the interests of the Company and the Independent Shareholders as a whole. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to approve the Deed of Amendment to be proposed at the EGM.

Yours faithfully,  
For and on behalf of  
**Veda Capital Limited**

**Julisa Fong**  
*Managing Director*



## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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, were as follows:

Name of Director	Number of ordinary share	Nature of interests	Approximate percentage of shareholding
Mr. Lo Cheung Kin ( <i>Note</i> )	29,173,638	Interested in controlled corporation	22.11%

*Note:* The ordinary shares are held in the name of Mass Honor Investment Limited which is controlled by Mr. Lo Cheung Kin.

Save as disclosed above, as at the Latest Practicable Date, 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, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### 4. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualifications
Veda Capital	a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

Veda Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Veda Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Veda Capital did not have any interest, either direct or indirect, in any assets which had been, since 31 January 2012 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

### 5. MATERIAL ADVERSE CHANGE

The Directors have not been aware of any material adverse change in the financial position or trading position of the Group since 31 January 2012, being the date to which the latest published audited financial statements of the Group was made up.

### 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and the proposed Directors nor their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**7. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, none of the Directors or proposed Directors had any interest, either direct or indirect, in any assets which had been, since 31 January 2012 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**8. DIRECTORS' INTERESTS IN CONTRACTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group.

**9. MISCELLANEOUS**

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at Room 806, 8th Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong from the date of this circular up to and including 29 June 2012 and at the EGM:

- (a) the Agreement;
- (b) the Convertible Bonds;
- (c) the Deed of Amendment; and
- (d) this circular.

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## NOTICE OF EGM

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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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of the shareholders (the “**Shareholders**”) of Buildmore International Limited (the “**Company**”) will be held at the Meeting Room of Island Pacific Hotel, 152 Connaught Road West, Hong Kong on Friday, 29 June 2012 at 11:30 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same day and at the same place) or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 11 June 2012) as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

**“THAT**

- (a) the Deed of Amendment in relation to the alterations of the terms and conditions of the Convertible Bonds, a copy of the Deed of Amendment having been produced to the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company be and are hereby authorised to sign, execute, perfect, deliver and do all such documents, deeds, acts, matters and things, as the case may be, as they may in their discretion consider necessary desirable or expedient to carry out and implement the Deed of Amendment and the transactions contemplated thereunder into full effect.”

By order of the Board  
**Buildmore International Limited**  
**Lo Cheung Kin**  
*Executive Director*

Hong Kong, 11 June 2012

*Registered office:*  
Room 806, 8th Floor  
Two Chinachem Exchange Square  
338 King’s Road  
North Point  
Hong Kong

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## NOTICE OF EGM

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*Notes:*

1. Any Shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint Shareholders any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders of the Company in respect of the joint holding.
5. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a Shareholder from attending in person and voting at the EGM or any adjournment thereof, should he so wish.