

Interim Report 2002



丹楓控股有限公司  
Dan Form Holdings Company Limited



## RESULTS

The Directors of Dan Form Holdings Company Limited (the "Company") announce the Interim Report and the condensed accounts of the Company and its subsidiaries (together the "Group") for the six months ended 30th June, 2002. The consolidated profit and loss account, the consolidated cash flow statement and the consolidated statement of changes in equity for the six months ended 30th June, 2002 and the consolidated balance sheet as at 30th June, 2002 of the Group which are all unaudited and condensed, along with selected explanatory notes, are set out on pages 1 to 13 of this report as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Unaudited	
		Six months ended 30th June	
		2002	2001
		HK\$'000	HK\$'000
Turnover	(2)	<b>40,095</b>	199,452
Cost of sales		<b>(20,946)</b>	(177,155)
Gross profit		<b>19,149</b>	22,297
Other income		<b>32</b>	373
Administrative expenses		<b>(12,223)</b>	(15,452)
Other operating expenses		<b>(3,803)</b>	(544)
Operating profit	(3)	<b>3,155</b>	6,674
Finance costs		<b>(4,373)</b>	(8,143)
Share of profits less losses of associated companies		<b>983</b>	3,193
(Loss)/profit before taxation		<b>(235)</b>	1,724
Taxation	(4)	<b>1,237</b>	(440)
Profit after taxation		<b>1,002</b>	1,284
Minority interests		<b>33</b>	4,402
Profit attributable to shareholders		<b>1,035</b>	5,686
Basic earnings per share	(5)	<b>0.09 cents</b>	0.50 cents



# Dan Form Holdings Company Limited

## CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited 30th June 2002 HK\$'000	Audited 31st December 2001 HK\$'000
Fixed assets	(6)	<b>1,072,881</b>	1,078,294
Interests in associated companies		<b>1,331,675</b>	1,330,701
Investment securities		<b>15,824</b>	16,181
Other assets		<b>2,218</b>	2,218
<b>Current assets</b>			
Properties held for sale		<b>146,611</b>	136,664
Trade receivables	(7)	<b>18,331</b>	20,111
Other receivables, prepayments and deposits		<b>7,358</b>	7,205
Taxation		<b>8,792</b>	7,171
Bank balances and cash		<b>41,977</b>	61,025
		<b>223,069</b>	232,176
<b>Current liabilities</b>			
Trade payables	(8)	<b>66,110</b>	52,455
Other payables and accrued charges		<b>27,352</b>	31,049
Other short term loans		<b>3,981</b>	4,238
Short term bank loans – secured		<b>260,133</b>	220,264
Current portion of long term bank loans – secured	(9)	<b>46,000</b>	46,000
Bank overdrafts		<b>–</b>	1,006
		<b>403,576</b>	355,012
Net current liabilities		<b>(180,507)</b>	(122,836)
Total assets less current liabilities		<b><u>2,242,091</u></b>	<b><u>2,304,558</u></b>
Financed by:			
Share capital		<b>567,803</b>	567,803
Reserves		<b>1,486,218</b>	1,483,748
Shareholders' funds		<b>2,054,021</b>	2,051,551
Minority interests		<b>67,768</b>	67,801
Long term bank loans – secured	(9)	<b>43,000</b>	107,904
Deferred taxation		<b>77,302</b>	77,302
		<b><u>2,242,091</u></b>	<b><u>2,304,558</u></b>



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	<i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	<b>7,659</b>	(88,352)
Net cash from/(used in) investing activities	<b>7,002</b>	(367,057)
Net cash (used in)/from financing activities	<b>(32,703)</b>	68,064
Decrease in cash and cash equivalents	<b>(18,042)</b>	(387,345)
Cash and cash equivalents at 1st January	<b>60,019</b>	503,145
Effect of foreign exchange rate changes	-	479
Cash and cash equivalent at 30th June	<b><u>41,977</u></b>	<u>116,279</u>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<b>41,977</b>	116,505
Bank overdrafts	-	(226)
	<b><u>41,977</u></b>	<u>116,279</u>



# Dan Form Holdings Company Limited

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30TH JUNE, 2002

Unaudited

	Share capital HK\$'000	Share premium account HK\$'000	Investment properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Exchange difference reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2002	567,803	694,070	393,321	642,886	3,483	(250,012)	2,051,551
Revaluation deficit reversed upon disposal of investment property	-	-	2,268	-	-	-	2,268
Revaluation reserve realized upon disposal of properties of associated companies	-	-	-	(833)	-	-	(833)
Profit for the period attributable to shareholders	-	-	-	-	-	1,035	1,035
<b>At 30th June, 2002</b>	<b>567,803</b>	<b>694,070</b>	<b>395,589</b>	<b>642,053</b>	<b>3,483</b>	<b>(248,977)</b>	<b>2,054,021</b>

Unaudited

	Share capital HK\$'000	Share premium account HK\$'000	Investment properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Exchange difference reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2001	567,803	694,070	395,325	744,473	5,780	(256,693)	2,150,758
Revaluation reserve realized upon disposal of properties of associated companies	-	-	-	(1,405)	-	-	(1,405)
Exchange Differences	-	-	-	-	409	-	409
Profit for the period attributable to shareholders	-	-	-	-	-	5,686	5,686
<b>At 30th June, 2001</b>	<b>567,803</b>	<b>694,070</b>	<b>395,325</b>	<b>743,068</b>	<b>6,189</b>	<b>(251,007)</b>	<b>2,155,448</b>



## *Notes to Condensed Interim Accounts*

### **(1) Accounting policies**

These unaudited condensed consolidated interim accounts ("interim accounts") are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants ("HKSA"), (as applicable to condensed interim accounts) and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed interim accounts should be read in conjunction with the 2001 annual financial statements.

The accounting policies and methods of computation used in the preparation of these interim accounts are consistent with those used in the annual accounts for the year ended 31st December, 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January, 2002:

SSAP1 (revised)	:	Presentation of financial statements
SSAP15 (revised)	:	Cashflow statements
SSAP25 (revised)	:	Interim financial reporting



# Dan Form Holdings Company Limited

## (2) Principal activities and segment information

The Company is an investment holding company, and the Group is principally engaged in property development, property investment, estate management and holding of investments.

An analysis of the Group's turnover and results for the period by business segments is as follows:

### Six months ended 30th June, 2002

	Property development HK\$'000	Property investment HK\$'000	Estate management HK\$'000	Investment holding HK\$'000	Unallocated costs HK\$'000	Consolidated HK\$'000
Turnover	<u>6,753</u>	<u>20,018</u>	<u>6,414</u>	<u>6,910</u>		<u>40,095</u>
Segment results	<u>217</u>	<u>2,019</u>	<u>3,856</u>	<u>6,910</u>		13,002
Unallocated corporate expenses					(9,847)	<u>(9,847)</u>
Operating profit						3,155
Finance costs						(4,373)
Share of profits less losses of associated companies	89	894	-	-		<u>983</u>
Loss before taxation						(235)
Taxation						<u>1,237</u>
Profit after taxation						1,002
Minority interests						<u>33</u>
Profit attributable to shareholders						<u>1,035</u>

# Dan Form Holdings Company Limited



Six months ended 30th June, 2001

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Unallocated costs <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Turnover	<u>160,149</u>	<u>21,493</u>	<u>7,260</u>	<u>10,550</u>		<u>199,452</u>
Segment results	<u>(4,635)</u>	<u>6,619</u>	<u>4,404</u>	<u>10,646</u>		17,034
Unallocated corporate expenses					(10,360)	<u>(10,360)</u>
Operating profit						6,674
Finance costs						(8,143)
Share of profits less losses of associated companies	-	3,193	-	-		<u>3,193</u>
Profit before taxation						1,724
Taxation						<u>(440)</u>
Profit after taxation						1,284
Minority interests						<u>4,402</u>
Profit attributable to shareholders						<u><u>5,686</u></u>

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segments is as follow:

	<b>Six months ended 30th June, 2002</b>		Six months ended 30th June, 2001	
	<b>Turnover HK\$'000</b>	<b>Operating profit HK\$'000</b>	Turnover HK\$'000	Operating profit/(loss) HK\$'000
Principal markets				
Hong Kong	<b>25,828</b>	<b>3,145</b>	33,969	17,211
Mainland China	<b>14,267</b>	<b>10</b>	165,483	(10,537)
	<u><b>40,095</b></u>	<u><b>3,155</b></u>	<u>199,452</u>	<u>6,674</u>





# Dan Form Holdings Company Limited

The Group had future aggregate minimum lease rental receivable under non-cancellable operating leases as follows:

	<b>Six months ended 30th June, 2002 HK\$'000</b>
Not later than one year	<b>16,486</b>
Later than one year and not later than five years	<b>37,591</b>
Later than five years	<b>172</b>
	<b><u>54,249</u></b>

### (3) Operating profit

Operating profit is stated after crediting and charging the following:

	<b>Six months ended 30th June</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Crediting		
Gross rental income	<b>20,018</b>	21,493
Less: Outgoings	<b>(13,356)</b>	(16,377)
Net rental income	<b>6,662</b>	5,116
Profit on disposal of other fixed assets	<b>–</b>	29
Charging		
Cost of properties sold	<b>4,690</b>	160,188
Staff costs	<b>6,028</b>	7,361
Depreciation of fixed assets	<b>6,842</b>	693
Operating leases in respect of office premises and staff quarters	<b>1,671</b>	2,246
Directors' emoluments	<b>3,072</b>	3,193
Retirement benefits costs	<b>226</b>	84
Auditors' remuneration	<b>510</b>	510
Loss on sales of investment properties	<b>3,785</b>	–
Loss on disposal of other fixed assets	<b>17</b>	–
	<b><u>          </u></b>	<b><u>          </u></b>



## (4) Taxation

The amount of taxation (written back)/charged to the consolidated profit and loss account represents:

	<b>Six months ended 30th June</b>	
	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
Reversal of over provisions in prior periods	<b>(1,200)</b>	–
Share of taxation attributable to associated companies	<b>(37)</b>	440
	<b><u>(1,237)</u></b>	<u>440</u>

No Hong Kong profits tax and enterprise income tax in the People's Republic of China (the "PRC") has been provided as there was no assessable profit derived from Hong Kong or from the subsidiaries in the PRC for the period (2001: HK\$Nil).

## (5) Earnings per share

The calculation of basic earnings per share for the six months ended 30th June, 2002 is based on the unaudited consolidated profit attributable to shareholders of HK\$1,035,000 (2001: HK\$5,686,000) and 1,135,606,132 (2001: 1,135,606,132) ordinary shares in issue during the period. No diluted earnings per share are presented as all the share options of the Company expired on 22nd June, 2002.



# Dan Form Holdings Company Limited

## (6) Fixed assets

	<b>Properties and equipment</b> <i>HK\$'000</i>
Net book value at 1st January, 2002	1,078,294
Additions	7,613
Disposals	(6,184)
Depreciation	<u>(6,842)</u>
Net book value at 30th June, 2002	<u><u>1,072,881</u></u>

## (7) Trade receivables

The ageing analysis of the trade receivables was as follows:

	<b>30th June 2002</b> <b><i>HK\$'000</i></b>	31st December 2001 <i>HK\$'000</i>
Current	<b>18,062</b>	18,922
31-60 days	<b>203</b>	685
61-90 days	<b>2</b>	361
Over 90 days	<b>64</b>	143
	<u><b>18,331</b></u>	<u>20,111</u>

The majority of the Group's trade receivables in the current period is amounts due from customers on sale of properties in the Danyao Building, and is due upon the issuance of Property Rights Certificates by the relevant governmental authority in the PRC.



## (8) Trade payables

The ageing analysis of the trade payables was as follows:

	<b>30th June 2002 HK\$'000</b>	31st December 2001 HK\$'000
Current	247	473
31-60 days	347	522
61-90 days	202	157
Over 90 days	65,314	51,303
	<u>66,110</u>	<u>52,455</u>

## (9) Long-term bank loans

	<b>30th June 2002 HK\$'000</b>	31st December 2001 HK\$'000
Secured	89,000	153,904
Current portion – secured	(46,000)	(46,000)
	<u>43,000</u>	<u>107,904</u>

The Group's bank loans were repayable as follows:

	<b>30th June 2002 HK\$'000</b>	31st December 2001 HK\$'000
Within one year	46,000	46,000
In the second year	43,000	87,904
In the third to fifth years inclusive	–	20,000
	<u>43,000</u>	<u>107,904</u>
	<u>89,000</u>	<u>153,904</u>



# Dan Form Holdings Company Limited

## (10) Contingent liability

On 18th December, 2001, the Commissioner of Inland Revenue raised additional profits tax assessments of HK\$60,795,000 on Zeta, a 33 $\frac{1}{3}$ % owned associated company of the Group for the years of assessment 1998/1999 and 1999/2000, resulting in additional tax of HK\$9,727,000 being payable. These additional assessable profits arose from non-acceptance of part of the interest on unsecured loans paid by Zeta during these years as allowable deductions in computing the assessable profits. Zeta objected to these assessments, and as at 30th June, 2002, the result of the dispute was still not known. The share of this tax liability by the Group amounting to HK\$3,242,000 was not provided for as at 30th June, 2002.

## (11) Commitments

### (a) Capital commitments

The Group had capital commitments in respect of properties held for development and properties held for sale as follows:

	<b>30th June 2002 HK\$'000</b>	31st December 2001 HK\$'000
Contracted but not provided for	746	707
Authorised but not contracted for	<b>23,215</b>	34,252
	<b>23,961</b>	34,959

### (b) Commitments under operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>30th June 2002 HK\$'000</b>	31st December 2001 HK\$'000
Within one year	3,202	3,166
In the second to fifth years inclusive	<b>1,425</b>	2,113
	<b>4,627</b>	5,279



## **(12) Related party transaction**

During the six months ended 30th June, 2002, the Group in its normal course of business received interest income in the sum of HK\$6,608,000 (2001: HK\$9,656,000) from an associated company in respect of the amount due from the associated company of HK\$260 million (2001: HK\$279 million) which is interest bearing at prime rate.

## **INTERIM DIVIDEND**

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30th June, 2002 (2001: HK\$Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATIONS**

The Group recorded a turnover of HK\$40,095,000 for the six months ended 30th June, 2002, which represented a decrease of approximately HK\$159,357,000 or 80% as compared with the same period in 2001. It is mainly due to the decrease in sale of properties in the PRC from HK\$160,149,000 in the prior period to HK\$6,753,000 in the first half of the year 2002.

The profit attributable to shareholders for the six months ended 30th June, 2002 was HK\$1,035,000 whereas a profit attributable to shareholders of HK\$5,686,000 was made for the same period in 2001. It is mainly due to a decrease in rental income in Hong Kong and loss on sale of property in Hong Kong.

### **PRC BUSINESS**

#### *The Xidan Project*

The long term financing from banks and reorganization of Beijing Jing Yuan Property Development Co. Ltd. ("Jing Yuan") were completed on 26th June, 2001. Subsequent to the completion of the reorganization, the Group's interests in Jing Yuan has been reduced from 60% to 29.4% and China Resources Land (Beijing) Co. Ltd (formerly known as Beijing Huayuan Property Co. Ltd.) and Huarong Investment Co., Ltd. now hold 19.6% and 51% respectively.

As at 30th June, 2002, the municipal work of Phase II Xidan Project was basically completed and examined. The decoration work and underground construction work for Lot No. 1 were partly completed. The facilities installation and decoration works of Lot No. 2 were completed. The international tendering process for design proposal



# Dan Form Holdings Company Limited

of Lot No. 4 was completed and the select proposal was reported to the relevant departments of the PRC government in Beijing for approvals. The internal decoration work for Lot No. 9 was completed. The preparation work for the development of Lot No. 10 is in progress.

The preliminary decoration work for Lot No. 1 was completed and examined at the end of August, 2002. The decoration work for and the placement of resettlement units to Lot No. 2 will be completed and examined by the end of December, 2002. The examination of the design proposal for Lot No. 4 was completed and the preparation for its development has begun. The decoration work and the installations of water supply, heating system and electricity facilities for Lot No. 9 have been started.

In respect of project at Lot No. 1, on 26th July, 2002, Jing Yuan has signed a sale and purchase agreement with China Telecom Group Beijing Company Limited to sell the whole building. The sale price was approximately RMB479,173,000 (approximately HK\$451,624,000) and it is estimated that there will be no profit or loss on sale.

## *The Wangfujing Projects*

### Lot No. F1

Up to the end of June, 2002, RMB8,000,000 (approximately HK\$7,540,000) was invested for the development of the building "Jixang Building" located at Beijing Wangfujing, Lot No. F1. In order to co-ordinate with the World Olympics to be held in Beijing in 2008, the functions of the Jixang Building will be modified and the commencement date for the construction works will be postponed to the year 2003.

### Lot No. B3

The commercial areas in the building "Dan Yao Building" located at another piece of land at Wangfujing were reorganized. The decoration work for the commercial areas was completed and re-opened in August, 2002. The Group will lease the commercial area of 1,823.49 square metres to Beijing Gold Street Department Store Limited so as to get stable rental income.

In the first half of this year, the proceeds of approximately RMB7,165,000 (approximately HK\$6,753,000) from the sale of apartment of Dan Yao Building were recorded. The surrounding area outside and the public area inside the building are now being reconstructed.



## HONG KONG BUSINESS

### *Property*

For the six months ended 30th June, 2002, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 60% and 66% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 59%. During the period, the Group's net rental income from property leasing was lower than that for the same period in last year as a result of the decrease in average occupancy rates.

## PROSPECTS

The world and Hong Kong are suffering from economic downturn, except for the PRC which undergoes speedy economic growth. The two investment projects in Beijing Wangfujing are not looking good in short-term but they are good in long-term. As such, the Group will continue to adopt prudent financial strategies by securing the current operating income and controlling the various costs and operating expenses on the one hand and by improving the corporate quality by strengthening itself through capturing new opportunities for better development on the other.

## GROUP ASSETS POSITION AND CHARGE ON GROUP ASSETS

The total assets of the Group have decreased from HK\$2,659,570,000 as at 31st December, 2001 to HK\$2,645,667,000 as at 30th June, 2002. The net assets of the Group have increased from HK\$2,051,551,000 as at 31st December, 2001 to HK\$2,054,021,000 as at 30th June, 2002. As at 30th June, 2002, the amount of the Group's bank borrowings where the property assets and bank deposits are pledged amounted to HK\$349,133,000.

## GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have decreased from HK\$608,019,000 at 31st December, 2001 to HK\$591,646,000 at 30th June, 2002. The Group had cash at banks and in hand of HK\$41,977,000 at 30th June, 2002 (2001: HK\$61,025,000). The ratio of total liabilities to total assets was approximately 22% (2001: 23%). At 30th June, 2002, the aggregate amount of bank loans and bank overdrafts was HK\$349,133,000 (2001: HK\$375,174,000) and the amount of shareholders' funds was HK\$2,054,021,000 (2001: HK\$2,051,551,000), and therefore the capital gearing ratio was 17% (2001: 18%). Of the total borrowings, HK\$306,133,000 is repayable within one year and HK\$43,000,000 is repayable within two to five years. Most of the borrowings are revolving in nature and the directors believe that the loans are renewable as and when they fall due. For the six months ended 30th June, 2002, the Group has no exposure to fluctuations in exchange rates and related hedges and there was no contingent liabilities except for the tax dispute with the Inland Revenue Department in respect of an associated company, the amount of our share of the potential tax liability is HK\$3,242,000 (2001: HK\$Nil).





# Dan Form Holdings Company Limited

## EMPLOYEES AND SHARE OPTION SCHEME

As at 30th June, 2002, the Group, excluding associated companies, employed 111 people of which 77 were employed in Hong Kong.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under defined contribution provident fund scheme and mandatory provident fund scheme.

A share option scheme has also been established for senior executives of the Group pursuant to the terms and conditions stipulated therein. At 1st January, 2002, the Company had outstanding options granted to certain directors and employees to subscribe for 23,100,000 shares of the Company at a subscription price of HK\$3.676 per share. The share options expired on 22nd June, 2002.

## DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2002, the interests of the Chief Executive, Directors and their respective associates in the shares of the Company and its associated corporations as recorded in the register required to be kept by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:-

### The Company

Name of Director	Ordinary shares of HK\$0.50 each			
	Personal interest	Family interest	Corporate interest	Other interest
DAI Xiaoming ( <i>Note</i> )	23,000,000	–	388,720,881	–

*Note:* Being the ultimate beneficial owner of shares representing 95% of the issued share capital of Dan Form International Limited ("DFIL"), the ultimate holding company of Fabulous Investments Limited ("Fabulous"), Mr. Dai Xiaoming ("Mr. Dai") was deemed to be interested in the 2,660,000 and 386,060,881 ordinary shares in the Company beneficially held by DFIL and Fabulous respectively.

Save as disclosed above, none of the Chief Executive, Directors or their respective associates had any beneficial interests in the share capital of the Company or any of its associated corporations which are required to be disclosed pursuant to the SDI Ordinance or Model Code for Securities Transactions by Directors of Listed Companies.



## DIRECTORS' RIGHTS TO SUBSCRIBE FOR SECURITIES

As at 30th June, 2002, according to the register of interests kept by the Company pursuant to section 29 of the SDI Ordinance, the following interest of the Chief Executive or Director who was granted share options to subscribe for shares in the Company was as follows:-

Name of Director	Number of Options		Held at 30th June, 2002	Exercise price HK\$	Grant date	Exercisable from	Exercisable until
	Held at 1st January, 2002	Options lapsed					
Kenneth Hiu King Kon	22,000,000	22,000,000	-	3.676	23rd June, 1997	23rd June, 1997	22nd June, 2002

Save as disclosed above, at no time during the period was the Company, its subsidiaries, its associates, its fellow subsidiaries or its holding companies a party to any arrangement to enable the Chief Executive or Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2002, according to the register of interests kept by the Company pursuant to section 16(1) of the SDI Ordinance, and so far as is known to the Directors, the persons or corporations who had, direct or indirect, interests in 10% or more of the issued share capital of the Company were as follows:-

Name	Note	No. of shares	Shareholding percentage
DAI Xiaoming	(1)	411,720,881	36.26
Harlesden Limited	(2)	388,720,881	34.23
DFIL	(2)	388,720,881	34.23
Value Plus Holdings Limited	(2)	386,060,881	34.00
Fathom Limited	(2)	386,060,881	34.00
Fabulous	(2)	386,060,881	34.00
Nina KUNG	(3)	261,808,697	23.05
Greenwood International Limited	(3)	245,094,197	21.58

Notes:-

- (1) Mr. Dai was beneficially interested in a total of 411,720,881 ordinary shares in the Company, including the interests held through various companies under his control (see note (2) below). These interests are the same as those disclosed under "Directors' Interests in Securities" above.



# Dan Form Holdings Company Limited

- (2) By virtue of section 8 of the SDI Ordinance, Harlesden Limited, DFIL, Value Plus Holdings Limited and Fathom Limited, being holding companies of Fabulous, are deemed to be interested in the 386,060,881 ordinary shares in the Company beneficially held by Fabulous. Harlesden Limited, being the holding company of DFIL, is also deemed to be interested in the 2,660,000 ordinary shares in the Company beneficially held by DFIL. Mr. Dai has a controlling interest in each of the aforesaid companies.
- (3) Greenwood International Limited ("Greenwood") was beneficially interested in approximately 21.58% of the issued share capital of the Company. Ms. Nina Kung (Mrs. Nina T.H. Wang) was beneficially interested in a total of 261,808,697 ordinary shares in the Company, through shareholdings in companies (including Greenwood) controlled by her, representing approximately 23.05% of the issued share capital of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the six months ended 30th June, 2002, there was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries.

## **AUDIT COMMITTEE**

To comply with the revised Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Company set up an Audit Committee on 15th September, 1998. The terms of reference of the Audit Committee have been established with reference to "A Guide for the Effective Operation of an Audit Committee" issued by the Hong Kong Society of Accountants on February, 2002. During the year, the Audit Committee held two meetings on 18th April, 2002 and 16th September, 2002, which have discussed the internal controls and financial reporting matters with management and reviewed the interim financial statements of the Group for the six months ended 30th June, 2002.

## **CODE OF BEST PRACTICE**

Save and except that the non-executive Directors have not been appointed for any specific term but are subject to retirement by rotation and re-election at annual general meetings in accordance with Articles 93 and 102 of the Articles of Association of the Company, the Directors are not aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board  
**Fung Man Yuen**  
*Company Secretary*

Hong Kong, 18th September, 2002