



丹楓控股有限公司

DAN FORM HOLDINGS COMPANY LIMITED

Stock Code: 271



Interim Report 2007

## CORPORATE INFORMATION

**DIRECTORS** : Dai Xiaoming\* (*Chairman and Chief Executive*)  
Kenneth Hiu King Kon\* (*Deputy Chief Executive*)  
Jesse Nai Chau Leung\*\*  
Xiang Bing\*\*  
Edward Shen\*\*

\* *Executive Directors*

\*\* *Independent Non-Executive Directors*

**AUDIT COMMITTEE** : Jesse Nai Chau Leung (*Chairman*)  
Xiang Bing  
Edward Shen

**REMUNERATION COMMITTEE** : Edward Shen (*Chairman*)  
Jesse Nai Chau Leung  
Xiang Bing

**COMPANY SECRETARY AND  
FINANCIAL CONTROLLER** : Fung Man Yuen

**AUDITORS** : PricewaterhouseCoopers

**PRINCIPAL BANKERS** : Industrial and Commercial Bank of China (Asia)  
Limited  
Standard Chartered Bank (Hong Kong) Limited

**SOLICITORS** : Stephenson Harwood & Lo  
Hampton, Winter & Glynn

**REGISTRARS** : Tricor Tengis Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong

**REGISTERED OFFICE** : Room 901-903, Harbour Centre  
25 Harbour Road, Wanchai, Hong Kong

**WEBSITE** : <http://www.danform.com.hk>

**STOCK CODE** : The Stock Exchange of Hong Kong Limited – 271

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2007

	Note	2007 <b>HK\$'000</b>	2006 <i>HK\$'000</i>
Turnover	(3)	<b>15,963</b>	14,062
Cost of sales		<b>(5,022)</b>	(4,701)
Gross profit		<b>10,941</b>	9,361
Other income		<b>5,828</b>	2,458
Administrative expenses		<b>(10,082)</b>	(8,675)
Other operating expenses		<b>-</b>	(313)
Change in fair value of investment properties		<b>13,103</b>	32,000
Write back of provision for properties for sale		<b>195</b>	2,087
Operating profit	(4)	<b>19,985</b>	36,918
Finance costs	(5)	<b>(6)</b>	(3,432)
Share of profits/(losses) of associated companies		<b>114,313</b>	(3,326)
Profit before taxation		<b>134,292</b>	30,160
Taxation	(6)	<b>(2,167)</b>	(5,843)
Profit for the year		<b>132,125</b>	24,317
		<b>HK cents</b>	<i>HK cents</i>
Earnings per share			
Basic and diluted	(7)	<b>11.63</b>	2.14

## CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30TH JUNE 2007

	Note	30th June 2007 HK\$'000	31st December 2006 HK\$'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	(8)	365	501
Investment properties		460,136	446,897
Prepayments of leasehold land		324	325
Associated companies		1,163,364	1,040,500
Available-for-sale financial assets		40,421	39,384
		<u>1,664,610</u>	<u>1,527,607</u>
Current assets			
Properties for sale		1,800	222,613
Investment for sale	(9)	-	55,416
Debtors and prepayments	(10)	20,324	30,806
Amounts due from associated companies		256,800	284,374
Taxation recoverable		527	336
Cash and bank balances		145,559	96,394
		<u>425,010</u>	<u>689,939</u>
<b>Total assets</b>		<u><u>2,089,620</u></u>	<u><u>2,217,546</u></u>
<b>EQUITY</b>			
Share capital		567,803	567,803
Reserves		1,438,436	1,307,443
<b>Total equity</b>		<u><u>2,006,239</u></u>	<u><u>1,875,246</u></u>
<b>LIABILITIES</b>			
Non-current liabilities			
Deferred taxation liabilities		57,159	54,900
Current liabilities			
Creditors and accruals	(11)	19,527	222,978
Amounts due to associated companies		6,695	5,947
Bank loans and overdrafts		-	52,376
Taxation payable		-	6,099
		<u>26,222</u>	<u>287,400</u>
<b>Total liabilities</b>		<u><u>83,381</u></u>	<u><u>342,300</u></u>
<b>Total equity and liabilities</b>		<u><u>2,089,620</u></u>	<u><u>2,217,546</u></u>
<b>Net current assets</b>		<u><u>398,788</u></u>	<u><u>402,539</u></u>
<b>Total assets less current liabilities</b>		<u><u>2,063,398</u></u>	<u><u>1,930,146</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2007

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profit <i>HK'000</i>	Total <i>HK\$'000</i>
<b>At 31st December 2006</b>	<b>567,803</b>	<b>720,475</b>	<b>586,968</b>	<b>1,875,246</b>
<b>Changes in exchange rates</b>	-	<b>(2,600)</b>	-	<b>(2,600)</b>
<b>Change in fair value of available-for-sale financial assets</b>	-	<b>1,037</b>	-	<b>1,037</b>
<b>Release of reserve upon liquidation of a subsidiary</b>	-	<b>431</b>	-	<b>431</b>
<b>Profit for the period</b>	-	-	<b>132,125</b>	<b>132,125</b>
<b>At 30th June 2007</b>	<b><u>567,803</u></b>	<b><u>719,343</u></b>	<b><u>719,093</u></b>	<b><u>2,006,239</u></b>
At 31st December 2005	567,803	721,559	534,075	1,823,437
Changes in exchange rates	-	19	-	19
Change in fair value of available-for-sale financial assets	-	(987)	-	(987)
Profit for the period	-	-	24,317	24,317
At 30th June 2006	<b><u>567,803</u></b>	<b><u>720,591</u></b>	<b><u>558,392</u></b>	<b><u>1,846,786</u></b>

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2007



	2007 <i>HK\$ '000</i>	2006 <i>HK\$ '000</i>
Net cash used in operating activities	<b>(22,708)</b>	(23,253)
Net cash from investing activities	<b>76,024</b>	41,040
Increase in cash and cash equivalents	<b>53,316</b>	17,787
Cash and cash equivalents at beginning of period	<b>96,394</b>	(22,096)
Changes in exchange rates	<b>(4,151)</b>	-
Cash and cash equivalents at end of period	<b>145,559</b>	(4,309)
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>145,559</b>	11,788
Bank overdrafts	<b>-</b>	(16,097)
	<b>145,559</b>	(4,309)



## NOTES TO THE INTERIM FINANCIAL INFORMATION

### (1) GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 901-903, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activities of Group are property development, property investment, estate management and holding of investments.

The interim financial information has been approved by the Board of Directors on 11th September 2007.

### (2) BASIS OF PREPARATION

The interim financial information has been prepared under the historical cost convention as modified by the revaluation of certain properties, available-for-sale financial assets and investment for sale, which are carried at fair value, and also presented in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those adopted in the annual financial statements for the year ended 31st December 2006. For the six months ended 30th June 2007, the Group has also applied a number of new standards, amendments and interpretations which are effective for the accounting periods beginning on or after 1st January 2007. The adoption of these new standards has no material impact to the accounting policies of the Group.

### (3) SEGMENT INFORMATION

#### (a) Business segments

	Property development HK\$'000	Property investment HK\$'000	Estate management HK\$'000	Investment holding HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the six months ended 30th June 2007						
Turnover	<u>1,571</u>	<u>9,816</u>	<u>3,743</u>	<u>833</u>		<u>15,963</u>
Operating profit	<u>675</u>	<u>19,999</u>	<u>2,858</u>	<u>1,526</u>	(5,073)	<u>19,985</u>
Finance costs						(6)
Share of profits/(losses) of associated companies	(8,551)	122,864	-	-		<u>114,313</u>
Profit before taxation						<u>134,292</u>
Taxation						<u>(2,167)</u>
Profit for the period						<u>132,125</u>
For the six months ended 30th June 2006						
Turnover	<u>1,606</u>	<u>9,623</u>	<u>2,612</u>	<u>221</u>		<u>14,062</u>
Operating profit	<u>1,904</u>	<u>38,460</u>	<u>2,326</u>	<u>2,632</u>	(8,404)	<u>36,918</u>
Finance costs						(3,432)
Share of profits/(losses) of associated companies	(10,090)	6,764	-	-		<u>(3,326)</u>
Profit before taxation						<u>30,160</u>
Taxation						<u>(5,843)</u>
Profit for the period						<u>24,317</u>

#### (b) Geographical segments

	2007		2006	
	Turnover HK'000	Segment results HK\$'000	Turnover HK'000	Segment results HK\$'000
Hong Kong	<u>13,851</u>	<u>18,814</u>	12,364	32,870
Mainland China	<u>2,112</u>	<u>1,171</u>	1,698	4,048
	<u>15,963</u>	<u>19,985</u>	<u>14,062</u>	<u>36,918</u>

#### (4) OPERATING PROFIT

Operating profit is arrived at after crediting:

Gross rental income

Outgoings of investment properties

Net rental income

Exchange gain

and after charging:

Depreciation and amortisation

Exchange loss

Operating lease rental for land and buildings

Write-off of plant and equipment

**2007**  
**HK\$'000**

2006  
HK\$'000

**11,387**

11,229

**(4,139)**

(4,382)

**7,248**

6,847

**4,780**

-

**90**

52

-

373

**1,297**

648

-

5

#### (5) FINANCE COSTS

Interest on bank loans and overdrafts

Interest on other loans

Other incidental borrowing costs

**2007**  
**HK\$'000**

2006  
HK\$'000

-

3,340

**6**

6

-

86

**6**

3,432

#### (6) TAXATION

Deferred

**2007**  
**HK\$'000**

2006  
HK\$'000

**2,167**

5,843

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on profits generated in Mainland China has been provided at the prevailing rates applicable to those subsidiaries which operate in Mainland China.

The Group's share of profits/(losses) of associated companies is stated after deducting the Group's share of taxation amounting to HK\$28,450,000 (2006: HK\$1,239,000).

#### (7) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK\$132,125,000 (2006: HK\$24,317,000) and 1,135,606,132 (2006: 1,135,606,132) shares in issue during the period. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both periods.

## (8) PROPERTY, PLANT AND EQUIPMENT

	<i>HK\$'000</i>
Net book value at 31st December 2006	<b>501</b>
Changes in exchange rates	<b>5</b>
Additions	<b>12</b>
Depreciation	<b>(88)</b>
Liquidation of a subsidiary	<b>(65)</b>
	<hr/>
<b>Net book value at 30th June 2007</b>	<b>365</b>
	<hr/> <hr/>

## (9) INVESTMENT FOR SALE

The investment as at 31st December 2006 represented the Group's 25.5% equity interest in Beijing Lucky Building Company Limited ("Beijing Lucky"), formerly a subsidiary of the Group. On 26th April 2004, Turbo Dragon Limited ("Turbo Dragon"), a wholly-owned subsidiary of the Group, entered into a sale and purchase supplemental agreement, which was supplemental to the sale and purchase agreement dated 30th July 2003 and subsequently amended by supplemental agreements (collectively the "Agreements"), with China Yintai Investment Company Limited ("China Yintai") to sell its entire interest in Beijing Lucky, at an aggregate consideration, as subsequently amended on 22nd June 2004, of RMB134,070,000 (approximately HK\$131,047,000). On execution of the Agreements, a deposit of RMB25,000,000 (approximately HK\$24,038,000) was received and the remaining of RMB109,070,000 (approximately HK\$107,009,000) was receivable by instalments, which carried interest at agreed rates. On 21st November 2005, Turbo Dragon entered into another supplemental agreement with China Yintai, under which, inter alia, the payment schedule for the balance of the sale consideration was revised and the method of calculating interest on the instalments was agreed. According to the terms of the Agreements, Turbo Dragon has transferred the equity interest in Beijing Lucky to China Yintai in stages in proportion to the amount of consideration actually received, commencing in 2006. As at 30th June 2007, the Group received the whole consideration and transferred the entire equity interest in Beijing Lucky to China Yintai.

## (10) DEBTORS AND PREPAYMENTS

	<b>30th June 2007</b>	31st December 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	<b>4,199</b>	6,521
Other debtors	<b>4,394</b>	8,720
Prepayments and deposits	<b>11,731</b>	15,565
	<hr/>	<hr/>
	<b>20,324</b>	30,806
	<hr/> <hr/>	<hr/> <hr/>

## (10) DEBTORS AND PREPAYMENTS *(Continued)*

Trade debtors represent rental charges and estate management fees due from tenants which are payable on presentation of invoices. The ageing analysis of the trade debtors of the Group is as follows:

	<b>30th June 2007 HK\$'000</b>	31st December 2006 HK\$'000
Within 30 days	958	986
31 to 60 days	374	912
61 to 90 days	114	279
Over 90 days	<u>2,753</u>	<u>4,344</u>
	<u><b>4,199</b></u>	<u><b>6,521</b></u>

## (11) CREDITORS AND ACCRUALS

	<b>30th June 2007 HK\$'000</b>	31st December 2006 HK\$'000
Trade creditors	100	48,830
Other creditors	17,177	160,391
Accrued operating expenses	<u>2,250</u>	<u>13,757</u>
	<u><b>19,527</b></u>	<u><b>222,978</b></u>

The ageing analysis of the trade creditors of the Group is as follows:

	<b>30th June 2007 HK\$'000</b>	31st December 2006 HK\$'000
Within 30 days	100	479
Over 90 days	<u>-</u>	<u>48,351</u>
	<u><b>100</b></u>	<u><b>48,830</b></u>

## (12) COMMITMENTS

### (a) Operating leases commitments

The future aggregate minimum lease rental payments under non-cancellable operating leases in respect of land and buildings are payable in the following periods:

	<b>30th June 2007 HK\$'000</b>	31st December 2006 HK\$'000
Within one year	<b>1,379</b>	2,434
One to five years	<b>-</b>	261
	<b><u>1,379</u></b>	<u>2,695</u>

### (b) Operating lease rental receivable

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment and other properties are receivable in the following periods:

	<b>30th June 2007 HK\$'000</b>	31st December 2006 HK\$'000
Within one year	<b>15,495</b>	14,833
One to five years	<b>35,569</b>	31,916
Over five years	<b>1,734</b>	4,041
	<b><u>52,798</u></b>	<u>50,790</u>

## (13) LIQUIDATION OF A SUBSIDIARY

As more fully explained in note 31 of the 2006 annual financial statements, the Group has applied in December 2004 for the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao") in order to enable the interest of all creditors of Dan Yao, including the Group, be dealt with fairly and properly. On 14th June 2007, the Second Intermediate People's Court of Beijing Municipality granted an order for the liquidation of Dan Yao and the Group therefore is no longer able to exercise control on Dan Yao. Accordingly, the Group ceased to consolidate the financial statements of Dan Yao.

## (14) RELATED PARTY TRANSACTIONS

	<b>2007 HK\$'000</b>	2006 HK\$'000
Estate management fee income from associated companies	<b><u>2,021</u></b>	<u>1,578</u>

The Group provided estate management services to Zeta Estates Limited and Kin Tong Land Investment Company Limited, associated companies of the Group, during the period. Estate management fees were charged at agreed percentage of rental income during the period.

## INTERIM DIVIDEND

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30th June 2007 (2006: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

The Group recorded a turnover of HK\$15,963,000 for the six months ended 30th June 2007, which represented an increase of approximately HK\$1,901,000 or 14% as compared with the same period in 2006. This was mainly due to the increase in service income from estate management in Hong Kong.

The profit attributable to equity holders for the six months ended 30th June 2007 was HK\$132,125,000 whereas HK\$24,317,000 was made for the same period in 2006. The increase in profit was mainly due to the increase in fair value of properties held by associated companies.

### Hong Kong Business

#### Property

For the six months ended 30th June 2007, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 72% and 85% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 70%. During the period, the Group's net rental income from property leasing was slightly higher than that for the same period in last year as a result of the increase in occupancy levels of the properties situated at Harbour Crystal Centre and Red Hill Peninsula.

### Beijing Business

#### The Wangfujing Projects

*Lot No. F1*

According to the supplementary sale and purchase agreements entered between Turbo Dragon Limited ("Turbo Dragon"), a wholly-owned subsidiary of the Group, and China Yintai Investment Company Limited ("China Yintai") on 8th February 2006, Turbo Dragon has sold its 61.1% interest in Beijing Lucky Building Company Limited ("Beijing Lucky") to China Yintai for a total consideration of RMB134,070,000 (approximately HK\$131,047,000) and interest thereon of approximately RMB12,225,000 (approximately HK\$12,012,000).

On 9th February 2007, the fifth instalment of approximately RMB22,870,000 (approximately HK\$22,870,000), representing 10.5% shareholding of Beijing Lucky, together with the accrued interest and penalty of approximately RMB2,957,000 (approximately HK\$2,957,000) were received by Turbo Dragon from China Yintai.

As at 30th June 2007, the Group received the whole consideration and transferred the entire equity interest in Beijing Lucky to China Yintai.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### Beijing Business (Continued)

#### The Wangfujing Projects (Continued)

##### *Dan Yao Building (85% owned)*

On 14th June 2007, the Second Intermediate People's Court of Beijing Municipality (the "PRC Court") granted approval for the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao") and assigned Beijing Enterprise Liquidation Co., Ltd. and W & H Law Firm China as the receivers (the "Receivers") of Dan Yao. On 19th June 2007, the Receivers stationed in Dan Yao.

##### *The Xidan Project (29.4% owned)*

As at 30th June 2007, regarding the issue of separate real estate certificates for commercial units in respect of the building located at Lot No. 2, three out of sixteen units had been completed, while for individual business units, fifteen out of twenty-six units had been completed. According to the sale and purchase agreement of the land located at Lot No. 4, Beijing Jing Yuan Property Development Co., Ltd. ("Jing Yuan") had received RMB1,130,937,000 (approximately HK\$1,070,359,000) out of the sales consideration of RMB1,220,000,000 (approximately HK\$1,150,943,000). Since the purchaser has delayed in paying the balance of RMB89,063,000 (approximately HK\$91,817,000), Jing Yuan has demanded for payment of the remaining balance and the related penalty by taking legal actions. The land and the building ownership certificate of the property at Lot No. 5, which was sold to China United Telecommunication Corporation ("China United Telecom"), has been registered in the name of China United Telecom; the remaining consideration of RMB39,244,000 (approximately HK\$39,244,000) was received. The arrangement of the main building ownership certificate in respect of the project at Lot No. 8 has been completed; separate ownership certificates for nine out of three hundreds and eighty-one organizational resettlement units and eight out of three hundreds and seventy-two residential resettlement units have not been arranged. The marketing of the building at Lot No. 9 is still continuing. According to the preliminary agreement of assignment of land at Lot No. 10 entered with Beijing Yonganxingye Property Development Co., Ltd. ("Yonganxingye"), the intended price for the sale of land is RMB110,000,000 (approximately HK\$113,402,000), of which RMB45,000,000 (approximately HK\$45,464,000) has been received.

In the second half of 2007, it is expected that the issue of separate real estate certificate for each of the units of the project at Lot No. 2 will be carried on. The remaining outstanding amount of RMB89,063,000 (approximately HK\$91,817,000) and the related penalty under the sale and purchase agreement of the land at Lot No. 4 will be collected by taking legal actions. The marketing of the building at Lot No. 9 will be carried on. The transfer of title of land at Lot No. 10 will be completed and the official sale of purchase agreement will be entered with Yonganxingye. The remaining consideration of RMB65,000,000 (approximately 67,010,000) of the sale of land will also be received.

## ASSETS AND CHARGES

The total assets of the Group decreased from HK\$2,217,546,000 as at 31st December 2006 to HK\$2,089,620,000 as at 30th June 2007. Net assets of the Group increased from HK\$1,875,246,000, as at 31st December 2006 to HK\$2,006,239,000 as at 30th June 2007. The Group had no bank borrowings as at 30th June 2007; whereas borrowings amounting to HK\$52,376,000 as at 31st December 2006 were secured by a pledge of property.

## FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have decreased from HK\$342,300,000 as at 31st December 2006 to HK\$83,381,000 as at 30th June 2007. The Group had cash and bank balances of HK\$145,559,000 as at 30th June 2007 (2006: HK\$96,394,000). The ratio of total liabilities to total assets was approximately 4% (2006: 15%). As at 30th June 2007, the Group had no bank loans and bank overdrafts (2006: HK\$52,376,000) and the total equity was HK\$2,006,239,000 (2006: HK\$1,875,246,000); and therefore the capital gearing ratio of the Group was zero as at 30th June 2007. As at 30th June 2007, the current assets of the Group amounted to HK\$425,010,000 (2006: HK\$689,939,000), which exceeded its current liabilities by HK\$398,788,000 (2006: HK\$402,539,000). Given that the PRC Court has approved the application for liquidation of Dan Yao, no further payments except for a small amount of liquidation expenses are required for Dan Yao. The operations of the Group can generate sufficient cash flows to meet its requirements.

For the six months ended 30th June 2007, the Group had no exposure to fluctuations in exchange rates and there were no contingent liabilities.

## EMPLOYEES

As at 30th June 2007, the Group, excluding associated companies, had 51 employees of which 39 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 a defined contribution provident fund scheme and mandatory provident fund scheme.

## PROSPECTS

The Hong Kong and global economies are continuously unstable and therefore their developments are probably variable. The Group is cautious in managing its finance. Based on completing the adjustment of the operation strategy, the Group will strike the balance between the need and possibility and the opportunity and risk, and will continuously seek for some investment projects which are beneficial to the Group's development.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATES

As at 30th June 2007, the interests and short positions of each Director, Chief Executive and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which require notification pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO), or which are required to be entered into the register maintained by the Company under Section 352 of the Part XV of the SFO, or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

### 1. Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Director	Number of ordinary shares beneficially held				Total Interest
	Personal Interest	Family Interest	Corporate Interest	Other Interest	
DAI Xiaoming ( <i>Note</i> )	23,000,000	–	388,720,881	–	411,720,881

*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 is 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 interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### 2. Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Chief Executive, Directors or their respective associates had short positions in respect of shares, underlying shares or debentures of the Company and any of its associated corporations.

At no time during the six months ended 30th June 2007 was the Company, its subsidiaries, its associates, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Chief Executive or Directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Chief Executive, Directors or their spouses or children under the age of 18, had any right to subscribe for securities of the Company or had exercised any such right during the six months ended 30th June 2007.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

### 1. Aggregate long position in the shares and underlying shares of the Company

As at 30th June 2007, so far as is known to the Chief Executive and Directors of the Company, the interests of the substantial shareholders, being 5% or more of the issued share capital, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Note	Number of ordinary shares held	Percentage of the issued share capital of the Company
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 (deceased)	(3)	261,808,697	23.05
Greenwood International Limited	(3)	245,094,197	21.58
China National Foreign Trade Transportation (Group) Corporation	(4)	94,836,971	8.35
Focus-Asia Holdings Limited	(4)	94,836,971	8.35

#### Notes:

- Mr. Dai Xiaoming 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' and Chief Executives' interests and short positions in shares, underlying shares and debentures of the Company and any associates" above.
- By virtue of SFO, 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 Xiaoming has a controlling interest in each of the aforesaid companies.
- Greenwood International Limited ("Greenwood") was beneficially interested in approximately 21.58% of the issued share capital of the Company. Ms. Nina Kung, deceased, 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. Ms. Nina Kung passed away on 3rd April 2007.
- Focus-Asia Holdings Limited ("Focus-Asia") was beneficially interested in a total of 94,836,971 ordinary shares in the Company. China National Foreign Trade Transportation (Group) Corporation, being holding company of Focus-Asia, is deemed to be interested in the 94,836,971 ordinary shares in the Company beneficially held by Focus-Asia.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

### 2. Aggregate short position in the shares and underlying shares of the Company

As at 30th June 2007, the Company had not been notified of any short position being held by any substantial equity holders or other persons in the shares or underlying shares of the Company.

Save as disclosed above, as at 30th June 2007, the Company has not been notified of any interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

### ADVANCE TO AN ENTITY

In accordance with Rule 13.20 of the Listing Rules, the Directors of the Company reported on details of advance made by the Group for the benefit of the following entity as at 30th June 2007, which in aggregate exceeded 8% of the total assets of the Group as at 30th June 2007 as follows:

Name of entity	Date of advance	Percentage of equity held by the Group	Remaining amount of the advance <i>HK\$'000</i>
Zeta Estates Limited	1st July 1998	33.33	241,577

*Note:* The advance is unsecured, interest-free and has no fixed terms of repayment.

### PROFORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

In accordance with Rule 13.16 of the Listing Rules, the proforma combined balance sheet of the affiliated companies, to which the Group has given financial assistance and the interest attributable to the Group as at 30th June 2007 (the latest practicable date) are as follows:

Description	Combined <i>HK\$'000</i>	Attributable to the Group <i>HK\$'000</i>
Investment properties	3,959,480	1,319,826
Properties for sale	36,844	10,832
Properties under development for sale	309,279	90,928
Properties, plant and equipment	3,418	1,005
Long-term receivable	1,500	488
Current assets	122,200	36,813
Current liabilities	(918,216)	(299,639)
Non-current liabilities	(285,970)	(84,075)
Net assets	<u>3,228,535</u>	<u>1,076,178</u>

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

The Company has not redeemed any of its shares during the six months ended 30th June 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th June 2007.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") as its own code of conduct regarding the directors' securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the Model Code and all Directors confirmed that they have complied with the Model Code for the six-months ended 30th June 2007.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees have been sent to the relevant employees of the Group.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Group's interim financial information for the six months ended 30th June 2007 has been reviewed by the Audit Committee of the Company.

The Company is committed to maintaining a high standard of corporate governance within a sensible framework. The Company has complied with all the code provisions as set out in Appendix 14 of the Code on Corporate Governance Practices of the Listing Rules throughout the accounting period for the six months ended 30th June 2007, except for the following deviations:

### **Code Provision A.2.1**

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of Chairman and Chief Executive are managed by the same individual, Mr. Dai Xiaoming. Given that the Group is still adjusting its business structure and strategy, the roles of Chairman and Chief Executive have not been separated in order to maintain the effectiveness and efficiency of the governance and management of the Group. The Board will review this arrangement at regular intervals.

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

Hong Kong, 11th September 2007