

Interim Report
2008



丹楓控股有限公司
DAN FORM HOLDINGS COMPANY LIMITED
Stock Code: 271

CORPORATE INFORMATION

DIRECTORS	:	Dai Xiaoming (<i>Chairman and Chief Executive</i>) Kenneth Hiu King Kon (<i>Deputy Chief Executive</i>) Jesse Nai Chau Leung* Xiang Bing* Edward Shen*
		* <i>Independent Non-Executive Directors</i>
AUDIT COMMITTEE	:	Jesse Nai Chau Leung (<i>Chairman</i>) Xiang Bing Edward Shen
REMUNERATION COMMITTEE	:	Edward Shen (<i>Chairman</i>) 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

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2008

	Note	2008 HK\$'000	2007 HK\$'000
Revenue	(3)	17,348	15,963
Cost of sales		(4,199)	(5,022)
Gross profit		13,149	10,941
Other income		8,767	5,828
Administrative expenses		(9,096)	(10,082)
Change in fair value of investment properties		9,666	13,103
Write back of provision for properties for sale		–	195
Operating profit	(4)	22,486	19,985
Finance costs	(5)	–	(6)
Share of profits of associated companies		188,572	114,313
Profit before taxation		211,058	134,292
Taxation credit/(charge)	(6)	1,760	(2,167)
Profit for the period		212,818	132,125
		HK cents	HK cents
Earnings per share			
Basic and diluted	(7)	18.74	11.63

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30TH JUNE 2008

	Note	30th June 2008 HK\$'000	31st December 2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	(8)	2,713	322
Investment properties		547,443	531,860
Prepayments of leasehold land		4,279	322
Associated companies		1,525,922	1,335,649
Available-for-sale financial assets		51,106	47,877
		<u>2,131,463</u>	<u>1,916,030</u>
Current assets			
Debtors and prepayments	(9)	11,431	20,466
Amounts due from associated companies		221,246	232,422
Taxation recoverable		13	460
Cash and bank balances		184,426	165,901
		<u>417,116</u>	<u>419,249</u>
Total assets		<u><u>2,548,579</u></u>	<u><u>2,335,279</u></u>
EQUITY			
Share capital		567,803	567,803
Reserves		1,888,177	1,674,826
Total equity		<u>2,455,980</u>	<u>2,242,629</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		66,291	68,376
Current liabilities			
Creditors and accruals	(10)	16,877	16,133
Amounts due to associated companies		8,735	7,809
Taxation payable		696	332
		<u>26,308</u>	<u>24,274</u>
Total liabilities		<u>92,599</u>	<u>92,650</u>
Total equity and liabilities		<u><u>2,548,579</u></u>	<u><u>2,335,279</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2008

	Share capital HK\$'000	Other reserves HK\$'000	Retained profit HK'000	Total HK\$'000
At 31st December 2007	567,803	722,563	952,263	2,242,629
Changes in exchange rates	–	405	–	405
Change in fair value of available-for-sale financial assets	–	128	–	128
Profit for the period	–	–	212,818	212,818
At 30th June 2008	567,803	723,096	1,165,081	2,455,980
At 31st December 2006	567,803	720,475	586,968	1,875,246
Changes in exchange rates	–	(2,600)	–	(2,600)
Change in fair value of available-for-sale financial assets	–	1,037	–	1,037
Release of reserve upon liquidation of a subsidiary	–	431	–	431
Profit for the period	–	–	132,125	132,125
At 30th June 2007	567,803	719,343	719,093	2,006,239

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2008

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net cash from/(used in) operating activities	4,462	(22,708)
Net cash from investing activities	8,635	76,024
Increase in cash and cash equivalents	13,097	53,316
Cash and cash equivalents at beginning of period	165,901	96,394
Changes in exchange rates	5,428	(4,151)
Cash and cash equivalents at end of period	<u>184,426</u>	<u>145,559</u>
Analysis of cash and cash equivalents: Cash and bank balances	<u>184,426</u>	<u>145,559</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

(1) GENERAL INFORMATION

Dan Form Holdings Company Limited (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 the Company and its subsidiaries (together the "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 2008.

(2) BASIS OF PREPARATION

The interim financial information has been prepared under the historical cost convention as modified by the revaluation of certain properties and available-for-sale financial assets, 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 2007.

The following new and revised standards relevant to the Group have been issued but have not been early adopted:

HKAS 1 (Revised)	Presentation of Financial Statements (effective from 1st January 2009)
HKFRS 3 (Revised)	Business Combinations (effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July 2009)
HKFRS 8	Operating Segments (effective from 1st January 2009)

The Group has already commenced an assessment of the impact of adopting the above new and revised standards but is not yet in a position to state whether there will be substantial changes to the Group's principal accounting policies and presentation of the financial statements.

(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 2008						
Revenue	<u> -</u>	<u> 10,230</u>	<u> 4,494</u>	<u> 2,624</u>		<u> 17,348</u>
Operating profit	<u> -</u>	<u> 16,564</u>	<u> 4,362</u>	<u> 4,813</u>	<u> (3,253)</u>	<u> 22,486</u>
Share of profits/(losses) of associated companies	<u> (1,701)</u>	<u> 190,273</u>	<u> -</u>	<u> -</u>		<u> 188,572</u>
Profit before taxation						<u> 211,058</u>
Taxation credit						<u> 1,760</u>
Profit for the period						<u> 212,818</u>
For the six months ended 30th June 2007						
Revenue	<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>	<u> (5,073)</u>	<u> 19,985</u>
Finance costs						<u> (6)</u>
Share of profits/(losses) of associated companies	<u> (8,551)</u>	<u> 122,864</u>	<u> -</u>	<u> -</u>		<u> 114,313</u>
Profit before taxation						<u> 134,292</u>
Taxation charge						<u> (2,167)</u>
Profit for the period						<u> 132,125</u>

(3) **SEGMENT INFORMATION** (continued)

(b) **Geographical segments**

	2008		2007	
	Revenue <i>HK'000</i>	Segment results <i>HK\$'000</i>	Revenue <i>HK'000</i>	Segment results <i>HK\$'000</i>
Hong Kong	17,246	20,765	13,851	18,814
Mainland China	102	1,721	2,112	1,171
	<u>17,348</u>	<u>22,486</u>	<u>15,963</u>	<u>19,985</u>

	30th June 2008 <i>HK\$'000</i>	31st December 2007 <i>HK\$'000</i>
Total assets		
Hong Kong	876,849	862,538
Mainland China	145,808	137,092
	<u>1,022,657</u>	<u>999,630</u>
Associates	1,525,922	1,335,649
	<u>2,548,579</u>	<u>2,335,279</u>

Total assets are allocated based on where the assets are located.

	Six months ended 30th June	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Capital expenditures		
Hong Kong	1,195	12
Mainland China	27	–
	<u>1,222</u>	<u>12</u>

Capital expenditures are allocated based on where the assets are located.

(4) OPERATING PROFIT

Operating profit is arrived at after crediting:

	2008 HK\$'000	2007 <i>HK\$'000</i>
Gross rental income	10,230	11,387
Outgoings of investment properties	(3,280)	(4,139)
Net rental income	6,950	7,248
Exchange gain	5,614	4,780

and after charging:

Staff cost, including Directors' remuneration	6,034	6,604
Depreciation and amortisation	161	90
Operating lease rental for land and buildings	1,388	1,297

(5) FINANCE COSTS

Interest on other loans

	2008 HK\$'000	2007 <i>HK\$'000</i>
Interest on other loans	—	6

(6) TAXATION

	2008 HK\$'000	2007 <i>HK\$'000</i>
Current		
Hong Kong	20	—
Mainland China	364	—
	384	—
Deferred	(2,144)	2,167
	(1,760)	2,167

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period. Taxation on profits generated in Mainland China has been provided at the rate of taxation prevailing in Mainland China.

The Group's share of profits of associated companies is stated after deducting the Group's share of taxation amounting to HK\$19,423,000 (2007: HK\$28,450,000).

(7) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK\$212,818,000 (2007: HK\$132,125,000) and 1,135,606,132 (2007: 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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net book value at 1st January	322	501
Changes in exchange rates	3	5
Additions	2,533	12
Depreciation	(145)	(88)
Liquidation of a subsidiary	-	(65)
	<hr/>	<hr/>
Net book value at 30th June	2,713	365
	<hr/> <hr/>	<hr/> <hr/>

(9) DEBTORS AND PREPAYMENTS

	30th June 2008 <i>HK\$'000</i>	31st December 2007 <i>HK\$'000</i>
Trade debtors	3,410	3,145
Other debtors	6,192	4,706
Prepayments and deposits	1,829	12,615
	<hr/>	<hr/>
	11,431	20,466
	<hr/> <hr/>	<hr/> <hr/>

Trade debtors represent rental income and estate management fees due from tenants which become due upon presentation of invoices. The ageing analysis of the trade debtors of the Group, net of provisions and in accordance with the date of the invoices, is as follows:

	30th June 2008 <i>HK\$'000</i>	31st December 2007 <i>HK\$'000</i>
Within 30 days	1,108	1,504
31 to 60 days	823	385
61 to 90 days	571	298
Over 90 days	908	958
	<hr/>	<hr/>
	3,410	3,145
	<hr/> <hr/>	<hr/> <hr/>

(10) CREDITORS AND ACCRUALS

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Trade creditors	291	129
Other creditors	14,008	14,263
Accrued operating expenses	2,578	1,741
	<u>16,877</u>	<u>16,133</u>

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

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Within 30 days	<u>291</u>	<u>129</u>

(11) 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:

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Within one year	2,254	2,515
One to five years	3,193	4,320
	<u>5,447</u>	<u>6,835</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:

	30th June 2008 HK\$'000	31st December 2007 HK\$'000
Within one year	15,884	15,549
One to five years	27,634	31,760
Over five years	-	514
	<u>43,518</u>	<u>47,823</u>

(12) LIQUIDATION OF A SUBSIDIARY

As more fully explained in note 30(b) of the 2007 annual financial statements, in order to enable the interest of all creditors of Beijing Dan Yao Property Company Limited ("Dan Yao"), including the Group, be dealt with fairly and properly, the Second Intermediate People's Court of Beijing Municipality (the "Court") accepted for consideration of the application of the Company to liquidate Dan Yao, which was then operating under the supervision of the Court while the Group maintained control of its day to day operations. On 14th June 2007, the Court granted an order for the liquidation of Dan Yao and the Group therefore will no longer exercise control on the operations of Dan Yao. Accordingly, the Group has ceased to consolidate the financial statements of Dan Yao since 14th June 2007.

(13) RELATED PARTY TRANSACTIONS

	2008 HK\$'000	2007 HK\$'000
Estate management fee income from associated companies	<u>2,729</u>	<u>2,021</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 2008 (2007: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a revenue of HK\$17,348,000 for the six months ended 30th June 2008, which represented an increase of approximately HK\$1,385,000 or 9% as compared with the same period in 2007. This was mainly due to dividend income from unlisted investment and the increase in service income from estate management in Hong Kong.

The profit attributable to equity holders for the six months ended 30th June 2008 was HK\$212,818,000 whereas HK\$132,125,000 was made for the same period in 2007. 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 2008, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 83% and 97% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 73%. 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

Dan Yao Building (85% owned)

The receivers of the Beijing Dan Yao Property Company Limited (the "Receivers") have convened two Creditors' Meetings on 16th April 2008 and 12th May 2008, and resolved to dispose the assets of Beijing Dan Yao Property Company Limited by public auctions. The Receivers entrusted China Beijing Equity Exchange and Yatealan International Auction Componenter to organize two auctions which were held on 18th June 2008 and 18th July 2008. However, both auctions were cancelled. The Receivers have convened a Creditors' Committee Meeting on 24th July 2008, and confirmed that the proposal of the disposal of the assets by public auction remains unchanged and should arrange negotiation in respect to the assets transfer, so that the assets can be converted into cash as soon as possible.

The business operations of the shopping mall of Dan Yao Building are stable and the fourth floor operated by Beijing Wangfujing Quanjude Roast Duck Restaurant has started business operations.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Beijing Business *(continued)*

The Wangfujing Projects *(continued)*

The Xidan Project (29.4% owned)

As at 30th June 2008, regarding the issue of separate real estate certificates for commercial units in respect of the building located at Lot No. 2, four out of sixteen units had been completed, while for individual business units, sixteen out of twenty-six units had been completed. The project at Lot No.7 has been planned as a public green area which project has not yet been commenced. The arrangement of the main building ownership certificate in respect of the project at Lot No. 8 has been completed; nine out of three hundreds and eighty-one units' separate ownership certificates and eight out of three hundreds and seventy-two residential returned units' ownership certificates have not been arranged. The maintenance of the building facilities at Lot No. 9 is still carried on. However, without the consent of Keen Safe Investment Limited ("Keen Safe"), Beijing Huarong Foundations Investment Company Limited ("Huarong Foundations"), being a company connected with Beijing Huarong Investment Co. Ltd., which is one of the shareholders of Beijing Jing Yuan Property Development Co., Ltd. ("Jing Yuan"), signed an agreement with Jing Yuan for the purchase of the building located at Lot No. 9 on 30th May 2008, where a prepayment of RMB120,000,000 (approximately HK\$134,830,000) has been paid by Huarong Foundations. Keen Safe has sent letters to Jing Yuan and the other two shareholders, and requested them to correct this inappropriate connected transaction and the related matters as soon as possible. Concerning the project at Lot No. 10, the transfer of title is still continued. According to the preliminary agreement of assignment of land at Lot No. 10 entered with Beijing Yonganxingye Property Development Co., Ltd. ("Yonganxingye"), we received Beijing Yonganxingye Property Development Co., Ltd. RMB 60,000,000 (approximately HK\$65,815,000) during the first half of 2008 where selling price as indicated in the contract is RMB110,000,000 (approximately HK\$116,993,000), of which RMB105,000,000 (approximately HK\$111,279,000) has been received.

In the second half of 2008, 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 plan for the public green area located at Lot No. 7 will be completed. The issue of separate real estate certificate for each of the units of the project at Lot No. 8 will be carried on. For Lot No. 9, Keen Safe will continue to negotiate with all shareholders, and try to correct the mistake in respect of the connected transaction as mentioned above. The transfer of title of land at Lot No. 10 will be completed and the remaining consideration of RMB5,000,000 (approximately HK\$5,714,000) of the sale of land will also be received.

ASSETS AND CHARGES

The total assets of the Group increased from HK\$2,335,279,000 as at 31st December 2007 to HK\$2,548,579,000 as at 30th June 2008. Net assets of the Group increased from HK\$2,242,629,000, as at 31st December 2007 to HK\$2,455,980,000 as at 30th June 2008. The Group had no bank borrowings as at 30th June 2008.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have slightly decreased from HK\$92,650,000 as at 31st December 2007 to HK\$92,599,000 as at 30th June 2008. The Group had cash and bank balances of HK\$184,426,000 as at 30th June 2008 (2007: HK\$165,901,000). The ratio of total liabilities to total assets was approximately 4% (2007: 4%). As at 30th June 2008, the Group had no bank loans and bank overdrafts (2007: Nil) and the total equity was HK\$2,455,980,000 (2007: HK\$2,242,629,000); and therefore the capital gearing ratio of the Group was zero as at 30th June 2008 (2007: zero). As at 30th June 2008, the current assets of the Group amounted to HK\$417,116,000 (2007: HK\$419,249,000), which exceeded its current liabilities by HK\$390,808,000 (2007: HK\$394,975,000). As from 3rd March 2008, banking facilities have been obtained from a bank, comprising an overdraft facility and a revolving short term loan to the extent of HK\$ 25,000,000 each, totalling HK\$50,000,000.

For the six months ended 30th June 2008, the exchange rate of Renminbi to Hong Kong dollar has been appreciating, resulting an exchange gain of HK\$5,495,000 from our bank deposits in Renminbi. Save as disclose above, the Group had no exposure to fluctuations in exchange rates and there were no contingent liabilities.

EMPLOYEES

As at 30th June 2008, the Group, excluding associated companies, had 50 employees of which 38 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. Employees in the Mainland China are provided with medical insurance, elderly insurance, loss of job insurance, injury insurance and provident fund for housing. Some of them are also provided with birth insurance.

PROSPECTS

The Group has undergone a number of years in adjusting its business operations, which would become more stable. With an increasing instability of the global economies in this uncertain period, the Group is acting cautiously and is adopting a wait and see approach to capture new opportunities for the Group's business 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 2008, 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 (Note)	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 2008 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 2008.

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 2008, 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:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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 2008, 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 2008, 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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, 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 2008, which in aggregate exceeded 8% of the total assets of the Group as at 30th June 2008 as follows:

Name of entity	Date of advance	Percentage of equity held by the Group	Remaining amount of the advance HK\$'000
Zeta Estates Limited ("Zeta")	1st July 1998	33.33	221,223

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 unaudited proforma combined balance sheet of financial assistance to the affiliated companies of the Group and the interest attributable to the Group as at 30th June 2008 (the latest practicable date) are as follows:

Description	Attributable to	
	Combined	the Group
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties	4,918,361	1,639,454
Properties for sale	396,062	116,442
Properties, plant and equipment	3,240	953
Long-term receivable	667	214
Current assets	47,600	15,310
Current liabilities	(1,063,115)	(340,559)
Non-current liabilities	(62,499)	(18,375)
	<hr/>	<hr/>
Net assets	<u>4,240,316</u>	<u>1,413,439</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 2008. 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 2008.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of 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 2008.

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.

AUDIT COMMITTEE REVIEW

For the six months ended 30th June 2008, the interim results for the Reporting Period are unaudited but certain agree-upon procedures have been performed by the auditor (PricewaterhouseCooper) of the Company in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The interim results of the Group for the six months ended 30th June 2008 have been reviewed by the Audit Committee.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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 2008, 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 2008