NAM FONG INTERNATIONAL HOLDINGS LIMITED
南 方 國 際 控 股 有 限 公 司 *

(incorporated in Bermuda with limited liability)
(stock code: 1176)

INTERIM REPORT 2009

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(Financial figures in this interim report are expressed in HK$ unless otherwise stated)

FINANCIAL HIGHLIGHTS

The board of Directors ("Board") of Nam Fong International Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 as follows:

	Six months ended 30 June		
	2009	2008	Change
	$'000	*$'000*	%
	(Unaudited)	(Unaudited)	
RESULTS			
Turnover — rental income	**3,880**	4,763	(15%)
Gross profit	**2,053**	3,812	(46%)
Change in fair value of investment properties	**3,627**	(6,481)	156%
Share of profits of jointly controlled entities	**—**	7,540	(100%)
Profit/(loss) for the period	**302**	(7,821)	104%
Basic earnings/(loss) per share	**0.02 cents**	(0.48 cents)	0.50 cents

	At 30 June	At 31 December	
	2009	2008	Change
	$'000	*$'000*	%
	(Unaudited)	(Audited)	
KEY BALANCE SHEET ITEMS			
Total assets	**466,565**	465,832	0%
Total liabilities	**14,144**	13,751	3%
Total equity	**452,421**	452,081	0%

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property development, property investment and property rental activities in the People's Republic of China ("PRC").

Property Investment

During the period under review, the Group's major property investments are certain floors in Royal Mediterranean Hotel, with a total gross floor area of approximately 6,098 square meters, which is located at Tianhe Road, Tianhe District, Guangzhou, the PRC. Such property has generated stable monthly rental income.

Another property investments are twelve shop units at Jiang Bian Road, Meizhou City, Guangdong Province, the PRC, with a total gross floor area of approximately 2,384 square meters and the levels 1 to 9 of the accessional building, the tricorn region besides the River View Hotel at Jiang Bian Road, Meizhou City, Guangdong Province, the PRC, with a total gross floor area of approximately 12,898 square meters.

Property Development

During the period under review, the Group's property development project is Holiday Bay Chaohu Phase I ("Chaohu I"), which is located at Zhongmiao Town, Chaohu City, Anhui Province, the PRC, with a site area of approximately 111,595 square meters, within which the planned gross floor area is approximately 169,500 square meters. Chaohu I will be phase one of the development project with a comprehensive mixed use community comprising retail and residential.

Outlook

In the future, the Group intends to conduct a detailed review on the existing business of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the result of the review and should suitable investment opportunities arise, the Group may look for investment or business opportunities, in order to diversify the Group's business for the purpose of broadening its income source.

FINANCIAL REVIEW

Turnover

The Group's turnover represents rental income generated. For the period under review, rental income decreased by 15% to approximately HK$3.9 million (30 June 2008: approximately HK$4.8 million). The decrease in rental income was mainly due to the disposal of the property investment in Liwan plaza in 2008.

Gross Profit

Gross profit decreased by 46% to approximately HK$2.1 million in the current period from approximately HK$3.8 million in the last period mainly due to the fall in rental income received.

Change in Fair Value of Investment Properties

The fair value model was adopted consistently when accounting for investment properties, whereby such properties were recorded at their fair values as determined by an independent professional valuer.

Liquidity and Financial Resources

Net current assets decreased to approximately HK$181.6 million as at 30 June 2009 (31 December 2008: approximately HK$186.3 million). As at 30 June 2009, the Group's bank and cash balances amounted to approximately HK$108.9 million (31 December 2008: approximately HK$0.2 million).

FINANCIAL REVIEW *(continued)*

Employees and Remuneration Policies

The success of the Group heavily relies on the performance and commitment of all its employees. They are remunerated in accordance with the job nature, market conditions, individual performance and qualifications. Other staff benefits include year end bonus. As at 30 June 2009, the Group had approximately 40 employees (31 December 2008: 40 employees) in Hong Kong and the PRC.

Borrowings, Charges on Group's Assets and Gearing Ratio

As at 30 June 2009, the Group had no borrowings and none of the Group's assets were pledged (31 December 2008: Nil), the gearing ratio as at 30 June 2009, expressed as total borrowing over the total equity was Nil (31 December 2008: Nil).

Foreign Exchange Rate

The Group conducts its business almost exclusively in RMB except that certain receipts of sales proceeds are in HK$. The conversion of RMB into HK$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against HK$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide the hedging policy required against the possible foreign exchange risk that may arise.

Contingent Liabilities

As at the close of business on 30 June 2009 and 31 December 2008, the Group did not have any significant contingent liabilities.

PROSPECTS

After rapid growth for years, the PRC economy has slowed down due to the impact of the global financial crisis. The world's governments and central banks launched a variety of stimulus measures and the financial markets are seen stabilizing. Global property and equities markets have also strongly rebounded. In the PRC, in the first half of 2009, in order to overcome the global financial crisis, the central government implemented a proactive fiscal policy and loose monetary policy appropriately, while to maintain growth and promote development remain the core thinking in the economic stimulate policy package. In the property sector, notable growths in both quantity and price transacted are observed during the period. Moreover, as the income level of the local PRC residents increases and the speed of urbanization accelerates, the demand for quality residential housing in prime areas and at reasonable prices is expected to further increase. The Group is confident of the long-term development of Mainland China property market.

Besides the existing development project and property investments, the Group has exerted great efforts in enhancing and expanding its property investment and development business. Based on the Group's extensive experience in the property market in the PRC, the Group will continue to explore quality properties with a view to expanding its land bank should suitable opportunities arise.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	Note	Six months ended 30 June **2009** *$'000* *(Unaudited)*	2008 *$'000* *(Unaudited)*
Turnover	*3,4*	**3,880**	4,763
Rental outgoings		**(1,827)**	(951)
Gross profit		**2,053**	3,812
Other income		**—**	12,233
Change in fair value of investment properties		**3,627**	(6,481)
Other expenses		**(4,607)**	(24,449)
Profit/(loss) from operations		**1,073**	(14,885)
Share of profits of jointly controlled entities		**—**	7,540
Profit/(loss) before tax	*5*	**1,073**	(7,345)
Income tax	*6*	**(771)**	(476)
Profit/(loss) for the period		**302**	(7,821)
Basic earnings/(loss) per share	*7*	**0.02 cents**	(0.48 cents)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Six months ended 30 June **2009** *$'000* *(Unaudited)*	2008 *$'000* *(Unaudited)*
Profit/(loss) for the period	**302**	(7,821)
Other comprehensive income		
Translation differences arising on the translation of the financial statements of foreign subsidiaries	**38**	4,888
Share of reserve movement of jointly controlled entities	**—**	8,960
Other comprehensive income for the period	**38**	13,848
Total comprehensive income for the period	**340**	6,027
Total comprehensive income attributable to the owners of the Company	**340**	6,027

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Note	**30 June 2009** **$'000** ***(Unaudited)***	31 December 2008 *$'000* *(Audited)*
Non-current assets			
Property, plant and equipment		**55**	63
Investment properties	*8*	**198,098**	136,300
Properties under development	*9*	**77,099**	75,379
Prepayments for acquisition of investment properties		**—**	58,163
		275,252	269,905
Current assets			
Accounts receivable	*10*	**1,770**	2,905
Consideration receivables	*11*	**79,608**	151,041
Deposit for renovation, electrical and mechanical systems		**488**	41,303
Prepayments, deposits and other receivables		**556**	499
Bank and cash balances		**108,891**	179
		191,313	195,927
Current liabilities			
Accruals and other payables		**8,699**	9,077
Current tax liabilities		**981**	573
		9,680	9,650
Net current assets		**181,633**	186,277
Total assets less current liabilities		**456,885**	456,182
Non-current liabilities			
Deferred tax liabilities		**4,464**	4,101
NET ASSETS		**452,421**	452,081
Capital and reserves			
Share capital	*12*	**163,200**	163,200
Reserves		**289,221**	288,881
TOTAL EQUITY		**452,421**	452,081

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	(Unaudited)						
	Attributable to the owners of the Company						
	Share capital *$'000*	**Share premium** *$'000*	**Reserve on merger accounting** *$'000*	**Exchange fluctuation reserve** *$'000*	**Exchange fluctuation reserve relating to a disposal group classified as held for sale** *$'000*	**Accumulated losses** *$'000*	**Total** *$'000*
At 1 January 2008	163,200	906,000	(101,922)	6,407	—	(496,358)	477,327
Total comprehensive income for the period	—	—	—	13,848	—	(7,821)	6,027
At 30 June 2008	**163,200**	**906,000**	**(101,922)**	**20,255**	**—**	**(504,179)**	**483,354**
At 1 January 2009	163,200	906,000	(101,922)	5,157	—	(520,354)	452,081
Total comprehensive income for the period	—	—	—	38	—	302	340
At 30 June 2009	**163,200**	**906,000**	**(101,922)**	**5,195**	**—**	**(520,052)**	**452,421**

Note:

(a) Reserve on merger accounting

The reserve on merger accounting was set up upon the share swap for the Company to acquire its subsidiaries.

(b) Exchange fluctuation reserve

The exchange fluctuation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	$'000	*$'000*
	(Unaudited)	*(Unaudited)*
Net cash generated from operating activities	**115,686**	60,138
Net cash (used in) generated from investing activities	**(7,012)**	26,901
Net increase in cash and cash equivalents	**108,674**	87,039
Effect of foreign exchange rate changes	**38**	(9,319)
Cash and cash equivalents as 1 January	**179**	2,186
Cash and cash equivalents at 30 June	**108,891**	79,906
Analysis of the balances of cash and cash equivalents		
Bank and cash balances	**108,891**	79,891
Bank and cash balances included in assets of a disposal group classified as held for sale	**—**	15
	108,891	79,906

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of its principal place of business is Unit 5709, 57th Floor, The Center, 99 Queen's Road Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Group are property development, property investment and property rental activities in the PRC.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2009 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS" 34) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which are carried at their fair values. The accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008, except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA, which are either effective for accounting period beginning on 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of these new or revised standards, amendments and interpretations had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been required.

The interim financial statements should be read in conjunction with the annual audited financial statements for the year ended 31 December 2008.

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2008.

HKAS 1 (Revised) — Presentation of Financial Statements

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

For the six months ended 30 June 2009

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

HKFRS 8 — Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) — Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[4]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for transfers on or after 1 July 2009.

The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represents rental income generated during the period.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess its performance. In contrast, the predecessor standard, (HKAS 14 "Segment Reporting"), required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's "system of internal financing reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. The Group's reportable segments under HKFRS 8 are therefore identical to the business segments under HKAS 14, namely:

Property sales	—	Property development and sale
Property rental	—	Property investment and property rental activities

Over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

For the six months ended 30 June 2009

4. SEGMENT INFORMATION *(continued)*

A segmental analysis of the Group's principal activities is as follows:

	Six months ended 30 June							
	Property sales		Property rental		Unallocated corporate expenses		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover								
External revenue	**—**	—	**3,880**	4,763	**—**	—	**3,880**	4,763
Results								
Segment results	**—**	—	**2,053**	3,812	**—**	—	**2,053**	3,812
Other income	**—**	2	**—**	12,231	**—**	—	**—**	12,233
Change in fair value of investment properties	**—**	—	**3,627**	(6,481)	**—**	—	**3,627**	(6,481)
Other expenses	**(206)**	(897)	**(586)**	(724)	**(3,815)**	(22,828)	**(4,607)**	(24,449)
Profit/(loss) from operations							**1,073**	(14,885)
Share of profits of jointly controlled entities	**—**	7,540	**—**	—	**—**	—	**—**	7,540
Profit/(loss) before tax							**1,073**	(7,345)
Income tax							**(771)**	(476)
Profit/(loss) for the period							**302**	(7,821)

5. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging:

	Six months ended 30 June	
	2009	2008
	$'000	*$'000*
	(Unaudited)	*(Unaudited)*
Auditor's remuneration		
— Statutory audit	**—**	584
— Others	**—**	170
	—	754
Depreciation	**7**	2
Operating lease rentals in respect of land and buildings	**1,170**	1,638
Staff costs (excluding directors' emoluments)		
— Salaries and allowances	**1,544**	1,272
— Retirement benefit scheme contribution	**20**	20
	1,564	1,292

For the six months ended 30 June 2009

6. INCOME TAX

(a) No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both periods.

(b) Subsidiaries with operations in the PRC are subject to PRC Enterprise Income Tax (“EIT”) at 10% to 25% (30 June 2008: 10% to 33%).

(c) Based on the information available, the Directors considered that the taxation of the Group at 30 June 2009 was adequately provided for in the financial statements.

7. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of the basic earnings per share is based on the profit for the period of approximately HK$0.3 million (30 June 2008: loss of approximately HK$7.8 million) and on 1,632,000,000 (30 June 2008: 1,632,000,000) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is not presented because there were no dilutive potential ordinary shares in existence for the six months ended 30 June 2009 and 2008 respectively.

8. INVESTMENT PROPERTIES

At 30 June 2009, the Group’s investment properties, situated in Guangzhou and Meizhou, the PRC, are held under medium-term leases. The investment properties held under operating lease for rental purposes are measured using the fair value model. The fair value of the Group’s investment properties at 30 June 2009 was based on the open market value basis, by reference to market evidence of recent transactions for similar properties, appraised by an independent qualified professional valuer. A fair value gain of approximately HK$3.6 million was recorded for the six months ended 30 June 2009 (30 June 2008: a fair value loss of HK$6.5 million).

9. PROPERTIES UNDER DEVELOPMENT

The properties under development at 30 June 2009 represent lease prepayment for land use rights of two pieces of land at Zhongmiao Town, Chaohu City, Anhui Province, the PRC, with a site area of approximately 111,595 square meters. The land sites shall be developed as a comprehensive mixed use community comprising retail and residential.

10. ACCOUNTS RECEIVABLE

The aging analysis of accounts receivable, based on the invoice date, is as follows:

	At 30 June 2009	At 31 December 2008
	$’000	*$’000*
	(Unaudited)	*(Audited)*
Within 3 months	**1,770**	2,043
4 — 6 months	**—**	862
7 — 12 months	**—**	—
Over 1 year	**—**	—
	1,770	2,905
Less: Allowance for receivables	**—**	—
	1,770	2,905

11. CONSIDERATION RECEIVABLES

Consideration receivables represent the outstanding consideration receivables on the disposal of the Group’s jointly controlled entities and a subsidiary in 2008. Part of them has been secured by the issued shares of the subsidiary and the original title documents of certain properties of the subsidiary are in the Group’s custody. The Group has not provided for impairment loss as there has not been a significant change in credit quality and the amount is still considered recoverable.

For the six months ended 30 June 2009

12. SHARE CAPITAL

	Number of shares	*$'000*
Authorised:		
At 31 December 2008 and 30 June 2009		
Ordinary shares of HK$0.10 each	2,000,000,000	200,000
Issued and fully paid:		
At 31 December 2008 and 30 June 2009		
Ordinary shares of HK$0.10 each	1,632,000,000	163,200

13. MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals during the period.

14. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2009 and 31 December 2008.

15. LEASE COMMITMENTS

At 30 June 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2009 ***$'000*** ***(Unaudited)***	At 31 December 2008 *$'000* *(Audited)*
Within one year	**967**	854
In the second to fifth years inclusive	**1,342**	–
	2,309	854

Operating lease payments represent rentals payable by the Group for certain of its offices.

16. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions and balances with its related parties:

(a) Key management personnel compensation

The key management personnel of the Group comprises all Directors and their emoluments amounted to approximately HK$0.2 million (30 June 2008: approximately HK$0.5 million).

(b) Balances with related parties

Included in accruals and other payables are amounts in total of approximately HK$0.2 million (31 December 2008: approximately HK$0.3 million) representing accrued Directors' emoluments due to the Company's Directors. The accrued Directors' emoluments are unsecured, interest-free and will be settled in cash.

17. EVENTS AFTER THE BALANCE SHEET DATE

On 2 July 2009, the Company and Rong De Investments Limited ("Rong De"), an independent third party, entered into a subscription agreement and Rong De entered into a sale and purchase agreement with Sinowin Enterprises Limited and Ms. Zhang Suqian in respect of the subscription of 636,820,000 ordinary shares and acquisition of 665,280,000 existing ordinary shares of HK$0.10 each. Both of the subscription agreement and the sale and purchase agreement have completed on 4 September 2009. Upon completion, Rong De has become interested in 1,302,100,000 shares, which represent approximately 57.39% of the total issued share capital of the Company as at the date of the report. Details of these are disclosed in the announcements of the Company dated 17 July and 4 September 2009.

On 24 August 2009, the authorised share capital of the Company was increased from HK$200,000,000 divided into 2,000,000,000 shares of HK$0.10 each to HK$400,000,000 divided into 4,000,000,000 shares.

Saved as disclosed above, the Group did not have any other significant events took place subsequent to the balance sheet date.

OTHER INFORMATION

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2009, none of the Directors and the chief executive of the Company had or was deemed to have any interests and short positions in the shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted, either directly or indirectly at any time during the period under review.

PURCHASE, SALES OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the period under review.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, according to the register of interests kept by the Company under section 336 of the SFO, and so far as was known to the directors or chief executive of the Company, the following persons had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	*Note*	Nature of interest	Total	Approximate percentage or attributable percentage of shareholdings *(Note 2)*
Mr. Hung Ka Faat	*1*	Interest of a controlled corporation	405,280,000 (L)	24.83%
Sinowin Enterprises Limited ("SEL")	*1*	Beneficial owner	405,280,000 (L)	24.83%
Zhang Suqian		Beneficial owner	262,000,000 (L)	16.05%

(L) Long position

Notes:

(1) Mr. Hung Ka Faat beneficially owns and controls SEL.

(2) For the purpose of this section, the shareholding percentage in the Company is calculated on the basis of 1,632,000,000 Shares in issue.

Save as disclosed above, so far as are known to the directors, the Company has not been notified of any interest in the issued share capital of the Company required to be recorded under section 336 of the SFO as at 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2009 (except code provisions A.2.1 and A.4.2 in Appendix 14).

Under code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board has chairman to provide leadership to the Board in terms of establishing policies and business directions and monitor the daily operation of the Group. The Company is currently looking for a suitable person to be responsible for the daily management of the Company's business as a whole as a remedy for such deviation.

Under code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. Since the articles of association of the Company provide that all directors (except chairman) shall be subject to retirement by rotation, the Company did not comply with this provision, the Company is considering to amend the articles of association of the Company to remedy the situation.

COMPLIANCE WITH THE MODEL CODE

The Group has adopted the Model Code. Upon specific enquiry by the Company, all Directors confirmed that they have fully complied with the required standards set out in the Model Code throughout the six months ended 30 June 2009.

AUDIT COMMITTEE

The audit committee comprises three Independent Non-executive Directors of the Company. The audit committee has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2009, which is of opinion that such statements comply with the applicable accounting standards and the Listing Rules and that adequate disclosures have been made.

For and on behalf of the Board of
Nam Fong International Holdings Limited
Liao Tengjia
Chairman

Hong Kong, 29 September 2009