



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

Stock Code: 271

INTERIM REPORT
2010

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
AUDITOR	:	PricewaterhouseCoopers
PRINCIPAL BANKERS	:	Industrial and Commercial Bank of China (Asia) Limited Standard Chartered Bank (Hong Kong) Limited
SOLICITORS	:	Stephenson Harwood Hampton, Winter & Glynn
REGISTRARS	:	Tricor Tengis Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
REGISTERED OFFICE	:	33/F., Tower A, Billion Centre 1 Wang Kwong Road, Kowloon Bay, Hong Kong
WEBSITE	:	http://www.danform.com.hk
STOCK CODE	:	The Stock Exchange of Hong Kong Limited – 271

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

		Six months ended 30th June	
	Note	2010 HK\$'000	2009 HK\$'000
Revenue	(3)	19,532	17,102
Other income		441	637
Other gains/(losses), net	(4)	436	(205)
Rent and rates		(1,597)	(1,480)
Building management fee		(2,484)	(2,375)
Staff costs, including directors' remuneration		(6,874)	(7,237)
Depreciation and amortisation		(1,707)	(341)
Repair and maintenance		(232)	(604)
Administrative expenses		(4,695)	(3,360)
Change in fair value of investment properties		16,135	(14,830)
Operating profit/(loss)	(5)	18,955	(12,693)
Share of profits of associated companies		229,834	83,565
Profit before taxation		248,789	70,872
Taxation (charge)/credit	(6)	(3,023)	3,088
Profit for the period		245,766	73,960
		HK cents	HK cents
Earnings per share			
Basic and diluted	(7)	19.70	6.52

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Profit for the period	<u>245,766</u>	<u>73,960</u>
Other comprehensive income		
Change in fair value of available-for-sale financial assets	(4,233)	55
Currency translation differences	<u>104</u>	<u>-</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(4,129)</u>	<u>55</u>
Total comprehensive income for the period	<u>241,637</u>	<u>74,015</u>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30TH JUNE 2010

	Note	30th June 2010 HK\$'000	31st December 2009 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	(8)	68,502	50,160
Investment properties		562,595	558,156
Leasehold land		3,839	3,869
Associated companies		1,875,734	1,645,900
Available-for-sale financial assets	(9)	25,029	29,262
		<u>2,535,699</u>	<u>2,287,347</u>
Current assets			
Debtors, prepayments and deposits	(10)	13,630	12,687
Amounts due from associated companies		232,745	244,019
Cash and bank balances		170,405	157,862
		<u>416,780</u>	<u>414,568</u>
Total assets		<u>2,952,479</u>	<u>2,701,915</u>
EQUITY			
Share capital		623,649	623,649
Reserves		2,224,695	1,983,058
Total equity		<u>2,848,344</u>	<u>2,606,707</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		65,986	63,798
Current liabilities			
Creditors and accruals	(11)	23,321	18,629
Amounts due to associated companies		13,599	12,383
Taxation payable		1,229	398
		<u>38,149</u>	<u>31,410</u>
Total liabilities		<u>104,135</u>	<u>95,208</u>
Total equity and liabilities		<u>2,952,479</u>	<u>2,701,915</u>
Net current assets		<u>378,631</u>	<u>383,158</u>
Total assets less current liabilities		<u>2,914,330</u>	<u>2,670,505</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31st December 2009	<u>623,649</u>	<u>644,818</u>	<u>1,338,240</u>	<u>2,606,707</u>
Profit for the period	-	-	245,766	245,766
Change in fair value of available-for-sale financial assets	-	(4,233)	-	(4,233)
Currency translation differences	-	104	-	104
Other comprehensive loss for the period	-	(4,129)	-	(4,129)
Total comprehensive income for the period	-	(4,129)	245,766	241,637
At 30th June 2010	<u>623,649</u>	<u>640,689</u>	<u>1,584,006</u>	<u>2,848,344</u>
At 31st December 2008	<u>567,803</u>	<u>695,162</u>	<u>902,580</u>	<u>2,165,545</u>
Repurchase of ordinary shares	(849)	265	-	(584)
Profit for the period	-	-	73,960	73,960
Change in fair value of available-for-sale financial assets	-	55	-	55
Other comprehensive income for the period	-	55	-	55
Total comprehensive income for the period	-	55	73,960	74,015
At 30th June 2009	<u>566,954</u>	<u>695,482</u>	<u>976,540</u>	<u>2,238,976</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2010

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Net cash from/(used in) operating activities	6,370	(1,066)
Net cash from investing activities	6,010	12,338
Net cash used in financing activities	—	(584)
Increase in cash and cash equivalents	12,380	10,688
Cash and cash equivalents at beginning of period	157,862	205,565
Changes in exchange rates	163	—
Cash and cash equivalents at end of period	170,405	216,253
Analysis of cash and cash equivalents:		
Cash and bank balances	170,405	216,253

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 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are property rental and estate management.

The interim financial information has been approved by the Board of Directors on 26th August 2010.

(2) BASIS OF PREPARATION

The interim financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of investment property and available-for-sale financial assets, which are carried at fair value and in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31st December 2009 except as disclosed below.

The adoption of new/revised HKFRS

In 2010, the Group adopted the following revised accounting standards and amendments of HKFRS, which are relevant to the Group’s operations.

HKAS 7 Amendment	Statement of Cash Flows
HKAS 36 Amendment	Impairment of Assets
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 Amendment	Operating Segments

Annual improvements to HKFRS published in May 2009

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKFRS 8 Amendment	Operating Segments

NOTES TO THE INTERIM FINANCIAL INFORMATION

(2) BASIS OF PREPARATION *(continued)*

The Group has assessed the impact of the adoption of these revised standards and amendments and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements.

Standards and amendments to existing standards that are relevant but not yet effective

<u>New or revised standards</u>		Effective for accounting periods beginning on or after
HKAS 24 (Revised)	Related Party Disclosure	1st January 2011
HKFRS 9	Financial instruments	1st January 2013
<u>Annual improvement to HKFRS published in May 2010</u>		
HKFRS 3 (Revised)	Business combinations	1st July 2010
HKAS 1	Presentation of Financial Statements	1st January 2011
HKAS 27	Consolidated and Separate Financial Statements	1st January 2011
HKAS 34	Interim Financial Reporting	1st January 2011
HKFRS 7	Financial Instruments: Disclosure	1st January 2011

The Group has not early adopted the above new or revised standards and is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of financial statements will result.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(3) REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, is shown as follows:

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Rental from investment properties	13,856	11,058
Estate management fees	4,776	4,994
Dividend from unlisted investments	900	1,050
	19,532	17,102

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors reviews the Group's internal reporting in order to assess performance of the Group's property and estate management business. The Board of Directors assesses the performance of the single operating segment based on a measure of profit after tax.

No segment analysis of the Group's revenue and contribution to operating profit is presented as the Group's financial information already provide the management information on the assessment of the performance of the Group.

(4) OTHER GAINS/(LOSSES), NET

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Net exchange gains/(losses)	148	(344)
Gain on sale of an investment property	288	-
Others	-	139
	436	(205)

NOTES TO THE INTERIM FINANCIAL INFORMATION

(5) OPERATING PROFIT/(LOSS)

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Operating profit/(loss) is arrived at after charging:		
Outgoings of investment properties	3,175	3,373
Provision for bad debt	207	732
	3,382	4,105

(6) TAXATION

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Current		
Hong Kong	835	(88)
Mainland China	16	-
	851	(88)
Deferred	2,172	(3,000)
	3,023	(3,088)

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) 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.

(7) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK\$245,766,000 (2009: HK\$73,960,000) and 1,247,298,945 (2009: 1,133,908,132) shares in issue during the period. The diluted earnings per share equals the basic earnings per share since there are no dilutive potential shares in issue during both periods.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(8) PROPERTY, PLANT AND EQUIPMENT

	2010 HK\$'000	2009 HK\$'000
Net book value at 1st January	50,160	3,598
Currency translation differences	8	–
Transfer from investment properties	6,300	–
Additions	13,711	39
Depreciation	(1,677)	(310)
Net book value at 30th June	68,502	3,327

(9) AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Unlisted equity securities		
– at fair value	15,424	21,052
– at cost (Note)	1,138	–
Club debentures	8,467	8,210
	25,029	29,262

Note:

At 30th June 2010, the Directors are of the opinion that the fair value of certain available-for-sale financial assets which were stated at fair value in prior years cannot be reliably measured since there are no recent market transactions between knowledgeable, willing parties on an arm's length basis and future cash flows available from the available-for-sale financial assets cannot be determined reliably. Accordingly, the available-for-sale financial assets are stated at cost as at 30th June 2010. Related investment revaluation reserve of HK\$5,463,000 was written back to the consolidated statement of comprehensive income for the period ended 30th June 2010.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(10) DEBTORS, PREPAYMENTS AND DEPOSITS

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Trade debtors	5,296	4,296
Other debtors	6,482	6,094
Prepayments and deposits	1,852	2,297
	13,630	12,687

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

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Within 30 days	3,209	2,573
31 to 60 days	1,000	414
61 to 90 days	156	261
Over 90 days	931	1,048
	5,296	4,296

NOTES TO THE INTERIM FINANCIAL INFORMATION

(11) CREDITORS AND ACCRUALS

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Trade creditors	17	26
Other creditors	20,637	15,708
Accrued operating expenses	2,667	2,895
	23,321	18,629

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

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Within 30 days	17	26

(12) COMMITMENTS

(a) Operating lease 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 2010 HK\$'000	31st December 2009 HK\$'000
Within one year	986	2,096
Between one to five years	4	-
	990	2,096

NOTES TO THE INTERIM FINANCIAL INFORMATION

(12) COMMITMENTS *(continued)*

(b) Operating lease rental receivable

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

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Within one year	21,498	17,529
Between one to five years	24,830	24,206
Over five years	672	773
	<u>47,000</u>	<u>42,508</u>

(c) Capital Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	30th June 2010 HK\$'000	31st December 2009 HK\$'000
Property, plant and equipment	–	13,059
	<u>–</u>	<u>13,059</u>

(13) RELATED PARTY TRANSACTIONS

	Six months ended 30th June	
	2010 HK\$'000	2009 HK\$'000
Estate management fee income from associated companies	<u>2,709</u>	<u>2,916</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 percentages 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 2010 (2009: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a revenue of HK\$19,532,000 for the six months ended 30th June 2010, which represented an increase of approximately HK\$2,430,000 or 14% as compared with the same period in 2009. This was mainly attributable to increase in rental income.

The profit attributable to equity holders for the six months ended 30th June 2010 was HK\$245,766,000 whereas HK\$73,960,000 was made for the same period in 2009. The increase in profit was mainly due to fair value gain of investment properties held by the Group and increase in fair value gain of investment properties held by associated companies.

Hong Kong Business

Property

For the six months ended 30th June 2010, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 71% and 88% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 98%. During the period, the Group's net rental income from property leasing was 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.

Beijing Business

The Wangfujing Projects

Dan Yao Building (85% owned)

According to the agreement between the receivers of Beijing Dan Yao Property Company Limited ("Dan Yao") and a purchaser in respect of transferring the assets of Dan Yao which was duly signed in August 2009 and up to January 2010, Dan Yao has received the amount of RMB110,000,000 (approximately HK\$125,000,000). According to the requirement of the above agreement, the purchaser should pay the remaining balance of RMB180,000,000 (approximately HK\$206,897,000) when the relevant procedures of the transfer of ownership were completed. The receiver of Dan Yao has made an application of the transfer of ownership to the relevant departments of the government and the relevant procedures are still in process.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Beijing Business *(continued)*

The Wangfujing Projects *(continued)*

The Xidan Project (29.4% owned)

On 19th June 2006, Beijing Jing Yuan Property Development Company Limited ("Jing Yuan") has signed an agreement with the transferee, Beijing Yonganxingye Property Development Co. Ltd. ("Yonganxingye") to sell the Land Lot No. 10 at a total consideration of RMB110,000,000 (approximately HK\$116,993,000). Up to 31st December 2009, Jing Yuan has received the sum of RMB105,000,000 (approximately HK\$111,279,000) from Yonganxingye.

On 30th December 2009, the three parties – Jing Yuan, Yonganxingye and its related party, Beijing Yeontaiyu Trading Company Limited ("Yeontaiyu") have signed the supplementary agreement 2, which stated that the entire rights and responsibilities of Yonganxingye in the above agreement will be transferred to Yeontaiyu, and Yeontaiyu will comply with the terms and conditions of the agreement.

For the six months ended 30th June 2010, Jing Yuan has signed the supplementary agreement 3 with the transferee, Yeontaiyu on 19th April 2010 in respect of the sale of the project at Lot No. 10. The total consideration of the project was changed from RMB110,000,000 (approximately HK\$116,993,000), of which Jing Yuan has received the sum of RMB105,000,000 (approximately HK\$111,279,000), to RMB116,000,000 (approximately HK\$129,493,000). On 20th April 2010, Yeontaiyu has paid the remaining balance of RMB11,000,000 (approximately HK\$12,500,000) to Jing Yuan for the transfer of the land title. Up to this moment, the entire transfer money in respect of the transfer of the land title was received.

It is expected that in the second half of 2010, Jing Yuan has to submit to the relevant government departments the relevant application forms to apply for the transfer the land title of Land Lot No. 10 to the transferee within four months according to the terms of the agreement, as the transfer money of the project Land Lot No. 10 was received. Jing Yuan will also assist to handle the relevant procedures of the transfer of land title.

ASSETS AND CHARGES

The total assets of the Group have increased from HK\$2,701,915,000 as at 31st December 2009 to HK\$2,952,479,000 as at 30th June 2010. Net assets of the Group have also increased from HK\$2,606,707,000, as at 31st December 2009 to HK\$2,848,344,000 as at 30th June 2010. At 30th June 2010, investment properties and property, plant and equipment with net book value of HK\$530,478,000 (31st December 2009: HK\$523,600,000) have been pledged as securities for the banking facilities of the Group, the facilities were not utilized during the period ended 30th June 2010. The Group had no bank borrowings as at 30th June 2010.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK\$95,208,000 as at 31st December 2009 to HK\$104,135,000 as at 30th June 2010. The Group had cash and bank balances of HK\$170,405,000 as at 30th June 2010 (2009: HK\$157,862,000). The ratio of total liabilities to total assets was approximately 4% (2009: 4%). As at 30th June 2010, the Group had no bank loans and bank overdrafts (2009: nil) and the total equity was HK\$2,848,344,000 (2009: HK\$2,606,707,000). As at 30th June 2010, the current assets of the Group amounted to HK\$416,780,000 (2009: HK\$414,568,000), which exceeded its current liabilities by HK\$378,631,000 (2009: HK\$383,158,000).

For the six months ended 30th June 2010, the Group had no exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

EMPLOYEES

As at 30th June 2010, the Group, excluding associated companies, had 51 employees of which 42 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

Although the Hong Kong property market is better than before and the Group gets benefit therefrom, the global and Hong Kong economies have many uncertainties. The Group will take a wait and see approach strategy and is cautious in managing its finance, and will also strike the balance between opportunities and risks to find new investments 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 2010, 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") were as follows:

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)	25,300,000		– 427,592,969		– 452,892,969

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 2,926,000 and 424,666,969 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATES *(continued)*

At no time during the six months ended 30th June 2010 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 2010.

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 2010, 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)	452,892,969	36.31
Harlesden Limited	(2)	427,592,969	34.28
DFIL	(2)	427,592,969	34.28
Value Plus Holdings Limited	(2)	424,666,969	34.05
Fathom Limited	(2)	424,666,969	34.05
Fabulous	(2)	424,666,969	34.05
Nina KUNG (deceased)	(3)	287,989,566	23.09
Greenwood International Limited	(3)	269,603,616	21.61
China National Foreign Trade Transportation (Group) Corporation	(4)	104,320,668	8.36
Focus-Asia Holdings Limited	(4)	104,320,668	8.36

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

1. Aggregate long position in the shares and underlying shares of the Company *(continued)*

Notes:

- (1) Mr. Dai Xiaoming was beneficially interested in a total of 452,892,969 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 or any associated corporation" 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 424,666,969 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 2,926,000 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 21.61% of the issued share capital of the Company. Ms. Nina Kung, deceased, was beneficially interested in a total of 287,989,566 ordinary shares in the Company, through shareholdings in companies (including Greenwood) controlled by her, representing approximately 23.09% 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 104,320,668 ordinary shares in the Company. China National Foreign Trade Transportation (Group) Corporation, being the holding company of Focus-Asia, is deemed to be interested in the 104,320,668 ordinary shares in the Company beneficially held by Focus-Asia.

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

As at 30th June 2010, 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 2010, 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 2010, which in aggregate exceeded 8% of the total assets of the Group as at 30th June 2010 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	1st July 1998	33.33	232,745

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 2010 (the latest practicable date) are as follows:

Description	Combined Total HK\$'000	Interest attributable to the Group HK\$'000
Investment properties	6,964,900	2,321,633
Properties for sale	33,054	9,718
Properties, plant and equipment	2,840	835
Long-term receivable	1,962	654
Current assets	106,391	32,208
Liabilities	(1,858,515)	(614,838)
Net assets	5,250,632	1,750,210

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 2010. 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 2010.

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 2010.

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 2010, the interim results for the reporting period are unaudited. The interim results of the Group 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 2010, 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.

Due to the current situation, the Group has no separation of the role of the chairman and chief executive. The Board considers that this structure will not impair the balance and authority between the Board and the management of the Group.

By Order of the Board
Fung Man Yuen
Company Secretary

Hong Kong, 26th August 2010