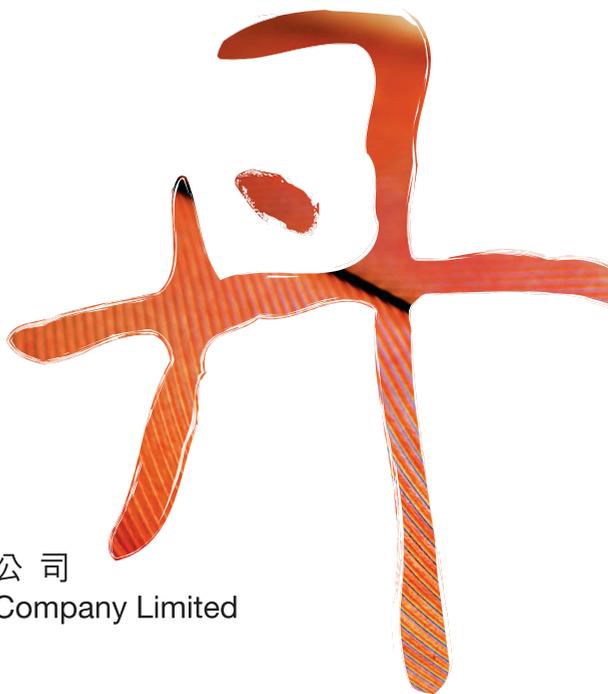




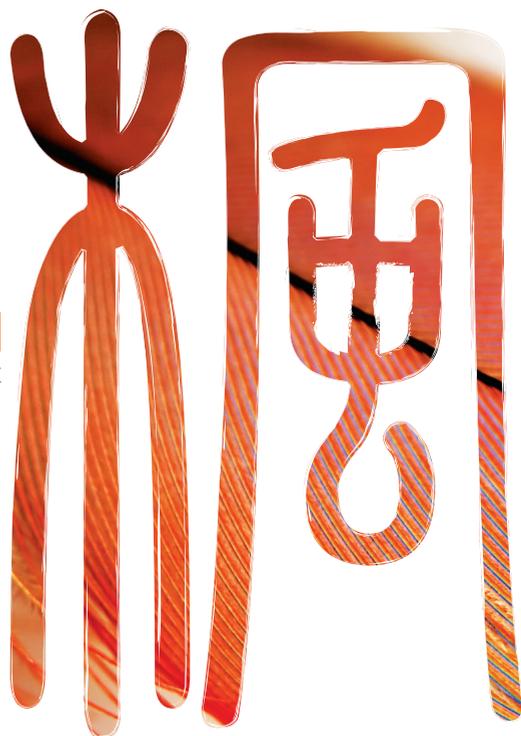
丹楓控股有限公司

Dan Form Holdings Company Limited

Stock Code : 271



2011
Interim Report



Corporate Information



DIRECTORS	:	Dai Xiaoming (Chairman and Chief Executive) Kenneth Hiu King Kon (Deputy Chief Executive) Jesse Nai Chau Leung* Xiang Bing* Edward Shen*
		* Independent Non-Executive Directors
AUDIT COMMITTEE	:	Jesse Nai Chau Leung (Chairman) Xiang Bing Edward Shen
REMUNERATION COMMITTEE	:	Edward Shen (Chairman) Jesse Nai Chau Leung Xiang Bing
FINANCIAL CONTROLLER	:	Fung Man Yuen
COMPANY SECRETARY	:	Chen Si Ying, Cynthia
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 30 June 2011

		Six months ended 30 June	
	Note	2011 HK\$'000	2010 HK\$'000
Revenue	(3)	21,668	19,532
Other income		795	441
Other gains, net	(4)	32,448	436
Rent and rates		(227)	(1,597)
Building management fee		(2,438)	(2,484)
Staff costs, including directors' remuneration		(6,926)	(6,874)
Depreciation and amortisation		(2,526)	(1,707)
Repair and maintenance		(249)	(232)
Administrative expenses		(3,959)	(4,695)
Change in fair value of investment properties		24,906	16,135
Operating profit	(5)	63,492	18,955
Share of profits of associated companies		271,406	229,834
Profit before income tax		334,898	248,789
Income tax expenses	(6)	(4,914)	(3,023)
Profit for the period		329,984	245,766
Earnings per share		HK cents	HK cents
Basic and diluted	(7)	26.46	19.70

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended 30 June 2011



	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period	329,984	245,766
Other comprehensive income		
Change in fair value of available-for-sale financial assets	23,024	(4,233)
Currency translation differences	140	104
Other comprehensive income/(loss) for the period, net of tax	23,164	(4,129)
Total comprehensive income for the period	353,148	241,637



Condensed Consolidated Balance Sheet (Unaudited)

As at 30 June 2011

	Note	30 June 2011 HK\$'000	31 December 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	(8)	103,011	67,042
Investment properties		643,170	618,124
Leasehold land		3,780	3,810
Associated companies		2,358,304	2,086,898
Available-for-sale financial assets		27,388	27,473
		3,135,653	2,803,347
Current assets			
Debtors, prepayments and deposits	(9)	43,025	12,305
Amounts due from associated companies		210,527	218,953
Income tax recoverable		42	42
Cash and bank balances		170,232	187,965
		423,826	419,265
Non-current assets classified as held for sale			
Available-for-sale financial assets		23,109	—
Total assets		3,582,588	3,222,612
EQUITY			
Share capital		623,649	623,649
Reserves		2,840,776	2,487,628
Total equity		3,464,425	3,111,277
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		79,612	75,560
Current liabilities			
Creditors and accruals	(10)	20,527	19,933
Amounts due to associated companies		16,520	15,179
Income tax payable		1,504	663
		38,551	35,775
Total liabilities		118,163	111,335
Total equity and liabilities		3,582,588	3,222,612
Net current assets		385,275	383,490
Total assets less current liabilities		3,544,037	3,186,837

Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 June 2011



	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 December 2010	623,649	643,441	1,844,187	3,111,277
Profit for the period	—	—	329,984	329,984
Change in fair value of available-for-sale financial assets	—	23,024	—	23,024
Currency translation differences	—	140	—	140
Other comprehensive income for the period	—	23,164	—	23,164
Total comprehensive income for the period	—	23,164	329,984	353,148
At 30 June 2011	623,649	666,605	2,174,171	3,464,425
At 31 December 2009	623,649	644,818	1,338,240	2,606,707
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 30 June 2010	623,649	640,689	1,584,006	2,848,344



Condensed Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Net cash from operating activities	8,016	6,370
Net cash (used in)/from investing activities	(25,764)	6,010
(Decrease)/increase in cash and cash equivalents	(17,748)	12,380
Cash and cash equivalents at beginning of period	187,965	157,862
Changes in exchange rates	15	163
Cash and cash equivalents at end of period	170,232	170,405
Analysis of cash and cash equivalents: Cash and bank balances	170,232	170,405



(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 29 August 2011.

(2) BASIS OF PREPARATION

The interim financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). It has 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 interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with HKFRS.

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 31 December 2010 except as disclosed below.

The adoption of new/revised HKFRS

In 2011, the Group adopted the following revised accounting standards and amendments of HKFRS, which are relevant to the Group’s operations.

HKAS 1	Presentation of Financial Statements
HKAS 27	Consolidated and Separate Financial Statements
HKAS 24 (Revised)	Related Party Disclosure
HKAS 34	Interim Financial Reporting
HKFRS 3 (Revised)	Business combinations
HKFRS 7	Financial Instruments: Disclosures



Notes to the Interim Financial Information

(2) BASIS OF PREPARATION *(continued)* The adoption of new/revised HKFRS *(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
HKFRS 7 Amendment	Financial Instruments: Disclosures – Transfer of Financial Assets	1 July 2011
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 1 Amendment	Presentation of Financial Statements	1 July 2012
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 9	Financial instruments	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013

The Group has not early adopted the above new or revised standards and amendments. The Group has assessed the impact of the adoption of these revised standards and amendments and considers that there will be 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.



(2) BASIS OF PREPARATION *(continued)* Standards and amendments to existing standards that are relevant but not yet effective *(continued)*

This amendment to HKAS 12 provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when investment property is measured at fair value. The amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. Management will apply this amendment for financial periods beginning on or after 1 January 2012 and full retrospective application will be required.

The Group has assessed the impact of the amendment to HKAS 12 and considers that the impact on the consolidated financial statements from this amendment will be insignificant.

(3) REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Rental from investment properties	14,409	13,856
Estate management fees	5,121	4,776
Dividend income from unlisted investments	2,138	900
	21,668	19,532

The chief operating decision-maker has been identified as the Board of Directors of the Company collectively. 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.

Revenues of the Group are sourced from Hong Kong. Non-current assets of the Group are mainly located at Hong Kong, except for certain non-current assets, amounting to HK\$15,696,000, located in Mainland China.



Notes to the Interim Financial Information

(3) REVENUE AND SEGMENT INFORMATION (continued)

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, NET

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Net exchange gains	238	148
Gain on sale of an investment property	—	288
Write-back of provision for doubtful debt (Note)	32,210	—
	32,448	436

Note: On 25 January 2011, the first cash distribution proposal in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao"), was approved in the sixth creditors' meeting of Dan Yao. Under the first cash distribution proposal, the Group is entitled to receive approximately RMB27,126,000 (approximately HK\$32,210,000). Accordingly, the provision for the amount due from Dan Yao was written back to the income statement, to the extent of the proposed distribution.

(5) OPERATING PROFIT

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Operating profit is arrived at after charging:		
Outgoings of investment properties	2,987	3,175
Provision for bad debt	—	207



(6) INCOME TAX EXPENSES

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Current income tax		
Hong Kong	878	835
Mainland China	—	16
Deferred income tax	878	851
	4,036	2,172
	4,914	3,023

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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\$329,984,000 (2010: HK\$245,766,000) and 1,247,298,945 (2010: 1,247,298,945) 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.

(8) PROPERTY, PLANT AND EQUIPMENT

	2011 HK\$'000	2010 HK\$'000
Net book value at 1 January	67,042	50,160
Currency translation differences	—	8
Transfer from investment properties	—	6,300
Additions	38,465	13,711
Depreciation	(2,496)	(1,677)
Net book value at 30 June	103,011	68,502



Notes to the Interim Financial Information

(9) DEBTORS, PREPAYMENTS AND DEPOSITS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade debtors	3,018	3,780
Other debtors	38,642	6,159
Prepayments and deposits	1,365	2,366
	43,025	12,305

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	2,778	2,139
31 to 60 days	110	188
61 to 90 days	37	423
Over 90 days	93	1,030
	3,018	3,780

(10) CREDITORS AND ACCRUALS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade creditors	17	17
Other creditors	17,657	17,052
Accrued operating expenses	2,853	2,864
	20,527	19,933



(10) CREDITORS AND ACCRUALS (continued)

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within 30 days	17	17

(11) 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:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one year	65	33
Between one to five years	8	—
	73	33

(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:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one year	22,587	21,505
Between one to five years	12,851	20,672
Over five years	961	1,649
	36,399	43,826



Notes to the Interim Financial Information

(12) RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Estate management fee income from associated companies	3,047	2,709

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 30 June 2011 (2010: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a revenue of HK\$21,668,000 for the six months ended 30 June 2011, which represented an increase of approximately HK\$2,136,000 or 11% as compared with the same period in 2010. This was attributable to increases in rental income, estate management fee and dividend income from unlisted investments.

The profit attributable to equity holders for the six months ended 30 June 2011 was HK\$329,984,000 whereas HK\$245,766,000 was made for the same period in 2010. The increase in profit of HK\$84,218,000 or 34% was mainly due to the increase in fair value gain of investment properties held by the Group and its associated companies and the other income of HK\$32,210,000 arising from the write-back of a provision for a doubtful debt.

Hong Kong Business

Property

For the six months ended 30 June 2011, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 75% and 97% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 99%. During the period, the Group's net rental income from property leasing was higher than that for the same period in last year.

Beijing Business

The Wangfujing Projects

Dan Yao Building (85% owned)

The first cash distribution from asset sales proposal in respect of the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao"), which was submitted by the receivers of Dan Yao, was approved in the sixth creditors meeting of Dan Yao on 25 January 2011. The Group is entitled to receive approximately RMB27,126,000 (approximately HK\$32,210,000) this time. At present, the relevant procedures for the transfer of the above mentioned amount to the Group are being processed.

It is expected that in the year of 2012, the transfer of the title of Dan Yao's property and the cash distribution from asset sales in respect of Dan Yao's liquidation will be completed. The remaining debts due to the Group may also possibly be partially settled.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Beijing Business (continued)

The Wangfujing Projects (continued)

The Xidan Project (29.4% owned)

According to the Agreement of liquidation, which was signed by three shareholders (Beijing Huarong Investment Co. Ltd., China Resources Land (Beijing) Limited and Keen Safe Investment Limited) of the Beijing Jing Yuan Property Development Company Limited ("Jing Yuan"), the company started the preparation for the liquidation process in early of the year 2011. Due to all the assets of Jing Yuan are insufficient to repay its own debt, on 14 June, 2011, the Board of Jing Yuan has decided to have a resolution in respect of the application of liquidation to the PRC Court. Jing Yuan has authorized Oriental Credit Law Firm to assist in handling the procedures for the application of the liquidation. The relevant works are being processed.

It is expected that in the second half of year 2011, Jing Yuan will apply to the PRC Court for the liquidation, and will proceed for the liquidation according to the hearing and decision of the PRC Court.

ASSETS AND CHARGES

The total assets of the Group have increased from HK\$3,222,612,000 as at 31 December 2010 to HK\$3,582,588,000 as at 30 June 2011. Net assets of the Group have also increased from HK\$3,111,277,000, as at 31 December 2010 to HK\$3,464,425,000 as at 30 June 2011. At 30 June 2011, investment properties and property, plant and equipment with net book value of HK\$597,700,000 and HK5,995,000 respectively (31 December 2010: HK\$575,420,000 and HK\$6,097,000) have been pledged as securities for the banking facilities which expired in November 2010. The bank agreed to provide banking facilities if necessary. As at 30 June 2011, the Group had no bank borrowings.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK\$111,335,000 as at 31 December 2010 to HK\$118,163,000 as at 30 June 2011. The Group had cash and bank balances of HK\$170,232,000 as at 30 June 2011 (2010: HK\$187,965,000). The ratio of total liabilities to total assets was approximately 3% (2010: 3%). As at 30 June 2011, the Group had no bank loans and bank overdrafts (2010: nil) and the total equity was HK\$3,464,425,000 (2010: HK\$3,111,277,000). As at 30 June 2011, the current assets of the Group amounted to HK\$423,826,000 (2010: HK\$419,265,000), which exceeded its current liabilities by HK\$385,275,000 (2010: HK\$383,490,000).

For the six months ended 30 June 2011, the Group had no significant exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.



EMPLOYEES

As at 30 June 2011, the Group, excluding associated companies, had 51 employees of which 43 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 global and local economy is extremely weak and fragile. With the increasing unstable environment, which is affecting business performance, crisis and opportunity exist. The Group will assess the current situation, leading to safeguard the Group's assets and to develop the Group's business.

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

As at 30 June 2011, 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



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

(continued)

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

(continued)

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.

At no time during the six months ended 30 June 2011 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 30 June 2011.



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 30 June 2011, 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

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.



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: (continued)

- (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 3 April 2007.
- (4) On 20 July 2011, the Company received a notice from Focus-Asia Holdings Limited ("Focus-Asia"), that as at 30 June 2011, Focus-Asia was beneficially interested in a total of 100,120,668 ordinary shares in the Company, representing 8.03% of the issued share capital of the Company. However, given the facts that during the report period for the six months ended 30 June 2011, the decreased in percentage level of the issued share capital of the Company held by Focus-Asia does not cross over a whole percentage number, and its interests as recorded in the register of the Company is stated as above and therefore Focus-Asia was reported beneficially interested in a total 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, representing approximately 8.36% of the issued capital of the Company.



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

As at 30 June 2011, 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 30 June 2011, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2011. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2011.

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 30 June 2011.

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 30 June 2011, 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 30 June 2011, 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 Group currently 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
Chen Si Ying, Cynthia
Company Secretary

Hong Kong, 29 August 2011