



丹楓控股有限公司
Dan Form Holdings Company Limited
Stock Code : 271

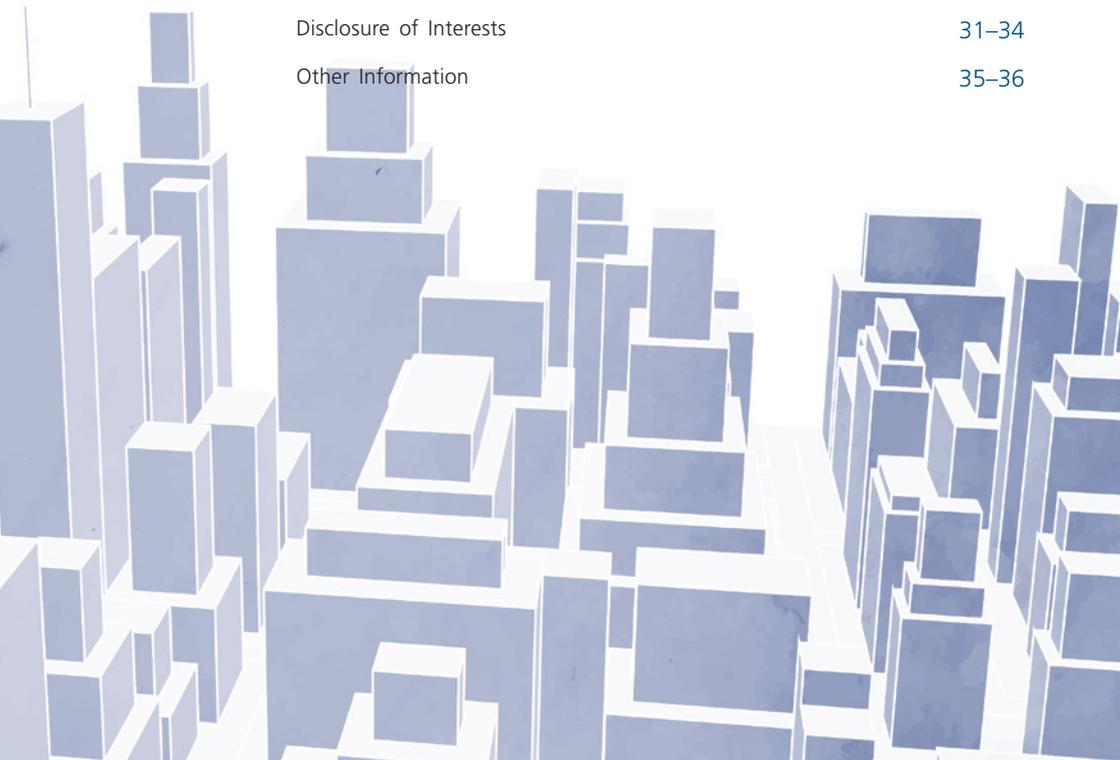


INTERIM REPORT
2015



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Corporate Information

DIRECTORS	:	Dai Xiaoming (Chairman and Chief Executive) Kenneth Hiu King Kon* Jesse Nai Chau Leung** Xiang Bing** Edward Shen** * Non-Executive Director ** 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
NOMINATION COMMITTEE	:	Dai Xiaoming (Chairman) Jesse Nai Chau Leung Edward Shen
FINANCIAL CONTROLLER	:	Fung Man Yuen
COMPANY SECRETARY	:	Chen Si Ying, Cynthia
AUDITOR	:	PricewaterhouseCoopers
PRINCIPAL BANKERS	:	Industrial and Commercial Bank of China (Asia) Limited Hang Seng Bank
SOLICITORS	:	Stephenson Harwood Hampton, Winter & Glynn
REGISTRARS	:	Tricor Tengis Limited Level 22, Hopewell Centre 183 Queen's Road East 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

Interim Condensed Consolidated Income Statement

For the six months ended 30 June 2015

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2015	2014
		HK\$'000	HK\$'000
Revenue	3	25,755	25,442
Other income		1,522	1,310
Other losses, net	4	—	(2,415)
Rent and rates		(265)	(183)
Building management fees		(2,897)	(2,907)
Staff costs, including directors' remuneration		(9,210)	(8,321)
Depreciation and amortisation		(2,942)	(3,237)
Repair and maintenance		(3,143)	(536)
Administrative expenses		(4,757)	(4,789)
Operating profit before change in fair value of investment properties		4,063	4,364
Change in fair value of investment properties		41,385	3,138
Operating profit	5	45,448	7,502
Share of profits of associates	6	83,591	71,083
Profit before income tax		129,039	78,585
Income tax expenses	7	(6,600)	(2)
Profit for the period		122,439	78,583
		HK cents	HK cents
Earnings per share			
Basic and diluted	9	9.82	6.30

The notes on pages 10 to 26 are integral part of this interim financial information.



Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Profit for the period		122,439	78,583
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss in future periods</i>			
Surplus on revaluation of a building	10	4,439	—
Changes in fair value of available-for-sale financial assets		1,035	1,981
Currency translation differences		—	(710)
Other comprehensive income for the period, net of tax		5,474	1,271
Total comprehensive income for the period		127,913	79,854

The notes on pages 10 to 26 are integral part of this interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	87,009	135,717
Investment properties	11	1,002,260	910,375
Land use rights		25,407	25,646
Associates	12	3,542,002	3,558,411
Available-for-sale financial assets		44,960	43,925
		4,701,638	4,674,074
Current assets			
Debtors, prepayments, deposits and other receivables	13	8,119	9,796
Amounts due from associates	12	187,724	150,915
Income tax recoverable		485	485
Cash and bank balances	14	422,719	368,887
		619,047	530,083
Total assets		5,320,685	5,204,157
EQUITY			
Share capital	15	681,899	681,899
Reserves		4,464,084	4,361,117
Total equity		5,145,983	5,043,016
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		129,822	123,868
Current liabilities			
Creditors and accruals	16	28,564	25,248
Amounts due to associates	12	15,145	11,500
Income tax payable		1,171	525
		44,880	37,273
Total liabilities		174,702	161,141
Total equity and liabilities		5,320,685	5,204,157
Net current assets		574,167	492,810
Total assets less current liabilities		5,275,805	5,166,884

The notes on pages 10 to 26 are integral part of this interim financial information.



Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 December 2013 (Audited)	623,649	58,250	663	20,621	4,086,839	4,790,022
Profit for the period	—	—	—	—	78,583	78,583
Change in fair value of available- for-sale financial assets	—	—	—	1,981	—	1,981
Currency translation differences	—	—	—	(710)	—	(710)
Other comprehensive income for the period	—	—	—	1,271	—	1,271
Total comprehensive income for the period	—	—	—	1,271	78,583	79,854
Transition to no-par value regime on 3 March 2014 (Note 15)	58,250	(58,250)	—	—	—	—
Transfer from special capital reserve to retained profits (Note 17)	—	—	(30)	—	30	—
At 30 June 2014 (Unaudited)	681,899	—	633	21,892	4,165,452	4,869,876

The notes on pages 10 to 26 are integral part of this interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Share capital HK\$'000	Special capital reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 December 2014 (Audited)	681,899	633	26,412	4,334,072	5,043,016
Profit for the period	—	—	—	122,439	122,439
Surplus on revaluation of a building	—	—	4,439	—	4,439
Change in fair value of available-for-sale financial assets	—	—	1,035	—	1,035
Other comprehensive income for the period	—	—	5,474	—	5,474
Total comprehensive income for the period	—	—	5,474	122,439	127,913
Final dividend paid relating to 2014	—	—	—	(24,946)	(24,946)
At 30 June 2015 (Unaudited)	681,899	633	31,886	4,431,565	5,145,983

The notes on pages 10 to 26 are integral part of this interim financial information.



Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2015	2014
		HK\$'000	HK\$'000
Cash flows from operating activities			
Cash generated from operations	18	9,126	9,220
Net cash generated from operating activities		9,126	9,220
Cash flows from investing activities			
Purchases of property, plant and equipment		(56)	(114)
Interest received		1,522	1,310
(Increase)/decrease in amounts due from associates		(33,164)	23,314
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		38,814	542
Dividends received from available-for-sale financial assets		1,350	1,200
Dividend received from an associate		100,000	—
Net cash generated from investing activities		108,466	26,252
Cash flow from financing activity			
Dividend paid	8	(24,946)	—
Net cash used in financing activity		(24,946)	—

The notes on pages 10 to 26 are integral part of this interim financial information.

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Increase in cash and cash equivalents		92,646	35,472
Cash and cash equivalents at beginning of the period		330,073	286,984
Effect of foreign exchange rate changes		—	(2,315)
Cash and cash equivalents at end of the period		422,719	320,141
Analysis of cash and cash equivalents			
Cash and bank balances		68,001	62,756
Non-pledged time deposits with original maturity of less than three months when acquired		354,718	257,385
	14	422,719	320,141

The notes on pages 10 to 26 are integral part of this interim financial information.



Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Dan Form Holdings Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong and is listed 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 investment, property rental and estate management.

The condensed consolidated interim financial information has been approved by the Board of Directors on 28 August 2015.

The condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies, methods of computation, financial risk management and critical accounting estimates and judgements 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 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no amendments to standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

Notes to the Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION (continued)

The following new standards and amendments to standards have been issued, but are not effective for the financial period beginning 1 January 2015 and have not been early adopted:

Annual improvements project	Annual improvements 2012–2014 cycle ¹
HKAS 1	Disclosure initiative ¹
HKFRS 14	Regulatory deferral accounts ¹
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception ¹
HKFRS 11 (Amendment)	Accounting for acquisitions of Interests in joint operations ¹
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation ¹
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants ¹
HKAS 27 (Amendment)	Equity method in separate financial statements ¹
HKFRS 15	Revenue from contracts with customers ²
HKFRS 9	Financial instruments ³

¹ Effective for the Group for annual periods beginning on or after 1 January 2016

² Effective for the Group for annual periods beginning on or after 1 January 2017

³ Effective for the Group for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application and is not yet in a position to state whether these new and revised HKFRSs will have any significant impact on the Group's results of operations and financial position.

Notes to the Condensed Consolidated Interim Financial Information

3 REVENUE AND SEGMENT INFORMATION

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

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Rental from investment properties	18,562	18,425
Estate management fees	5,843	5,817
Dividend income from unlisted investments	1,350	1,200
	25,755	25,442

The chief operating decision-maker has been identified as the executive director of the Company. The executive director regards the Group's business as a single operating segment, which is property rental and estate management and reviews financial information accordingly. Therefore, no segment analysis of the Group's revenue and contribution to operating profit is presented.

The total of non-current assets other than associates and available-for-sale financial assets located in Hong Kong is HK\$1,083,032,000 (as at 31 December 2014: HK\$1,039,695,000), and the total of non-current assets located in Mainland China is HK\$31,644,000 (as at 31 December 2014: HK\$32,043,000).

4 OTHER LOSSES, NET

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net exchange losses	—	(2,315)
Loss on disposal of property, plant and equipment	—	(111)
Others	—	11
	—	(2,415)

Notes to the Condensed Consolidated Interim Financial Information

5 OPERATING PROFIT

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Operating profit is arrived at after charging:		
Outgoings of investment properties	6,180	3,389

6 SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates include the following:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Change in fair value investment properties		
(Note)	161,700	71,000
Taxation	(26,681)	(11,715)

Note:

The investment properties of the associates were valued by DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, on an open market value basis.

Notes to the Condensed Consolidated Interim Financial Information

7 INCOME TAX EXPENSES

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
Hong Kong	646	980
Deferred income tax	5,954	(978)
	6,600	2

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Taxation on profits generated in Mainland China has been provided at the relevant rates of taxation prevailing in Mainland China.

8 DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend of HK\$ nil (2014: HK\$ nil) per ordinary share	—	—

Note:

The Board of Directors do not recommend the payment of interim dividend for the period ended 30 June 2015 (2014: nil).

A final dividend of HK\$24,946,000 for the year ended 31 December 2014 has been approved at the annual general meeting of the Company held on 22 May 2015. The final dividend has been paid on 30 June 2015.

Notes to the Condensed Consolidated Interim Financial Information

9 EARNINGS PER SHARE (UNAUDITED)

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK\$122,439,000 (2014: HK\$78,583,000) and 1,247,298,945 (2014: 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.

10 PROPERTY, PLANT AND EQUIPMENT

	2015 HK\$'000	2014 HK\$'000
Net book value at 1 January (Audited)	135,717	95,041
Surplus on revaluation of a building	4,439	—
Additions	56	114
Disposals	—	(111)
Transfer to investment properties	(50,500)	—
Exchange realignment	—	(53)
Depreciation	(2,703)	(3,002)
Net book value at 30 June (Unaudited)	87,009	91,989

11 INVESTMENT PROPERTIES

	2015 HK\$'000	2014 HK\$'000
Net book value at 1 January (Audited)	910,375	919,067
Transfer from property, plant and equipment	50,500	—
Change in fair value	41,385	3,138
Exchange realignment	—	(30)
Net book value at 30 June (Unaudited)	1,002,260	922,175

The investment properties were valued by DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, on an open market value basis.

Notes to the Condensed Consolidated Interim Financial Information

11 INVESTMENT PROPERTIES (continued)

Fair value hierarchy

Description	Fair value measurements at 30 June 2015 using		
	Quoted prices in	Significant other	Significant
	active markets for	observable inputs	unobservable
	identical asset	(Level 2)	inputs (Level 3)
	(Level 1)		
	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements			
Investment properties:			
— Commercial building — Hong Kong	—	954,960	—
— Residential building — Hong Kong	—	47,300	—

Fair value hierarchy

Description	Fair value measurements at 30 June 2014 using		
	Quoted prices in	Significant other	Significant
	active markets for	observable inputs	unobservable
	identical asset	(Level 2)	inputs (Level 3)
	(Level 1)		
	HK\$'000	HK\$'000	HK\$'000
Recurring fair value measurements			
Investment properties:			
— Commercial building — Hong Kong	—	875,600	—
— Residential building — Hong Kong	—	45,400	—
— Residential building — PRC	—	1,175	—

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the period.

Notes to the Condensed Consolidated Interim Financial Information

11 INVESTMENT PROPERTIES (continued)

Valuation processes of the Group

The Group's investment properties were valued at 30 June 2015 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For the investment properties, its current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the financial controller (FC) and the audit committee (AC). Discussions of valuation processes and results are held between the FC, the valuation team and valuers at least once every six months, in line with the group's interim and annual reporting dates. As at 30 June 2015, the fair values of the properties have been determined by DTZ Debenham Tie Leung Limited.

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

Valuation technique

The valuation was determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

There were no changes to the valuation techniques during the period.

Notes to the Condensed Consolidated Interim Financial Information

12 ASSOCIATES

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Share of net assets	3,542,002	3,558,411
Amounts due from associates	285,030	248,221
Less: provisions	(97,306)	(97,306)
	187,724	150,915
Amounts due to associates	15,145	11,500

The amounts due from/to associates are unsecured, interest free and repayable on demand.

13 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Trade debtors	1,321	2,895
Other debtors	5,468	5,346
Prepayments and deposits	1,330	1,555
	8,119	9,796

Notes to the Condensed Consolidated Interim Financial Information

13 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Trade debtors represent rental income and estate management fees receivables and are receivable on 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:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Within 30 days	1,321	2,697
31 to 60 days	—	195
61 to 90 days	—	—
Over 90 days	—	3
	1,321	2,895

14 CASH AND BANK BALANCES

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Non-pledged time deposits with original maturity of over three months	—	38,814
Cash and cash equivalents:		
Cash at bank and in hand	68,001	54,951
Short term bank deposits with original maturity within 3 months	354,718	275,122
	422,719	330,073
Total	422,719	368,887

Notes to the Condensed Consolidated Interim Financial Information

15 SHARE CAPITAL

	2015 Number of shares	HK\$'000	2014 Number of shares	HK\$'000
Issued and fully paid:				
At 1 January (Audited)	1,247,298,945	681,899	1,247,298,945	623,649
Transition to no-par value regime on 3 March 2014 (Note)	—	—	—	58,250
At 30 June (Unaudited)	1,247,298,945	681,899	1,247,298,945	681,899

Note:

In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap.622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

16 CREDITORS AND ACCRUALS

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Trade creditors	17	17
Other creditors	24,392	18,212
Accrued operating expenses	4,155	7,019
	28,564	25,248

Notes to the Condensed Consolidated Interim Financial Information

16 CREDITORS AND ACCRUALS (continued)

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

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Within 30 days	17	17

17 RESERVES

On 9 December 2011, an extraordinary general meeting was passed by shareholders of the Company for approving the share premium reduction of the Company resulting to reduce the credit standing to the share premium account the sum of HK\$579,389,000 and to apply the same amount to eliminate the accumulated losses of the Company, which was effective when a seal copy of the order made by the High Court on 3 February 2012, was duly registered to the Registrar of the Companies on 8 February 2012.

Under the court order, the Company at the same time has to transfer sum of HK\$2,655,000 from retained profits to a special capital reserve account which shall not be treated as realized profits and be treated as an undistributable reserve, so long as the debt of or the claim of HK\$2,655,000 against the Company remains outstanding.

During the year ended 31 December 2012, part of the debt on the claim against the Company amounting to HK\$1,992,000 was settled, resulting a transfer from the special capital reserve of HK\$1,992,000 to retained profits which is available for distribution and the sum of HK\$663,000 is remained in the special reserve not available for distribution. There was no further debt settlement during the year ended 31 December 2013. During the year ended 31 December 2014, a further debt of HK\$30,000 was settled, resulting the sum of HK\$30,000 was transferred from the special capital reserve to retained profits, and therefore the sum of HK\$633,000 is remained in the special capital reserve not available for distribution.

The amount of the Group's reserves therein for the current period are presented in the condensed consolidated statement of changes in equity.



Notes to the Condensed Consolidated Interim Financial Information

18 NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit to net cash generated from operations

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Operating profit	45,448	7,502
Depreciation and amortization	2,942	3,237
Net exchange losses	—	2,315
Loss on disposal of property, plant and equipment	—	111
Change in fair value of investment properties	(41,385)	(3,138)
Dividend income from available-for-sale financial assets	(1,350)	(1,200)
Interest income	(1,522)	(1,310)
Operating profit before working capital changes	4,133	7,517
Decrease in debtors, prepayments, deposits and other receivables	1,677	1,197
Increase in creditors and accruals	3,316	506
Net cash generated from operations	9,126	9,220

Notes to the Condensed Consolidated Interim Financial Information

18 NOTES TO THE CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

In the condensed consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Net book amount	—	111
Loss on disposal of property, plant and equipment	—	(111)
Proceeds from disposal of property, plant and equipment	—	—

19 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial instruments that are measured in the balance sheet at fair value are required to disclose their valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following represents the group's financial assets that are measured at fair value at 30 June 2015. See note 11 for disclosure of the investment properties that are measured at fair value.

Notes to the Condensed Consolidated Interim Financial Information

19 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

At 30 June 2015, the Group's assets measured at fair value are available-for-sale instruments, of which HK\$10,501,000 (31 December 2014: HK\$10,501,000) represents Level 2 instruments and HK\$34,459,000 (31 December 2014: HK\$33,424,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the period ended 30 June 2015 was HK\$1,035,000 (31 December 2014: HK\$3,761,000).

There were no transfers between levels 1, 2 and 3 during the period.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

At the period end date, the net book value of the Group's other financial assets and financial liabilities approximated their fair values.

Fair values are determined based on quoted market price, otherwise, with reference to professional valuations and/or estimations that take into account assumptions and estimates on factors affecting the value of the financial instruments and change of such assumptions and estimates to reasonably possible alternatives would not have material effect on the Group's results for the period and financial position at the period end date.

Notes to the Condensed Consolidated Interim Financial Information

20 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Investment properties — repairs and maintenance	—	3,474

(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:

	Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
Within one year	25,884	30,204
Between one to five years	26,986	29,456
	52,870	59,660



Notes to the Condensed Consolidated Interim Financial Information

21 RELATED PARTY TRANSACTIONS

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Estate management fee income from associates	3,536	3,397

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

Management Discussion and Analysis

INTERIM DIVIDEND

The Board of Directors of the Company have resolved not to declare any interim dividend for the six months ended 30 June 2015 (2014:HK\$ nil).

Review of Operations

The Group recorded a revenue of HK\$25,755,000 for the six months ended 30 June 2015, which represented an increase of approximately HK\$313,000 or 1% as compared with the same period in 2014. This was attributable to an increase of rental income from investment properties.

The profit attributable to equity holders for the six months ended 30 June 2015 was HK\$122,439,000 whereas HK\$78,583,000 was made for the same period in 2014. The increase in profit of HK\$43,856,000 or 56% was mainly due to the increase in fair value gain of investment properties held by the Group and its associates.

Hong Kong Business

Property

For the six months ended 30 June 2015, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the properties rental income was performed satisfactory.

Management Discussion and Analysis

Hong Kong Business (continued)

Property (continued)

The Group's residential properties situated at Redhill Peninsula held by an associate (33.33% owned) recorded an average occupancy level of approximately 29%. During the period, the Group's net rental income at Redhill Peninsula from the associate decreased when compared with the same period last year because as from 2015 onwards, the Group and its associate have started launching the sales of 117 apartments and 267 car parking spaces at the Redhill Peninsula. As at the date of this report, 81 apartments and 114 car parking spaces were sold out at a consideration of approximately HK\$2,347,645,000 which approximately HK\$782,548,000 (before profits tax and sales expenses) is attributable to the Group. Up to 30 June 2015, sales of 5 apartments and 7 car parking spaces were completed at a consideration of HK\$130,739,000, which approximately HK\$43,580,000 (before profits tax and expenses) was attributable to the Group. If the sales of the remaining 76 apartments and 107 car parking spaces are completed, it is expected that approximately HK\$738,968,000 (before profits tax and sales expenses) will be attributable to the Group, and the Group may receive net proceeds of approximately HK\$524,667,000 after payments of profits tax and sales expenses.

The Group's industrial properties situated at Ap Lei Chau, Hong Kong, the Harbour Industrial Centre and the Oceanic Industrial Centre held by the associate (33.3% owned) recorded an average occupancy level of approximately 93% and the properties have been improving in leasing out.

Management Discussion and Analysis

Beijing Business

The Wangfujing Projects

Dan Yao Building (85% owned)

Up to the end of 30 June 2015, The transfer of the title and the issue of the Certificate for the Use of State-Owned Land to the purchaser is still in process, and if the transfer is completed, the purchaser will pay the remaining balance. By reason that registration of the transfer of the land title needs the proof of payment of the land appreciation tax, the liquidation administrators of Dan Yao Building is now dealing with this matter with Beijing Tax Department.

Due to the fact that Dan Yao project has been dragged on for a long time, and the confirmation of tax clearance matters are being carried out slowly, the date of completion of the liquidation of Dan Yao is still uncertain.

The Xidan Project (29.4% owned)

During the first half of the year 2015, according to the board of directors' resolution, Beijing Jing Yuan Property Development Co., Ltd ("Jing Yuan") will be liquidated, and in the meantime, its assets will be activated, and part of the property at the 8th Floor of the building located at No. 1, Hua Yuan North Street was leased out, and arrangements have been made for the settlements of part of its debts.

In the second half of the year 2015, as all the property developments of Jing Yuan have been completed, we will try to liquidate the company as soon as possible.

GROUP ASSETS AND CHARGES

The total assets of the Group have increased from HK\$5,204,157,000 as at 31 December 2014 to HK\$5,320,685,000 as at 30 June 2015. Net assets of the Group have also increased from HK\$5,043,016,000, as at 31 December 2014 to HK\$5,145,983,000 as at 30 June 2015. At 30 June 2015, the investment properties of the Group in Hong Kong of HK\$910,160,000 (31 December 2014: HK\$872,800,000), was pledged as securities for the banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank may provide banking facilities if necessary.



Management Discussion and Analysis

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK\$161,141,000 as at 31 December 2014 to HK\$174,702,000 as at 30 June 2015. The Group had cash and bank balances of HK\$422,719,000 as at 30 June 2015 (31 December 2014: HK\$368,887,000). The ratio of total liabilities to total assets was approximately 3% (2014: 3%). As at 30 June 2015, the Group had no bank loans and bank overdrafts (2014: nil) and the total equity was HK\$5,145,983,000 (31 December 2014: HK\$5,043,016,000).

As at 30 June 2015, the current assets of the Group amounted to HK\$619,047,000 (31 December 2014: HK\$530,083,000), which exceeded its current liabilities by HK\$574,167,000 (31 December 2014: HK\$492,810,000).

For the six months ended 30 June 2015, 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 2015, the Group, excluding associates, had 57 (31 December 2014: 56) employees of which 41 (31 December 2014: 41) 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

Facing uncertain economic environments, the Group is continuing to follow its predetermined strategies. Based on its sound foundation, the Group is now pursuing new business so as to make a better future development.

Disclosure of Interests

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 2015, 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: Mr. Dai Xiaoming ("Mr. Dai") is the beneficial owner of 100% of the issued capital of Harlesden Limited, which is interested in 95% of the issued capital of Dan Form International Limited ("DFIL"). Mr. Dai is deemed to be interested in 2,926,000 ordinary shares of the Company directly held by DFIL and 424,666,969 ordinary shares of the Company indirectly held by DFIL through its indirect subsidiary Fabulous Investments Limited ("Fabulous").

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.



Disclosure of Interests

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

(Continued)

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 2015 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 2015.

Disclosure of Interests

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 2015, 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
Estate of Nina KUNG also known as Nina T.H. Wang	(3)	287,989,566	23.09
Greenwood International Limited	(3)	269,603,616	21.61
Talbot Investments Limited	(3)	18,385,950	1.48
JONG Yat Kit	(4)	287,989,566	23.09
CHAN Wai Tong Christopher	(4)	287,989,566	23.09
WONG Tak Wai	(4)	287,989,566	23.09
Sinotrans & CSC Holdings Co., Ltd.	(5)	69,441,668	5.57
Focus-Asia Holdings Limited	(5)	69,441,668	5.57

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.



Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (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) The Estate of Nina KUNG also known as Nina T.H. Wang (the "Estate") is beneficially interested in a total of 287,989,566 ordinary shares of the Company, including 269,603,616 ordinary shares of the Company held by Greenwood International Limited ("Greenwood") and 18,385,950 ordinary shares of the Company held by Talbot Investments Limited ("Talbot"). All issued shares of Greenwood and Talbot are held, directly and indirectly, by the Estate.
- (4) Mr. JONG, Yat Kit, Mr. CHAN Wai Tong Christopher and Mr. WONG Tai Wai are joint and several administrators of the Estate. Hence, each of Mr. JONG, Yat Kit, Mr. CHAN Wai Tong Christopher and Mr. WONG Tai Wai is deemed to be interested in the ordinary shares of the Company beneficially owned by the Estate.
- (5) Focus-Asia Holdings Limited ("Focus-Asia"), was beneficially interested in a total of 69,441,668 ordinary shares in the Company. Sinotrans & CSC Holdings Co., Ltd., being the holding company of Focus-Asia, is deemed to be interested in the 69,441,668 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 30 June 2015, 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 2015, 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 2015. 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 2015.

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 2015.

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 2015, 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 2015, except for the following deviations:



Other Information

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive 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.

Code Provision A.6.7

This Code stipulates that where independent non-executive directors and other non-executive directors should also attend general meetings.

One of the independent non-executive Directors of the Company Mr. Xiang Bing was unable to attend the annual general meeting of the Company held on 22 May 2015 as he was in overseas due to having a business trip.

By Order of the Board
DAN FORM HOLDINGS COMPANY LIMITED
Chen Si Ying, Cynthia
Company Secretary

Hong Kong, 28 August 2015