



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

Stock Code: 271



2016
INTERIM REPORT

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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 Statement of Profit or Loss

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
Note	2016	2015	
	HK\$'000	HK\$'000	
Revenue	3	28,070	25,755
Other income		2,499	1,522
Other gains, net	4	15,227	—
Rent and rates		(258)	(265)
Building management fees		(3,058)	(2,897)
Staff costs, including directors' remuneration		(11,616)	(9,210)
Depreciation and amortisation		(2,128)	(2,942)
Repair and maintenance		(361)	(3,143)
Administrative expenses		(6,958)	(4,757)
Operating profit before change in fair value of investment properties		21,417	4,063
Change in fair values of investment properties	11	5,660	41,385
Operating profit	5	27,077	45,448
Share of results of associates	6	(35,686)	83,591
(Loss)/profit before income tax		(8,609)	129,039
Income tax expenses	7	(1,937)	(6,600)
(Loss)/profit for the period		(10,546)	122,439
Dividends	8	—	—
		HK cents	HK cents
(Loss)/earnings per share			
Basic and diluted	9	(0.85)	9.82

The notes on pages 10 to 29 are integral part of this interim financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
Note	2016 HK\$'000	2015 HK\$'000	
	(Loss)/profit for the period	<u>(10,546)</u>	<u>122,439</u>
	Other comprehensive (loss)/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	(936)	1,035
	Currency translation differences	<u>(161)</u>	<u>—</u>
	Other comprehensive (loss)/income for the period, net of tax	<u>(1,097)</u>	<u>5,474</u>
	Total comprehensive (loss)/income for the period	<u>(11,643)</u>	<u>127,913</u>

The notes on pages 10 to 29 are integral part of this interim financial information.

Interim Condensed Consolidated Balance Sheet

As at 30 June 2016

		Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	10	85,240	86,050
Investment properties	11	1,038,750	1,033,090
Land use rights		24,267	24,629
Associates	12	3,158,109	3,193,795
Available-for-sale financial assets		45,526	46,283
		<u>4,351,892</u>	<u>4,383,847</u>
Current assets			
Debtors, prepayments, deposits and other receivables	13	8,818	8,138
Amounts due from associates	12	—	130,815
Income tax recoverable		—	628
Cash and bank balances	14	1,104,071	875,190
		<u>1,112,889</u>	<u>1,014,771</u>
Total assets		<u>5,464,781</u>	<u>5,398,618</u>
EQUITY			
Share capital	15	681,899	681,899
Reserves	16	4,333,214	4,537,759
Total equity		<u>5,015,113</u>	<u>5,219,658</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		135,535	134,997
Current liabilities			
Creditors and accruals	17	214,706	26,976
Amounts due to associates	12	98,655	16,986
Income tax payable		772	1
		<u>314,133</u>	<u>43,963</u>
Total liabilities		<u>449,668</u>	<u>178,960</u>
Total equity and liabilities		<u>5,464,781</u>	<u>5,398,618</u>

The notes on pages 10 to 29 are integral part of this interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	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)	<u>681,899</u>	<u>633</u>	<u>26,412</u>	<u>4,334,072</u>	<u>5,043,016</u>
Profit for the period	—	—	—	122,439	122,439
Surplus on revaluation of buildings	—	—	4,439	—	4,439
Change in fair value of available-for-sale financial assets	—	—	1,035	—	1,035
Other comprehensive income for the period	<u>—</u>	<u>—</u>	<u>5,474</u>	<u>—</u>	<u>5,474</u>
Total comprehensive income for the period	—	—	5,474	122,439	127,913
Final dividend paid relating to 2014	<u>—</u>	<u>—</u>	<u>—</u>	<u>(24,946)</u>	<u>(24,946)</u>
At 30 June 2015 (Unaudited)	<u>681,899</u>	<u>633</u>	<u>31,886</u>	<u>4,431,565</u>	<u>5,145,983</u>

The notes on pages 10 to 29 are integral part of this interim financial information.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Share capital HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 December 2015 (Audited)	<u>681,899</u>	<u>32,282</u>	<u>4,505,477</u>	<u>5,219,658</u>
Loss for the period	—	—	(10,546)	(10,546)
Change in fair value of available-for-sale financial assets	—	(936)	—	(936)
Currency translation differences	—	(161)	—	(161)
Other comprehensive loss for the period	—	<u>(1,097)</u>	—	<u>(1,097)</u>
Total comprehensive loss for the period	—	(1,097)	(10,546)	(11,643)
Final dividend relating to 2015	—	—	(186,364)	(186,364)
Repurchases of shares (Note 15)	—	—	<u>(6,538)</u>	<u>(6,538)</u>
At 30 June 2016 (Unaudited)	<u>681,899</u>	<u>31,185</u>	<u>4,302,029</u>	<u>5,015,113</u>

The notes on pages 10 to 29 are integral part of this interim financial information.

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016

		Unaudited Six months ended 30 June		
		2016	2015	
Note		HK\$'000	HK\$'000	
Cash flows from operating activities				
	Cash generated from operations	18	21,152	9,126
	Net cash generated from operating activities		21,152	9,126
Cash flows from investing activities				
	Purchases of property, plant and equipment		(1,105)	(56)
	Proceeds from disposal of property, plant and equipment		82	—
	Purchases of available-for-sale financial assets		(190)	—
	Interest received		2,499	1,522
	Decrease/(increase) in amounts due from associates		130,815	(33,164)
	Increase in amounts due to associates		81,669	—
	Decrease in non-pledged time deposits with original maturity of more than three months when acquired		19,870	38,814
	Dividends received from available-for-sale financial assets		1,500	1,350
	Dividend received from an associate		—	100,000
	Net cash generated from investing activities		235,140	108,466
Cash flow from financing activity				
	Dividend paid	8	—	(24,946)
	Repurchase of shares		(6,538)	—
	Net cash used in financing activity		(6,538)	(24,946)

The notes on pages 10 to 29 are integral part of this interim financial information.

Interim Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Increase in cash and cash equivalents		249,754	92,646
Cash and cash equivalents at beginning of the period		815,161	330,073
Effect of foreign exchange rate changes		(1,003)	—
Cash and cash equivalents at end of the period		<u>1,063,912</u>	<u>422,719</u>
Analysis of cash and cash equivalents			
Cash and bank balances		325,923	68,001
Non-pledged time deposits with original maturity of less than three months when acquired		<u>737,989</u>	<u>354,718</u>
	14	<u>1,063,912</u>	<u>422,719</u>

The notes on pages 10 to 29 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 23 August 2016.

This condensed consolidated interim financial information is presented in HK dollars, unless otherwise stated.

The condensed consolidated interim financial information has not been audited.

The financial information relating to the year ended 31 December 2015 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2016 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 and comply with the applicable disclosure provision of the listing rules. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 2015, 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.

The following amendments to standards have been issued, but are not effective for the financial period beginning 1 January 2016 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019

Notes to the Condensed Consolidated Interim Financial Information

2 BASIS OF PREPARATION (Continued)

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

3 REVENUE AND SEGMENT INFORMATION

Revenue is shown as follows:

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Rental from investment properties	20,705	18,562
Estate management fees	5,865	5,843
Dividend income from unlisted investments	1,500	1,350
	<u>28,070</u>	<u>25,755</u>

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\$1,117,508,000 (31 December 2015: HK\$1,112,512,000), and the total of non-current assets located in Mainland China is HK\$30,749,000 (31 December 2015: HK\$31,257,000).

Notes to the Condensed Consolidated Interim Financial Information

4 OTHER GAINS, NET

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Net exchange losses	(1,000)	—
Gain on disposal of property, plant and equipment	80	—
Write-back of provision for doubtful debt (Note)	16,147	—
	<u>15,227</u>	<u>—</u>

Note:

On 30 May 2016, the second cash distribution in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao") was received. Accordingly, the provision for doubtful debt on Dan Yao was written back to the consolidated statement of profit or loss, to the extent of the cash received.

5 OPERATING PROFIT

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Operating profit is arrived at after charging:		
Outgoings of investment properties that generated rental income	3,763	6,040
Outgoings of investment properties that did not generated rental income	26	140
	<u>3,789</u>	<u>6,180</u>

Notes to the Condensed Consolidated Interim Financial Information

6 SHARE OF RESULTS OF ASSOCIATES

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Change in fair value of investment properties (Note)	(12,751)	161,700
Taxation	<u>2,104</u>	<u>(26,681)</u>

Note:

The investment properties of the associates were valued by DTZ Cushman & Wakefield Limited (formally known as DTZ Debenham Tie Leung Limited), independent professional qualified surveyors. 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.

7 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 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.

	Unaudited Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Current income tax		
Hong Kong	1,399	646
Deferred income tax	<u>538</u>	<u>5,954</u>
	<u>1,937</u>	<u>6,600</u>

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2016 is 16.5% (six months ended 30 June 2015: 16.5%).

Notes to the Condensed Consolidated Interim Financial Information

8 DIVIDENDS

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interim dividend of HK\$Nil (six months ended 2015: HK\$Nil) per ordinary share	—	—

Note:

The Board of Directors do not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

A final special dividend of HK\$186,364,000 for the year ended 31 December 2015 has been approved at the annual general meeting of the Company held on 25 May 2016. The final special dividend was paid on 5 July 2016.

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to equity holders of HK\$10,546,000 (six months ended 30 June 2015: profit of HK\$122,439,000) and the weighted average number of 1,243,802,170 (30 June 2015: 1,247,298,945) shares in issue during the period.

The diluted (loss)/earnings per share equals the basic (loss)/earnings per share since there are no dilutive potential shares in issue during both periods.

Notes to the Condensed Consolidated Interim Financial Information

10 PROPERTY, PLANT AND EQUIPMENT

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Net book value at 1 January 2016/2015	86,050	135,717
Surplus on revaluation of a building	—	4,439
Additions	1,105	991
Disposals	(2)	—
Transfer to investment properties	—	(50,500)
Exchange realignment	(22)	(84)
Depreciation	(1,891)	(4,513)
	<hr/>	<hr/>
Net book value at 30 June 2016/ 31 December 2015	85,240	86,050

11 INVESTMENT PROPERTIES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
At 1 January 2016/2015	1,033,090	910,375
Transfer from property, plant and equipment	—	50,500
Change in fair values	5,660	72,215
	<hr/>	<hr/>
At 30 June 2016/31 December 2015	1,038,750	1,033,090

Notes to the Condensed Consolidated Interim Financial Information

11 INVESTMENT PROPERTIES (Continued)

FAIR VALUE HIERARCHY

Description	Fair value measurements at 30 June 2016 using		
	Quoted prices in active markets for identical asset (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties:			
– Commercial building - Hong Kong	—	993,600	—
– Residential building - Hong Kong	—	45,150	—
	<hr/>	<hr/>	<hr/>
Unaudited	—	1,038,750	—
	<hr/>	<hr/>	<hr/>

Notes to the Condensed Consolidated Interim Financial Information

11 INVESTMENT PROPERTIES (Continued)

FAIR VALUE HIERARCHY (Continued)

Description	Fair value measurements at 31 December 2015 using		
	Quoted prices in active markets for identical asset (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties:			
– Commercial building - Hong Kong	—	985,740	—
– Residential building - Hong Kong	—	47,350	—
	<u>—</u>	<u>1,033,090</u>	<u>—</u>
Audited	—	1,033,090	—

The Group'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.

11 INVESTMENT PROPERTIES (Continued)

VALUATION PROCESSES OF THE GROUP

The Group's investment properties were valued at 30 June 2016 and 31 December 2015 by independent professionally qualified surveyors 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 surveyors 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 surveyors at least once every six months, in line with the Group's interim and annual reporting dates. As at 30 June 2016 and 31 December 2015, the fair values of the properties have been determined DTZ Cushman & Wakefield Limited (formally known as 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 surveyors.

Notes to the Condensed Consolidated Interim Financial Information

11 INVESTMENT PROPERTIES (Continued)

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.

12 ASSOCIATES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Share of net assets	<u>3,158,109</u>	<u>3,193,795</u>
Amounts due from associates	97,306	228,121
Less: provisions	<u>(97,306)</u>	<u>(97,306)</u>
	—	130,815
Amounts due to associates	<u>98,655</u>	<u>16,986</u>

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

Notes to the Condensed Consolidated Interim Financial Information

13 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade debtors	1,644	876
Other debtors	5,561	4,750
Prepayments and deposits	<u>1,613</u>	<u>2,512</u>
	<u>8,818</u>	<u>8,138</u>

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 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Within 30 days	<u>1,644</u>	<u>876</u>

Notes to the Condensed Consolidated Interim Financial Information

14 CASH AND BANK BALANCES

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Non-pledged time deposits with original maturity of over three months	<u>40,159</u>	<u>60,029</u>
Cash and cash equivalents:		
Cash at bank and in hand	325,923	91,165
Short term bank deposits with original maturity within 3 months	<u>737,989</u>	<u>723,996</u>
Cash and cash equivalents for cash flow statements analysis	<u>1,063,912</u>	<u>815,161</u>
Total	<u>1,104,071</u>	<u>875,190</u>

15 SHARE CAPITAL

	Unaudited 2016		Audited 2015	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Issued and fully paid:				
At 1 January 2016/2015	1,247,298,945	681,899	1,247,298,945	681,899
Repurchases of shares	<u>(4,874,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June 2016/ 31 December 2015	<u>1,242,424,945</u>	<u>681,899</u>	<u>1,247,298,945</u>	<u>681,899</u>

Note:

The Group acquired 4,874,000 of its own shares through purchases on The Stock Exchange of Hong Kong Limited during the period. The total amount paid to acquire the shares was HK\$6,538,000 which has been deducted from retained profits.

16 RESERVES

On 9 December 2011, an extraordinary general meeting was passed by the shareholders of the Company for approving the share premium reduction of the Company. The purpose of the share premium reduction is to reduce the credit standing to the share premium account of the Company to the extent of HK\$579,389,000 and to apply the credit arising from such reduction to eliminate the accumulated losses of the Company by the same amount. A sealed copy of the order made by the High Court on 3 February 2012 confirming the reduction of share premium account was submitted to the Registrar of Companies in Hong Kong and was duly registered 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 realised 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. During the year ended 31 December 2015, the remaining debt of HK\$633,000 was settled, and the sum of HK\$633,000 was transferred from the special capital reserve to retained profits. No special capital reserve maintained since 31 December 2015.

Notes to the Condensed Consolidated Interim Financial Information

17 CREDITORS AND ACCRUALS

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Trade creditors	338	56
Other creditors	21,377	19,459
Dividend payable (Note 8)	186,364	—
Accrued operating expenses	6,627	7,461
	<u>214,706</u>	<u>26,976</u>

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

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Within 30 days	<u>338</u>	<u>56</u>

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	
	2016	2015
	HK\$'000	HK\$'000
Operating profit	27,077	45,448
Depreciation and amortisation	2,128	2,942
Net exchange losses	1,000	—
Gain on disposal of property, plant and equipment	(80)	—
Write-back of provision for doubtful debt	(16,147)	—
Change in fair value of investment properties	(5,660)	(41,385)
Dividend income from available-for-sale financial assets	(1,500)	(1,350)
Interest income	(2,499)	(1,522)
Operating profit before working capital changes	4,319	4,133
Decrease in debtors, prepayments, deposits and other receivables	15,467	1,677
Increase in creditors and accruals	1,366	3,316
Net cash generated from operations	21,152	9,126

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	
	2016 HK\$'000	2015 HK\$'000
Net book amount	2	—
Gain on disposal of property, plant and equipment	80	—
Proceeds from disposal of property, plant and equipment	82	—

19 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The financial instruments that are measured in the consolidated 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).

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

The following represents the Group's financial assets that are measured at fair value at 30 June 2016. See note 11 for disclosure of the investment properties that are measured at fair value.

At 30 June 2016, the Group's assets measured at fair value are available-for-sale instruments, of which HK\$10,079,000 (31 December 2015: HK\$10,420,000) represents Level 2 instruments and HK\$35,257,000 (31 December 2015: HK\$35,863,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the six ended 30 June 2016 was HK\$606,000 (six months ended 30 June 2015: HK\$2,439,000).

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.

Notes to the Condensed Consolidated Interim Financial Information

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

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.

20 COMMITMENTS

(a) CAPITAL COMMITMENTS

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

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Property, plant and equipment	—	680

Notes to the Condensed Consolidated Interim Financial Information

20 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:

	Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
Within one year	38,527	21,786
Between one to five years	44,811	20,910
	<u>83,338</u>	<u>42,696</u>

21 RELATED PARTY TRANSACTIONS

	Unaudited Six months ended 30 June 2016 HK\$'000	2015 HK\$'000
Estate management fee income from associates	<u>3,187</u>	<u>3,536</u>

The Group received estate management fees income from its associates of HK\$3,187,000 (six months ended 30 June 2015: HK\$3,536,000), which was determined at specified percentages of the gross operating revenues of the relevant companies.

On 18 February, 2016, the Company entered into a transaction with SRT (S&P) Architects Limited ("SRT") in which the Independent Non-Executive Director Mr. Edward Shen has owned more than 30% equity interest, whereby SRT has provided designing service to the subsidiaries of the Company at a fee HK\$100,000.

Management Discussion and Analysis

INTERIM DIVIDEND

The Directors of the Company have resolved not to declare interim dividend for the six months ended 30 June 2016 (2015: HK\$ Nil).

REVIEW OF OPERATIONS

The Group recorded a revenue of HK\$28,070,000 for the six months ended 30 June 2016, which represented an increase of approximately HK\$2,315,000 or 9% as compared with the same period in 2015. This was mainly attributable to an increase of rental income from investment properties.

The loss attributable to equity holders for the six months ended 30 June 2016 was HK\$10,546,000 whereas profit of HK\$122,439,000 was made for the same period in 2015. The loss of HK\$10,546,000 was mainly resulting from the substantial decrease in fair value gain of investment properties held by the Group and share of results of associates from profits to loss mainly resulting from change in fair value gain of investment properties in associates to fair value loss.

HONG KONG BUSINESS

Property

For the six months ended 30 June 2016, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the performance of these rental properties rental income was satisfactory.

HONG KONG BUSINESS (Continued)

Property (Continued)

As from 2015 onwards, the Group and its associate have started launching the sales of residential properties at the Redhill Peninsula. As at the date of this report, excluding the completion of sales of 55 apartments and 80 car parking spaces for the year ended 31 December, 2015, 47 apartments, 58 car parking spaces and 2 houses, were sold out at a consideration of approximately HK\$1,530,335,000, which approximately HK\$510,112,000 (before profits tax and expenses) was attributable to the Group. During the six months period ended 30 June 2016, sales of 32 apartments and 41 car parking spaces were completed at a consideration of HK\$930,048,000, which approximately HK\$310,016,000 (before profits tax and expenses) was attributable to the Group. If the sales of the remaining 15 apartments, 17 car parking spaces and 2 houses are completed, it is expected that approximately HK\$200,096,000 (before profits tax and expenses) will be attributable to the Group, and the Group will be entitled to receive net proceeds of approximately HK\$142,068,000 after payments of profits tax and 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 89% and the rental income was satisfactory.

BEIJING BUSINESS

The Wangfujing Projects

Dan Yao Building (85% owned)

On 28 December, 2015, the second cash distribution proposal in respect of the liquidation of Beijing Dan Yao Property Co., Ltd ("Dan Yao") submitted by the liquidator was approved by the seventh creditor's meeting of Dan Yao Building. Based on the proposal, on 5 May, 2016, the Group received repayment of RMB 13,563,000 (approximately HK\$16,146,000).

The liquidator of Dan Yao Building is negotiating with the Beijing Municipal Bureau of Land and Resources so as to settle the problem related to the right of use the land of the resettlement units.

Management Discussion and Analysis

BEIJING BUSINESS (Continued)

The Wangfujing Projects (Continued)

The Xidan Project (29.4% owned)

During the first half of the year 2016, Beijing Jing Yuan Property Development Co., Ltd (“Jing Yuan”) submitted the application for the liquidation of Jing Yuan to the State-owned Assets Supervision and Administration Commission in Xicheng District, Beijing in accordance with the opinions of three shareholders and the Board. As at the date of this report, there is still no concrete progress being made, but we will continue to proceed.

In the second half of the year 2016, Jing Yuan would strive to get approval from the State-owned Assets Supervision and Administration Commission in Xicheng District, Beijing for the liquidation of Jing Yuan as soon as possible.

GROUP ASSETS AND CHARGES

The total assets of the Group have increased from HK\$5,398,618,000 as at 31 December 2015 to HK\$5,464,781,000 as at 30 June 2016. The net assets of the Group have decreased from HK\$5,219,658,000, as at 31 December 2015 to HK\$5,015,113,000 as at 30 June 2016. At 30 June 2016, no investment properties of the Group in Hong Kong (31 December 2015: HK\$940,940,000) were pledged as security for banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the arrangement of banking facilities and the bank has agreed to provide banking facilities if necessary.

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK\$178,960,000 as at 31 December 2015 to HK\$449,668,000 as at 30 June 2016. Liabilities increase of \$270,708,000 was mainly because of the final special dividend of HK\$186,364,000 to be payable on 5 July 2016. The Group had cash and bank balances of HK\$1,104,071,000 as at 30 June 2016 (31 December 2015: HK\$875,190,000). The ratio of total liabilities to total assets was approximately 8% (2015: 3%). As at 30 June 2016, the Group had no bank loans (2015: Nil) and the total equity was HK\$5,015,113,000 (31 December 2015: HK\$5,219,658,000).

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES (Continued)

As at 30 June 2016, the current assets of the Group, amounting to HK\$1,112,889,000 (31 December 2015: HK\$1,014,771,000), which exceeded its current liabilities by HK\$798,756,000 (31 December 2015: HK\$970,808,000).

For the six months ended 30 June 2016, 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 2016, the Group, excluding associates, had 49 (31 December 2015: 67) employees of which 43 (31 December 2015: 44) 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 economic structure is deeply changing and in contradiction, and the new and innovative product developments are upsurging. The Group will gather the experience by combining the trinity of new products, knowledge and mobile-friendly and will prudently and actively optimize the internal and external resources to develop the real estate investment and a platform of virtual reality.

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 2016, 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.

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 2016 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 2016.

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 2016, 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	36.45
Harlesden Limited	(2)	427,592,969	34.42
DFIL	(2)	427,592,969	34.42
Value Plus Holdings Limited	(2)	424,666,969	34.18
Fathom Limited	(2)	424,666,969	34.18
Fabulous	(2)	424,666,969	34.18
Estate of Nina KUNG also known as Nina T.H. Wang	(3)	287,989,566	23.18
Greenwood International Limited	(3)	269,603,616	21.70
Talbot Investments Limited	(3)	18,385,950	1.48
JONG Yat Kit	(4)	287,989,566	23.18
CHAN Wai Tong Christopher	(4)	287,989,566	23.18
WONG Tak Wai	(4)	287,989,566	23.18
Sinotrans & CSC Holdings Co., Ltd.	(5)	69,441,668	5.59
Focus-Asia Holdings Limited	(5)	69,441,668	5.59

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)

- (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 Tak Wai are joint and several administrators of the Estate. Hence, each of Mr. JONG, Yat Kit, Mr. CHAN Wai Tong Christopher and Mr. WONG Tak 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 2016, 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 2016, 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.

Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2016, the Company repurchased a total of 4,874,000 of its shares in the market at an aggregated consideration of approximately HK\$6,419,560 (excluding expenses) and approximately HK\$6,538,000 (including expenses) and all the repurchased shares were cancelled, and the details of the repurchases are as follows:

Date of the repurchases	Total number of the ordinary shares are repurchased	Price paid per share		Aggregate consideration paid (excluding expenses) HK\$
		Highest HK\$	Lowest HK\$	
		5 February 2016	276,000	1.18
11 February 2016	339,000	1.19	1.18	402,660
12 February 2016	265,000	1.21	1.20	320,270
15 February 2016	146,000	1.23	1.22	179,470
16 February 2016	183,000	1.25	1.24	228,460
17 February 2016	160,000	1.27	1.27	203,200
18 February 2016	265,000	1.29	1.27	340,520
19 February 2016	81,000	1.31	1.31	106,110
22 February 2016	174,000	1.34	1.34	233,160
23 February 2016	817,000	1.36	1.36	1,111,120
24 February 2016	600,000	1.38	1.36	825,340
25 February 2016	662,000	1.41	1.40	933,200
26 February 2016	906,000	1.43	1.40	1,286,100
Total:	<u>4,874,000</u>			<u>6,491,560</u>

The repurchases were made for the benefit of the shareholders as a whole with a view to enhancing the earning per share of the Company.

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 2016.

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 2016, 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 2016, except for the following deviations:

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.

Other Information

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES (Continued)

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 25 May 2016 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, 23 August 2016