



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

Stock Code: 271

INTERIM REPORT
2012

CORPORATE INFORMATION

DIRECTORS

: Dai Xiaoming (Chairman and Chief Executive)
Kenneth Hiu King Kon (Executive Director and
Deputy Chief Executive)
Jesse Nai Chau Leung*
Xiang Bing*
Edward Shen*

* Independent Non-Executive Directors

AUDIT COMMITTEE

: Jesse Nai Chau Leung (Chairman)
Xiang Bing
Edward Shen

REMUNERATION COMMITTEE

: Edward Shen (Chairman)
Jesse Nai Chau Leung
Xiang Bing

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
Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

: Stephenson Harwood
Hampton, Winter & Glynn

REGISTRARS

: Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

REGISTERED OFFICE

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

WEBSITE

: <http://www.danform.com.hk>

STOCK CODE

: The Stock Exchange of Hong Kong Limited – 271

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
		HK\$'000	HK\$'000
			(Restated)
	<i>Note</i>		
Revenue	(3)	21,471	21,668
Other income		879	795
Other (losses)/gains, net	(4)	(588)	32,448
Rent and rates		(142)	(227)
Building management fee		(2,604)	(2,438)
Staff costs, including directors' remuneration		(8,114)	(6,926)
Depreciation and amortisation		(2,633)	(2,526)
Repair and maintenance		(460)	(249)
Administrative expenses		(5,921)	(3,959)
Change in fair value of investment properties		31,373	24,906
Operating profit	(5)	33,261	63,492
Share of profits of associated companies		459,875	271,406
Profit before income tax		493,136	334,898
Income tax expenses	(6)	(4,159)	(4,157)
Profit for the period		488,977	330,741
		HK cents	HK cents
Earnings per share			
Basic and diluted	(7)	39.20	26.52

Details of the dividend proposed for the period are disclosed in note 8 to the condensed consolidated financial statements.



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (Restated)
Profit for the period	488,977	330,741
Other comprehensive income		
Change in fair value of available-for-sale financial assets	2,943	23,024
Currency translation differences	(165)	140
Other comprehensive income for the period, net of tax	2,778	23,164
Total comprehensive income for the period	491,755	353,905

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2012

	Note	30 June 2012 HK\$'000	31 December 2011 HK\$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	(9)	92,052	94,484
Investment properties		748,544	717,337
Leasehold land		3,720	3,750
Associated companies		2,873,432	2,413,557
Available-for-sale financial assets		32,835	29,892
Deposit for acquisition of a property		39,530	5,675
		3,790,113	3,264,695
Current assets			
Debtors, prepayments, deposits and other receivables	(10)	40,787	41,129
Amounts due from associated companies		202,373	253,324
Income tax recoverable		12	16
Cash and bank balances		240,345	214,922
		483,517	509,391
Total assets		4,273,630	3,774,086
EQUITY			
Share capital		623,649	623,649
Reserves	(12)	3,514,678	3,022,923
Total equity		4,138,327	3,646,572
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		91,323	87,507
Current liabilities			
Creditors and accruals	(11)	22,267	21,570
Amounts due to associated companies		21,395	18,437
Income tax payable		318	–
		43,980	40,007
Total liabilities		135,303	127,514
Total equity and liabilities		4,273,630	3,774,086
Net current assets		439,537	469,384
Total assets less current liabilities		4,229,650	3,734,079

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2012

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2010, as previously reported	623,649	637,639	5,802	1,844,187	3,111,277
Effect on adoption of HKAS 12 Amendment	–	–	–	2,080	2,080
At 31 December 2010, as restated	623,649	637,639	5,802	1,846,267	3,113,357
Profit for the period	–	–	–	330,741	330,741
Change in fair value of available-for-sale financial assets	–	–	23,024	–	23,024
Currency translation differences	–	–	140	–	140
Other comprehensive income for the period	–	–	23,164	–	23,164
Total comprehensive income for the period	–	–	23,164	330,741	353,905
At 30 June 2011	623,649	637,639	28,966	2,177,008	3,467,262

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)(CONTINUED)

For the six months ended 30 June 2012

	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
		(Note 12(a))	(Note 12(b))			
At 31 December 2011, as previously reported	623,649	637,639	–	11,232	2,370,698	3,643,218
Effect on adoption of HKAS 12 Amendment	–	–	–	297	3,057	3,354
At 31 December 2011, as restated	623,649	637,639	–	11,529	2,373,755	3,646,572
Profit for the period	–	–	–	–	488,977	488,977
Change in fair value of available-for-sale financial assets	–	–	–	2,943	–	2,943
Currency translation differences	–	–	–	(165)	–	(165)
Other comprehensive income for the period	–	–	–	2,778	–	2,778
Total comprehensive income for the period	–	–	–	2,778	488,977	491,755
Share premium reduction	–	(579,389)	2,655	–	576,734	–
At 30 June 2012	623,649	58,250	2,655	14,307	3,439,466	4,138,327



CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net cash flows from operating activities	4,217	8,016
Net cash flows from/(used in) investing activities	21,812	(25,764)
Net increase/(decrease) in cash and cash equivalents	26,029	(17,748)
Cash and cash equivalents at beginning of period	214,922	187,965
Changes in exchange rates	(606)	15
Cash and cash equivalents at end of period	240,345	170,232
Analysis of cash and cash equivalents:		
Cash and bank balances	240,345	170,232

NOTES TO THE INTERIM FINANCIAL INFORMATION

(1) GENERAL INFORMATION

Dan Form Holdings Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

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

The interim financial information has been approved by the Board of Directors on 22 August 2012.

(2) BASIS OF PREPARATION

The interim financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). It has been prepared under the historical cost convention, as modified by the revaluation of investment property and available-for-sale financial assets, which are carried at fair value, and in accordance with HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with HKFRS.

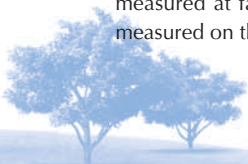
The accounting policies, methods of computation, financial risk management and critical accounting estimates and judgements used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2011 except as disclosed below.

The adoption of amendment to existing standards

In 2012, the Group adopted the amendment to existing standard below, which are relevant to its operations.

HKFRS 7 Amendment	Financial instrument: Disclosures – Transfer of Financial Assets
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets

The HKICPA issued the amendment to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” in December 2010, effective for annual periods beginning on or after 1 January 2012. The amendments introduce a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale and the deferred tax would be measured on this basis accordingly.



NOTES TO THE INTERIM FINANCIAL INFORMATION

(2) BASIS OF PREPARATION (continued)

The Group has adopted this amendment retrospectively for the financial period ended 30 June 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values amounting to HK\$717,337,000 as of 31 December 2011 (31 December 2010: HK\$618,124,000). As required by the amendment, the Group has re-measured the deferred tax relating to these investment properties according to the tax consequence on the presumption that they are recovered entirely by sale, or rebutting this presumption, where appropriate.

The condensed consolidated balance sheet at 31 December 2011 and the condensed consolidated income statement for the period ended 30 June 2011 have been restated to reflect the effect of adoption of this amendment to HKAS 12 which are presented as follows:

Effect on consolidated balance sheet	30 June	31 December
	2012	2011
	HK\$'000	HK\$'000
Decrease in deferred tax liabilities	(4,668)	(3,354)
Increase in retained profits	4,371	3,057
Increase in other reserves – property revaluation reserve	297	297
Effect on consolidated income statement	For the six months	
	ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Decrease in income tax expense	(1,314)	(757)
Increase in profit for the period	1,314	757
Increase in basic and diluted EPS	HK0.11 cent	HK0.06 cent

The Group has assessed the impact of the adoption of these amendments and considered that there was no significant impact on the Group's result and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except for the amendment to HKAS 12.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(2) BASIS OF PREPARATION (continued)

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

<u>New or revised standards</u>		Effective for accounting periods beginning on or after
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 19 Amendment	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 7 Amendment	Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013
HKAS 32 Amendment	Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 Amendment	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015

The Group has not early adopted the above new or revised standards and amendments. The Group has assessed the impact of the adoption of these revised standards and amendments and considers that there will be no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements.



NOTES TO THE INTERIM FINANCIAL INFORMATION

(3) REVENUE AND SEGMENT INFORMATION

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Rental from investment properties	14,459	14,409
Estate management fees	5,962	5,121
Dividend income from unlisted investments	1,050	2,138
	21,471	21,668

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

Revenues of the Group are sourced from Hong Kong. Non-current assets of the Group are mainly located at Hong Kong, except for certain non-current assets, amounting to HK\$15,694,000 (2011: HK\$14,470,000), located in Mainland China.

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

(4) OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Net exchange (loss)/gain	(588)	238
Write-back of provision for doubtful debt (Note)	–	32,210
	(588)	32,448

Note: On 25 January 2011, the first cash distribution proposal in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao"), was approved in the sixth creditors' meeting of Dan Yao. Accordingly, the provision for doubtful debt on Dan Yao was written back to the income statement for the period ended 30 June 2011, to the extent of the proposed distribution.

NOTES TO THE INTERIM FINANCIAL INFORMATION

(5) OPERATING PROFIT

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Operating profit is arrived at after charging: Outgoings of investment properties	3,326	2,987

(6) INCOME TAX EXPENSES

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (Restated)
Current income tax		
Hong Kong	323	878
Mainland China	1	–
	324	878
Deferred income tax	3,835	3,279
	4,159	4,157

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the period. Taxation on profits generated in Mainland China has been provided at the rate of taxation prevailing in Mainland China.

(7) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK\$488,977,000 (2011: HK\$330,741,000 (restated)) and 1,247,298,945 (2011: 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.



NOTES TO THE INTERIM FINANCIAL INFORMATION

(8) DIVIDEND

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interim dividend of HK1 cent (2011: Nil) per ordinary share	12,473	–

At a meeting of the board of directors held on 22 August 2012, the directors resolved to pay on 19 September 2012 an interim dividend of HK1 cent per ordinary share to shareholders whose names appear on the register of members of the Company on 10 September 2012.

(9) PROPERTY, PLANT AND EQUIPMENT

	2012 HK\$'000	2011 HK\$'000
Net book value at 1 January	94,484	67,042
Additions	171	38,465
Depreciation	(2,603)	(2,496)
Net book value at 30 June	92,052	103,011

(10) DEBTORS, PREPAYMENTS AND DEPOSITS

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade debtors	1,779	1,963
Other debtors	37,828	37,480
Prepayments and deposits	1,180	1,686
	40,787	41,129

NOTES TO THE INTERIM FINANCIAL INFORMATION

(10) DEBTORS, PREPAYMENTS AND DEPOSITS (continued)

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within 30 days	1,403	1,639
31 to 60 days	290	229
61 to 90 days	83	91
Over 90 days	3	4
	1,779	1,963

(11) CREDITORS AND ACCRUALS

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade creditors	634	276
Other creditors	17,511	17,496
Accrued operating expenses	4,122	3,798
	22,267	21,570

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within 30 days	634	276



NOTES TO THE INTERIM FINANCIAL INFORMATION

(12) RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity.

- (a) 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.
- (b) Under the court order, the Company has created in the accounting records a special capital reserve account and so long as the debt of or the claim against the Company remains outstanding, and in case the Company commences winding-up, the Company undertakes the persons entitled to the benefit of such debts or claims shall not have agreed otherwise, such reserve shall not be treated as realized profits for the purposes of Section 79B of the Companies Ordinance (Cap. 32) and shall (for so long as the Company remain a listed company) be treated as an undistributable reserve of the Company for the purpose of Section 79C of the Companies Ordinance (Cap. 32) or any statutory re-enactments or modifications thereof. This resulted in a transfer of HK\$2,655,000 from retained profits to the special capital reserve of the Group.

(13) COMMITMENTS

(a) *Operating lease commitments*

The future aggregate minimum lease rental payments under non-cancellable operating leases in respect of land and buildings are payable in the following period:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within one year	18	42

NOTES TO THE INTERIM FINANCIAL INFORMATION

(13) 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:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within one year	18,710	18,253
Between one to five years	31,901	9,019
Over five years	6,269	370
	56,880	27,642

(14) RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Estate management fee income from associated companies	3,741	3,047

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



INTERIM DIVIDEND

The Directors of the Company have resolved to declare an interim dividend for the six months ended 30 June 2012 of HK\$0.01 per share (2011: nil) to shareholders whose names appear on the Register of Members of the Company on 10 September 2012. The dividend will be paid on 19 September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group recorded a revenue of HK\$21,471,000 for the six months ended 30 June 2012, which represented a decrease of approximately HK\$197,000 or 1% as compared with the same period in 2011. This was attributable to decreases in dividend income from unlisted investments.

The profit attributable to equity holders for the six months ended 30 June 2012 was HK\$488,977,000 whereas HK\$330,741,000 was made for the same period in 2011. The increase in profit of HK\$158,236,000 or 48% was mainly due to the increase in fair value gain of investment properties held by the Group and its associated companies.

Hong Kong Business

Property

For the six months ended 30 June 2012, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 78% and 97% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 98%. During the period, the Group's net rental income from property leasing was more or less the same for the same period in last year.

Beijing Business

The Wangfujing Projects

Dan Yao Building (85% owned)

As at 18 July 2012, the Group has received the first distribution amount of RMB27,126,000 (approximately HK\$32,928,000) from asset sales proposal in respect of the liquidation of Beijing Dan Yao Property Co., Ltd ("Dan Yao").

It is expected that realization of all assets in respect of the liquidation under the name of Dan Yao will be completed at the end of 2012 when the remaining amount receivable belonging to the Group may also possibly be partially settled.

The Xidan Project (29.4% owned)

Since 18 July, 2011, with the consent from three shareholders of Beijing Jing Yuan Property Development Co., Ltd. ("Jing Yuan") (Beijing Huarong Investment Co., Ltd, China Resources Land (Beijing) Co., Ltd and Keen Safe Investment Limited) and approval from the Board, the court has been conducting examination and fact investigation after bankruptcy petition filed by Jing Yuan to the First Intermediate People's Court in Beijing. As at 30 June, 2012, the Court has not formally accepted the bankruptcy petition filed by Jing Yuan.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Review of Operations (continued)

Beijing Business (continued)

The Wangfujing Projects (continued)

The Xidan Project (29.4% owned) (continued)

In the second half of 2012, Jing Yuan will continue to cooperate with the court in its investigation and try to procure the court to formally accept the bankruptcy petition filed by Jing Yuan. Given the chance that such petition will not be decided soon or finally rejected, the Board of Jing Yuan will work out relevant countermeasures to preserve the interests of Jing Yuan and its shareholders.

ASSETS AND CHARGES

The total assets of the Group have increased from HK\$3,774,086,000 as at 31 December 2011 to HK\$4,273,630,000 as at 30 June 2012. Net assets of the Group have also increased from HK\$3,646,572,000, as at 31 December 2011 to HK\$4,138,327,000 as at 30 June 2012. At 30 June 2012, the investment properties of the Group in Hong Kong of HK\$697,000,000 (31 December 2011: HK\$670,800,000), 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 has agreed to provide banking facilities if necessary.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

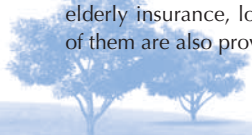
The total liabilities of the Group have increased from HK\$127,514,000 as at 31 December 2011 to HK\$135,303,000 as at 30 June 2012. The Group had cash and bank balances of HK\$240,345,000 as at 30 June 2012 (2011: HK\$214,922,000). The ratio of total liabilities to total assets was approximately 3% (2011: 3%). As at 30 June 2012, the Group had no bank loans and bank overdrafts (2011: nil) and the total equity was HK\$4,138,327,000 (2011: HK\$3,646,572,000). As at 30 June 2012, the current assets of the Group amounted to HK\$483,517,000 (2011: HK\$509,391,000), which exceeded its current liabilities by HK\$439,537,000 (2011: HK\$469,384,000).

For the six months ended 30 June 2012, 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 2012, the Group, excluding associated companies, had 53 employees of which 45 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

Going forward, the Group will continue to improve its internal control and to assess the changes of the world's political and economic environments. The Group will also enhance its business competitiveness in the market, and will develop its business with a positive and cautious attitude.

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 2012, 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				
	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total 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 2012 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 2012.

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 2012, so far as is known to the Chief Executive and Directors of the Company, the interests of the substantial shareholders, being 5% or more of the issued share capital, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name	Note	Number of ordinary shares held	Percentage of the issued share capital of the Company
DAI Xiaoming	(1)	452,892,969	36.31
Harlesden Limited	(2)	427,592,969	34.28
DFIL	(2)	427,592,969	34.28
Value Plus Holdings Limited	(2)	424,666,969	34.05
Fathom Limited	(2)	424,666,969	34.05
Fabulous	(2)	424,666,969	34.05
Nina KUNG (deceased)	(3)	287,989,566	23.09
Greenwood International Limited	(3)	269,603,616	21.61
Sinotrans & CSC Holdings Co., Ltd.	(4)	97,520,668	7.82
Focus-Asia Holdings Limited	(4)	97,520,668	7.82

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

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

Notes:

- (1) Mr. Dai Xiaoming was beneficially interested in a total of 452,892,969 ordinary shares in the Company, including the interests held through various companies under his control (see note (2) below). These interests are the same as those disclosed under "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above.
- (2) By virtue of SFO, Harlesden Limited, DFIL, Value Plus Holdings Limited and Fathom Limited, being holding companies of Fabulous, are deemed to be interested in the 424,666,969 ordinary shares in the Company beneficially held by Fabulous. Harlesden Limited, being the holding company of DFIL, is also deemed to be interested in the 2,926,000 ordinary shares in the Company beneficially held by DFIL. Mr. Dai Xiaoming has a controlling interest in each of the aforesaid companies.
- (3) Greenwood International Limited ("Greenwood") was beneficially interested in approximately 21.61% of the issued share capital of the Company. Ms. Nina Kung, deceased, was beneficially interested in a total of 287,989,566 ordinary shares in the Company, through shareholdings in companies (including Greenwood) controlled by her, representing approximately 23.09% of the issued share capital of the Company. Ms. Nina Kung passed away on 3 April 2007.
- (4) Focus-Asia Holdings Limited ("Focus-Asia"), was beneficially interested in a total of 97,520,668 ordinary shares in the Company. Sinotrans & CSC Holdings Co., Ltd., being the holding company of Focus-Asia, is deemed to be interested in the 97,520,668 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 2012, 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 2012, 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 2012. 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 2012.

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 2012.

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 2012, 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 2012, except for the following deviations:

Code Provision A.2.1

This Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

By Order of the Board
Chen Si Ying, Cynthia
Company Secretary

Hong Kong, 22 August 2012

