



# 2013 Interim Report



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

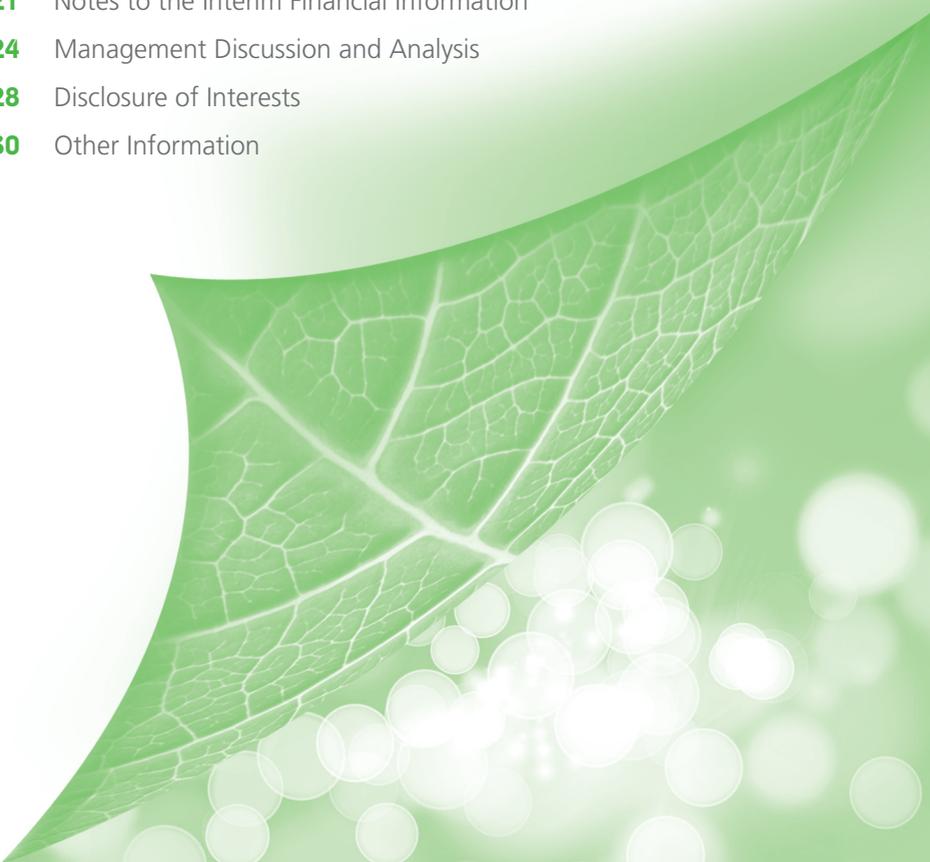
Stock Code: 271



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# CORPORATE INFORMATION

<b>Directors</b>	: 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
<b>Audit Committee</b>	: Jesse Nai Chau Leung (Chairman) Xiang Bing Edward Shen
<b>Remuneration Committee</b>	: Edward Shen (Chairman) Jesse Nai Chau Leung Xiang Bing
<b>Nomination Committee</b>	: Dai Xiaoming (Chairman) Jesse Nai Chau Leung Edward Shen
<b>Financial Controller</b>	: Fung Man Yuen
<b>Company Secretary</b>	: Chen Si Ying, Cynthia
<b>Auditor</b>	: PricewaterhouseCoopers
<b>Principal Bankers</b>	: Industrial and Commercial Bank of China (Asia) Limited Standard Chartered Bank (Hong Kong) Limited
<b>Solicitors</b>	: Stephenson Harwood Hampton, Winter & Glynn
<b>Registrars</b>	: Tricor Tengis Limited 26/F., Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong
<b>Registered Office</b>	: 33/F., Tower A, Billion Centre 1 Wang Kwong Road, Kowloon Bay, Hong Kong
<b>Website</b>	: <a href="http://www.danform.com.hk">http://www.danform.com.hk</a>
<b>Stock Code</b>	: The Stock Exchange of Hong Kong Limited — 271

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013

	Note	Unaudited Six months ended 30 June	
		2013 HK\$'000	2012 HK\$'000
Revenue	(3)	24,059	21,471
Other income		911	879
Other gains/(losses), net	(4)	143	(588)
Rent and rates		(191)	(142)
Building management fee		(2,807)	(2,604)
Staff costs, including directors' remuneration		(8,206)	(8,114)
Depreciation and amortisation		(3,098)	(2,633)
Repair and maintenance		(791)	(460)
Administrative expenses		(4,108)	(5,921)
Change in fair value of investment properties		25,727	31,373
Operating profit	(5)	31,639	33,261
Share of post-tax profits of associated companies	(6)	106,553	459,875
Profit before income tax		138,192	493,136
Income tax expenses	(7)	(4,086)	(4,159)
Profit for the period		134,106	488,977
Dividends	(8)	—	12,473
		HK cents	HK cents
Earnings per share			
Basic and diluted	(9)	10.75	39.20

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Profit for the period	134,106	488,977
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss</i>		
Change in fair value of available-for-sale financial assets	(311)	2,943
Currency translation differences	236	(165)
Other comprehensive (loss)/income for the period, net of tax	(75)	2,778
Total comprehensive income for the period	134,031	491,755

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2013

	Note	Unaudited 30 June 2013 HK\$'000	Audited 31 December 2012 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(10)	132,655	92,164
Investment properties	(11)	862,958	845,963
Leasehold land		22,769	22,451
Associated companies	(12)	3,279,992	3,173,439
Available-for-sale financial assets		35,724	36,016
Deposit for acquisition of a property		—	39,531
		<b>4,334,098</b>	4,209,564
<b>Current assets</b>			
Debtors, prepayments, deposits and other receivables	(13)	10,994	8,724
Amounts due from associated companies	(12)	178,133	178,240
Income tax recoverable		959	1,023
Cash and bank balances		320,542	304,561
		<b>510,628</b>	492,548
<b>Total assets</b>		<b>4,844,726</b>	4,702,112
<b>EQUITY</b>			
Share capital		623,649	623,649
Reserves	(15)	4,063,144	3,941,586
<b>Total equity</b>		<b>4,686,793</b>	4,565,235
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation liabilities		114,346	110,962
<b>Current liabilities</b>			
Creditors and accruals	(14)	38,896	24,604
Amounts due to associated companies	(12)	4,035	1,311
Income tax payable		656	—
		<b>43,587</b>	25,915
<b>Total liabilities</b>		<b>157,933</b>	136,877
<b>Total equity and liabilities</b>		<b>4,844,726</b>	4,702,112
<b>Net current assets</b>		<b>467,041</b>	466,633
<b>Total assets less current liabilities</b>		<b>4,801,139</b>	4,676,197

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000 (Note 15(a))	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 31 December 2011 (Audited)	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 (Unaudited)	623,649	58,250	2,655	14,307	3,439,466	4,138,327

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2013

	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 2012 (Audited)	623,649	58,250	663	18,358	3,864,315	4,565,235
Profit for the period	—	—	—	—	134,106	134,106
Change in fair value of available-for-sale financial assets	—	—	—	(311)	—	(311)
Currency translation differences	—	—	—	236	—	236
Other comprehensive loss for the period	—	—	—	(75)	—	(75)
Total comprehensive income for the period	—	—	—	(75)	134,106	134,031
Dividends relating to 2012 paid in June 2013 (Note 8)	—	—	—	—	(12,473)	(12,473)
At 30 June 2013 (Unaudited)	623,649	58,250	663	18,283	3,985,948	4,686,793

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2013

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Net cash generated from operating activities	<b>18,797</b>	4,217
Net cash generated from investing activities	<b>9,431</b>	21,812
Net cash used in financing activities	<b>(12,473)</b>	—
Net increase in cash and cash equivalents	<b>15,755</b>	26,029
Cash and cash equivalents at beginning of period	<b>304,561</b>	214,922
Changes in exchange rates	<b>226</b>	(606)
Cash and cash equivalents at end of period	<b>320,542</b>	240,345
Analysis of cash and cash equivalents:		
Cash and bank balances	<b>320,542</b>	240,345

# 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 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 interim financial information has been approved by the Board of Directors on 27 August 2013.

## 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 2012, 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 2012 except as disclosed below.

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

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 2 Basis of preparation (continued)

### The adoption of amendment to existing standards

In 2013, the Group adopted these new standards and amendments to existing standards below, which are relevant to its operations.

HKAS 1 Amendment	Presentation of financial statements
HKAS 19 Amendment	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
HKFRS 7 Amendment	Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements

The adoption of these new standards and amendments to existing standards does not have significant impact on the Group's interim financial information except for additional disclosures as required by HKAS 1 Amendment "Presentation of financial statements" and HKFRS 13 "Fair value measurement".

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 2 Basis of preparation (continued)

### Standards, interpretation and amendments to existing standards that are issued but not yet effective

New or revised standards		Effective for accounting periods beginning on or after
HKAS 32 Amendment	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 Amendment	Recoverable amount disclosure for non-financial assets	1 January 2014
HK (IFRIC)-Int 21	Levies	1 January 2014
HKFRS 10, 12 and HKAS 27 (2011) Amendment	Investment entities	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
HKFRS 9 Amendment	Financial instruments — Mandatory effective date and transition disclosures	1 January 2015

The Group has not early adopted any of the above new or revised standards and amendments. The Group is in the process of making an assessment of the impact of these new or revised standards and amendments upon initial application and is not yet in a position to state whether these new or revised standards and amendments will have any significant impact on the Group's result of operations and financial position.

# NOTES TO THE 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	
	2013 HK\$'000	2012 HK\$'000
Rental from investment properties	17,259	14,459
Estate management fees	5,600	5,962
Dividend income from unlisted investments	1,200	1,050
	<b>24,059</b>	21,471

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 mainly 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\$17,278,000 (2012: HK\$15,694,000), 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.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 4 Other gains/(losses), net

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Net exchange gain/(loss)	226	(588)
Loss on disposal of an investment property	(83)	—
	143	(588)

## 5 Operating profit

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Operating profit is arrived at after charging: Outgoings of investment properties	3,762	3,326

## 6 Share of post-tax profits of associated companies

Share of profits of associated companies include the following:

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Change in fair value investment properties (Note)	101,622	499,578
Taxation	(16,768)	(82,430)

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

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 7 Income tax expenses

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Current income tax		
Hong Kong	720	323
Mainland China	—	1
Deferred income tax	720 3,366	324 3,835
	4,086	4,159

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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.

## 8 Dividends

	Unaudited Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Interim dividend of HK\$ nil (2012: HK1 cent) per ordinary share	—	12,473
Final dividend of HK\$ nil (2012: HK1 cent) per ordinary share (Note)	—	12,473

Note: A dividend of HK\$12,473,000 that relates to the period to 31 December 2012 was paid on 18 June 2013 (2012: nil).

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 9 Earnings per share (Unaudited)

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK\$134,106,000 (2012: HK\$488,977,000) and 1,247,298,945 (2012: 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

	2013 HK\$'000	2012 HK\$'000
Net book value at 1 January (Audited)	92,164	94,484
Additions	3,865	171
Transfer from deposit for acquisition of a property	39,531	—
Exchange realignment	20	—
Depreciation	(2,925)	(2,603)
Net book value at 30 June (Unaudited)	132,655	92,052

## 11 Investment properties

	2013 HK\$'000	2012 HK\$'000
Net book value at 1 January (Audited)	845,963	717,337
Disposal	(8,800)	—
Change in fair value	25,727	31,373
Exchange realignment	68	(166)
Net book value at 30 June (Unaudited)	862,958	748,544

The investment properties were valued by DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, based on current prices in an active market for all properties.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 12 Associated Companies

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Share of net assets	<b>3,279,992</b>	3,173,439
Amounts due from associated companies	<b>284,706</b>	284,813
Less: provisions	<b>(106,573)</b>	(106,573)
	<b>178,133</b>	178,240
Amounts due to associated companies	<b>4,035</b>	1,311

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

## 13 Debtors, prepayments, deposits and other receivables

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Trade debtors	<b>2,577</b>	1,763
Other debtors	<b>5,289</b>	5,045
Prepayments and deposits	<b>3,128</b>	1,916
	<b>10,994</b>	8,724

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 13 Debtors, prepayments, deposits and other receivables (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:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Within 30 days	<b>2,416</b>	1,732
31 to 60 days	<b>158</b>	—
61 to 90 days	<b>—</b>	—
Over 90 days	<b>3</b>	31
	<b>2,577</b>	1,763

## 14 Creditors and accruals

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Trade creditors	<b>360</b>	273
Other creditors	<b>32,284</b>	18,258
Accrued operating expenses	<b>6,252</b>	6,073
	<b>38,896</b>	24,604

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 14 Creditors and accruals (continued)

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

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Within 30 days	<b>360</b>	273

## 15 Reserves

The amounts of the Group's reserves and the movements therein for the prior period were presented in the condensed consolidated statement of changes in equity as set out on page 6.

- (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.

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 15 Reserves (continued)

- (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.

## 16 Fair value of financial assets and financial liabilities

An analysis of the Group's financial assets and financial liabilities stated at fair value, based on the degree to which their fair values are observable and grouped into Levels 1 to 3, is as follows:

Level 1 — unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 — value inputs, other than quoted prices, that are observable either directly or indirectly

Level 3 — value inputs that are not based on observable market data

At 30 June 2013, the Group's assets measured at fair value are available-for-sale instruments, of which HK\$8,079,000 (31 December 2012: HK\$8,062,000) represents Level 2 instruments and HK\$27,645,000 (31 December 2012: HK\$27,954,000) represents Level 3 instruments.

The fair value loss in Level 3 instruments for the six months ended 30 June 2013 was HK\$311,000 (31 December 2012: fair value gain of HK\$6,761,000).

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 16 Fair value of financial assets and financial liabilities (continued)

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.

## 17 Commitments

### (a) Operating lease commitments

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

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Within one year	<b>2</b>	34

# NOTES TO THE INTERIM FINANCIAL INFORMATION

## 17 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:

	<b>Unaudited</b> <b>30 June</b> <b>2013</b> <b>HK\$'000</b>	Audited 31 December 2012 HK\$'000
Within one year	<b>29,226</b>	21,626
Between one to five years	<b>58,056</b>	51,847
Over five years	<b>67</b>	3,168
	<b>87,349</b>	76,641

## 18 Related party transactions

	<b>Unaudited</b> <b>Six months ended 30 June</b> <b>2013</b> <b>HK\$'000</b>	2012 HK\$'000
Estate management fee income from associated companies	<b>3,166</b>	3,741

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Interim Dividend

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30 June 2013 (2012: HK\$0.01 per share).

## Review of Operations

The Group recorded a revenue of HK\$24,059,000 for the six months ended 30 June 2013, which represented an increase of approximately HK\$2,588,000 or 12% as compared with the same period in 2012. 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 2013 was HK\$134,106,000 whereas HK\$488,977,000 was made for the same period in 2012. The decrease in profit of HK\$354,871,000 or 73% was mainly due to the decrease in fair value gain of investment properties held by the Group's associated companies.

## Hong Kong Business

### Property

For the six months ended 30 June 2013, the average occupancy rates of the residential properties situated at Red Hill Peninsula, owned by the Group's associated company, were approximately 34%, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre owned by the Group was approximately 98%. During the period, the Group's net rental income from the associated company decreased because from May 2012, the Group has stopped leasing the residential properties at Redhill Peninsula which has been offered for sale. However, because of the Government imposition of restrictions on buyers to purchase residential properties, sales of the properties were unsatisfactory. As from April 2013 onwards, the Group and its joint venture partners has started leasing the Redhill Peninsula properties again.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Beijing Business

The Wangfujing Projects

### *Dan Yao Building (85% owned)*

During the six months ended 30 June 2013, the liquidator for Beijing Dan Yao Property Co., Ltd (“Dan Yao”) and the Real Estate Office of Beijing have signed a supplementary agreement and the liquidator for Dan Yao has paid a land grant fee of RMB21,700,000 (approximately HK\$27,468,000) to the Real Estate Office of Beijing according to the agreement. The Real Estate Office of Beijing will issue a confirmation in respect of the amount of the land grant fee received. Upon receipt of the confirmation, the remaining title of building ownership can be transferred and registered.

### *The Xidan Project (29.4% owned)*

According to the Board resolution of Beijing Jing Yuan Property Development Co., Ltd (“Jing Yuan”) : Based on the cash availability of the accounts of Jing Yuan, the sum of RMB33,580,000 (approximately HK\$42,506,000) which is equal to 50% of the total of the cash availability has been used to pay in equal proportion part of the debts due to its shareholders. As a result, the Group wholly-owned subsidiary Keen Safe Investment Limited received the sum of RMB9,834,000 (approximately HK\$12,448,000) in May 2013. However, such receipt has not been recognized in the condensed consolidated income statement as it subject to refund if Jiang Yuan makes repayment of debts not yet due within 180 days from the date of its commencement of liquidation. Accordingly, the Board considered that it would be pre-mature to write-back the provision and to recognise the income in the condensed consolidated income statement for the six months ended 30 June 2013. As at 30 June 2013, Jing Yuan has applied for liquidation but the final approval is not yet obtained.

## Assets and Charges

The total assets of the Group have increased from HK\$4,702,112,000 as at 31 December 2012 to HK\$4,844,726,000 as at 30 June 2013. Net assets of the Group have also increased from HK\$4,565,235,000, as at 31 December 2012 to HK\$4,686,793,000 as at 30 June 2013. At 30 June 2013, the investment properties of the Group in Hong Kong of HK\$807,700,000 (31 December 2012: HK\$796,100,000), 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 will consider to provide banking facilities if necessary.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Position, Liquidity and Financial Resources

The total liabilities of the Group have increased from HK\$136,877,000 as at 31 December 2012 to HK\$157,933,000 as at 30 June 2013. The Group had cash and bank balances of HK\$320,542,000 as at 30 June 2013 (31 December 2012: HK\$304,561,000). The ratio of total liabilities to total assets was approximately 3% (2012: 3%). As at 30 June 2013, the Group had no bank loans and bank overdrafts (2012: nil) and the total equity was HK\$4,686,793,000 (31 December 2012: HK\$4,565,235,000). As at 30 June 2013, the current assets of the Group amounted to HK\$510,628,000 (2012: HK\$492,548,000), which exceeded its current liabilities by HK\$467,041,000 (31 December 2012: HK\$466,633,000).

For the six months ended 30 June 2013, 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 2013, the Group, excluding associated companies, had 53 employees of which 42 were employed in Hong Kong.

In addition to basic salaries, employees in Hong Kong are provided with medical insurance and some of them are included under a defined contribution provident fund scheme and mandatory provident fund scheme. Employees in the Mainland China are provided with medical insurance, elderly insurance, loss of job insurance, injury insurance and provident fund for housing. Some of them are also provided with birth insurance.

## Prospects

On the one hand, global and regional economic development are uncertain and system risk is increasing. On the other hand, cloud computing, big data, mobile internet are showing as a symbol of the rapid development of modern technology. The Group is trying to ensure that its net assets and net cash flow are in steady growth. Adhering to the shared, interactive, open and value-added concept, the Group is committed to continuously enhancing the optimal allocation of the internal and external resources 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 2013, 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

## **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 2013 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 2013.

# 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 2013, 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)	72,441,668	5.80
Focus-Asia Holdings Limited	(4)	72,441,668	5.80

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

- (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 72,441,668 ordinary shares in the Company. Sinotrans & CSC Holdings Co., Ltd., being the holding company of Focus-Asia, is deemed to be interested in the 72,441,668 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 2013, 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 2013, 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

The Company has not redeemed any of its shares during the six months ended 30 June 2013. 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 2013.

### 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 2013.

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 2013, 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 2013, 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.

## OTHER INFORMATION

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, 27 August 2013