



# DAN FORM HOLDINGS COMPANY LIMITED

Stock Code: 271



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

Interim Report  
2014



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



## 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 Level 22, Hopewell Centre 183 Queen's Road East 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 2014

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	Note	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Revenue	3	<b>25,442</b>	24,059
Other income		<b>1,310</b>	911
Other (losses)/gains, net	4	<b>(2,415)</b>	143
Rent and rates		<b>(183)</b>	(191)
Building management fee		<b>(2,907)</b>	(2,807)
Staff costs, including directors' remuneration		<b>(8,321)</b>	(8,206)
Depreciation and amortisation		<b>(3,237)</b>	(3,098)
Repair and maintenance		<b>(536)</b>	(791)
Administrative expenses		<b>(4,789)</b>	(4,108)
Change in fair value of investment properties		<b>3,138</b>	25,727
Operating profit	5	<b>7,502</b>	31,639
Share of post-tax profits of associates	6	<b>71,083</b>	106,553
Profit before income tax		<b>78,585</b>	138,192
Income tax expenses	7	<b>(2)</b>	(4,086)
Profit for the period		<b>78,583</b>	134,106
		<b>HK cents</b>	HK cents
Earnings per share			
Basic and diluted	9	<b>6.30</b>	10.75

The notes on pages 10 to 27 are integral part of this interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2014

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	<b>78,583</b>	134,106
Other comprehensive income:		
<i>Items that may be reclassified to profit or loss in future periods</i>		
Change in fair value of available-for-sale financial assets	<b>1,981</b>	(311)
Currency translation differences	<b>(710)</b>	236
Other comprehensive income/(loss) for the period, net of tax	<b>1,271</b>	(75)
Total comprehensive income for the period	<b>79,854</b>	134,031

The notes on pages 10 to 27 are integral part of this interim financial information.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2014

		Unaudited 30 June 2014 HK\$'000	Audited 31 December 2013 HK\$'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	91,989	95,041
Investment properties	11	922,175	919,067
Land use rights		25,039	25,570
Associates	12	3,420,194	3,349,111
Available-for-sale financial assets		39,706	37,761
		<b>4,499,103</b>	4,426,550
<b>Current assets</b>			
Debtors, prepayments, deposits and other receivables	13	9,557	11,049
Amounts due from associates	12	158,603	177,144
Cash and bank balances	14	358,521	325,906
		<b>526,681</b>	514,099
<b>Total assets</b>		<b>5,025,784</b>	4,940,649
<b>EQUITY</b>			
Share capital	15	681,899	623,649
Reserves		4,187,977	4,166,373
<b>Total equity</b>		<b>4,869,876</b>	4,790,022
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		117,803	118,781
<b>Current liabilities</b>			
Creditors and accruals	16	25,672	25,166
Amounts due to associates	12	10,297	5,524
Income tax payable		2,136	1,156
		<b>38,105</b>	31,846
<b>Total liabilities</b>		<b>155,908</b>	150,627
<b>Total equity and liabilities</b>		<b>5,025,784</b>	4,940,649
<b>Net current assets</b>		<b>488,576</b>	482,253
<b>Total assets less current liabilities</b>		<b>4,987,679</b>	4,908,803

The notes on pages 10 to 27 are integral part of this interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	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

The notes on pages 10 to 27 are integral part of this interim financial information.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)**

For the six months ended 30 June 2014

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

The notes on pages 10 to 27 are integral part of this interim financial information.

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2014

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	Note	<b>2014</b>	2013
		<b>HK\$'000</b>	HK\$'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	18	<b>9,220</b>	18,797
<b>Net cash generated from operating activities</b>		<b>9,220</b>	18,797
<b>Cash flows from investing activities</b>			
Proceeds from disposals of investment properties		—	8,717
Purchases of property, plant and equipment		<b>(114)</b>	(3,865)
Purchase of land use rights		—	(344)
Interest received		<b>1,310</b>	892
Decrease in amounts due from associates		<b>23,314</b>	2,831
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired		<b>542</b>	(37,975)
Dividends received from available-for-sale financial assets		<b>1,200</b>	1,200
<b>Net cash generated from/(used in) investing activities</b>		<b>26,252</b>	(28,544)
<b>Cash flow from financing activity</b>			
Dividend paid	8	—	(12,473)
<b>Net cash used in financing activity</b>		<b>—</b>	(12,473)

The notes on pages 10 to 27 are integral part of this interim financial information.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Continued)**

For the six months ended 30 June 2014

	Note	Unaudited Six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>35,472</b>	(22,220)
<b>Cash and cash equivalents at beginning of the period</b>		<b>286,984</b>	304,561
<b>Effect of foreign exchange rate changes</b>		<b>(2,315)</b>	226
<b>Cash and cash equivalents at end of the period</b>		<b>320,141</b>	282,567
<b>Analysis of cash and cash equivalents</b>			
Cash and bank balances		<b>62,756</b>	154,795
Non-pledged time deposits with original maturity of less than three months when acquired		<b>257,385</b>	127,772
	14	<b>320,141</b>	282,567

The notes on pages 10 to 27 are integral part of this interim financial information.

## 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 29 August 2014.

The interim financial information has not been audited.

### 2 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies methods of computation, financial risk management and critical accounting estimates and judgements used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2013 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.

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 2 BASIS OF PREPARATION (continued)

The following new standards and amendments to standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation <sup>2</sup>
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations <sup>2</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>3</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2012 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2013 <sup>1</sup>

<sup>1</sup> Effective for the Group for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for the Group for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for the Group for annual periods beginning on or after 1 January 2017

<sup>4</sup> Effective date yet to be determined

The Group is in the process of assessing the impact of these standards and amendments to existing standards and, on a preliminary basis, does not expect there will be material impact on the Group's reported results 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:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Rental from investment properties	<b>18,425</b>	17,259
Estate management fees	<b>5,817</b>	5,600
Dividend income from unlisted investments	<b>1,200</b>	1,200
	<b>25,442</b>	24,059

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\$32,471,000 as at 30 June 2014 (as at 31 December 2013: HK\$33,266,000), 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 (LOSSES)/GAINS, NET

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Net exchange (losses)/gains	(2,315)	226
Loss on disposal of an investment property	—	(83)
Loss on disposal of property, plant and equipment	(111)	—
Others	11	—
	<b>(2,415)</b>	143

## 5 OPERATING PROFIT

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Operating profit is arrived at after charging: Outgoings of investment properties	<b>3,389</b>	3,762

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 6 SHARE OF PROFITS OF ASSOCIATES

Share of profits of associates include the following:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Change in fair value investment properties (Note)	<b>71,000</b>	101,622
Taxation	<b>(11,715)</b>	(16,768)

Note:

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

## 7 INCOME TAX EXPENSES

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong	<b>980</b>	720
Deferred income tax	<b>(978)</b>	3,366
	<b>2</b>	4,086

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 8 DIVIDENDS

	Unaudited Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Interim dividend of HK\$nil (2013: HK\$ nil) per ordinary share	—	—

Note:

The board of directors do not recommend the payment of interim dividend for the period ended 30 June 2014 (2013: nil). A final dividend of HK\$12,473,000 that relates to the period to 31 December 2012 was paid on 18 June 2013.

## 9 EARNINGS PER SHARE(UNAUDITED)

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK\$78,583,000 (2013: HK\$134,106,000) and 1,247,298,945 (2013: 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

	2014 HK\$'000	2013 HK\$'000
Net book value at 1 January (Audited)	<b>95,041</b>	92,164
Additions	<b>114</b>	3,865
Disposals	<b>(111)</b>	—
Transfer from deposit for acquisition of a property	—	39,531
Exchange realignment	<b>(53)</b>	20
Depreciation	<b>(3,002)</b>	(2,925)
Net book value at 30 June (Unaudited)	<b>91,989</b>	132,655

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 11 INVESTMENT PROPERTIES

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Net book value at 1 January (Audited)	<b>919,067</b>	845,963
Disposal	—	(8,800)
Change in fair value	<b>3,138</b>	25,727
Exchange realignment	<b>(30)</b>	68
Net book value at 30 June (Unaudited)	<b>922,175</b>	862,958

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

## Fair value hierarchy

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

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

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

## 11 INVESTMENT PROPERTIES (continued)

### Valuation processes of the Group

The Group's investment properties were valued at 30 June 2014 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For the investment properties, its current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the financial controller (FC) and the audit committee. Discussions of valuation processes and results are held between the FC, the valuation team and valuers at least once every six months, in line with the group's interim and annual reporting dates. As at 30 June 2014, the fair values of the properties have been determined by DTZ Debenham Tie Leung Limited.

At each financial period end the finance department:

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

### Valuation technique

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

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

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 12 ASSOCIATES

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Share of net assets	<b>3,420,194</b>	3,349,111
Amounts due from associates	<b>255,909</b>	274,450
Less: provisions	<b>(97,306)</b>	(97,306)
	<b>158,603</b>	177,144
Amounts due to associates	<b>10,297</b>	5,524

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

## 13 DEBTORS, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Trade debtors	<b>2,217</b>	2,590
Other debtors	<b>5,980</b>	5,420
Prepayments and deposits	<b>1,360</b>	3,039
	<b>9,557</b>	11,049

## NOTES TO THE INTERIM FINANCIAL INFORMATION

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

Trade debtors represent rental income and estate management fees receivables and are receivable on presentation of invoices. The ageing of these trade debtors of the Group, net of provisions and in accordance with the dates of the invoices, is as follows:

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Within 30 days	<b>2,123</b>	2,493
31 to 60 days	<b>53</b>	55
61 to 90 days	<b>—</b>	1
Over 90 days	<b>41</b>	41
	<b>2,217</b>	2,590

### 14 CASH AND BANK BALANCES

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Non-pledged time deposits with original maturity of over three months	<b>38,380</b>	38,922
Cash and cash equivalents:		
Cash at bank and in hand	<b>62,756</b>	90,377
Short term bank deposits with original maturity within 3 months	<b>257,385</b>	196,607
	<b>320,141</b>	286,984
Total	<b>358,521</b>	325,906

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 15 SHARE CAPITAL

	(Unaudited) 30 June 2014		(Audited) 31 December 2013	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised: (Note a) Ordinary shares of HK\$0.50 each (Note b)	—	—	1,600,000,000	800,000
Issued and fully paid: At 1 January (Audited)	<b>1,247,298,945</b>	<b>623,649</b>	1,247,298,945	623,649
Transition to no-par value regime on 3 March 2014 (Note c)	—	<b>58,250</b>	—	—
At 30 June (Unaudited)	<b>1,247,298,945</b>	<b>681,899</b>	1,247,298,945	623,649

Note:

- (a) Under Hong Kong Companies Ordinance (Cap. 622) which came into operation on 3 March 2014, the concept of authorised share capital no longer exists.
- (b) In accordance with Section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the member as a result of transition.
- (c) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap.622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 16 CREDITORS AND ACCRUALS

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Trade creditors	<b>79</b>	326
Other creditors	<b>18,437</b>	18,066
Accrued operating expenses	<b>7,156</b>	6,774
	<b>25,672</b>	25,166

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

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Within 30 days	<b>79</b>	326

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 17 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 six months ended 30 June 2014, a further debt of HK\$30,000 was settled, resulting the sum of HK\$30,000 was transferred from the special capital reserve to retained profits, and therefore the sum of HK\$633,000 is remained in the special capital reserve not available for distribution.

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

## NOTES TO THE 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	
	2014	2013
	HK\$'000	HK\$'000
Operating profit	7,502	31,639
Depreciation and amortisation	3,237	3,098
Net exchange losses/(gains)	2,315	(226)
Loss on disposal of property, plant and equipment	111	—
Loss on disposal of investment properties	—	83
Change in fair value of investment properties	(3,138)	(25,727)
Dividend income	(1,200)	(1,200)
Interest income	(1,310)	(892)
Operating profit before working capital changes	7,517	6,775
Decrease/(increase) in debtors, prepayments, deposits and other receivables	1,197	(2,270)
Increase in creditors and accruals	506	14,292
Net cash generated from operations	9,220	18,797

## NOTES TO THE INTERIM FINANCIAL INFORMATION

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

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Net book amount	<b>111</b>	—
Loss on disposal of property, plant and equipment	<b>(111)</b>	—
Proceeds from disposal of property, plant and equipment	—	—

In the statement of cash flows, proceeds from sale of investment properties comprise:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Net book amount	—	8,800
Loss on disposal of investment properties	—	(83)
Proceeds from disposal of investment properties	—	8,717

## 19 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

The following represents the group's financial assets that are measured at fair value at 30 June 2014. See note 11 for disclosure of the investment properties that are measured at fair value.

At 30 June 2014, the Group's assets measured at fair value are available-for-sale instruments, of which HK\$8,062,000 (31 December 2013: HK\$8,098,000) represents Level 2 instruments and HK\$31,644,000 (31 December 2013: HK\$29,663,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the period ended 30 June 2014 was HK\$1,981,000 (31 December 2013: fair value gain of HK\$1,709,000).

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.

## NOTES TO THE INTERIM FINANCIAL INFORMATION

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

Specific valuation techniques used to value financial instruments include:

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

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

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

### 20 COMMITMENTS

#### Operating lease rental receivables

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment properties are receivable in the following periods:

	<b>Unaudited 30 June 2014 HK\$'000</b>	Audited 31 December 2013 HK\$'000
Within one year	<b>29,766</b>	28,414
Between one to five years	<b>37,270</b>	46,214
	<b>67,036</b>	74,628

## NOTES TO THE INTERIM FINANCIAL INFORMATION

## 21 RELATED PARTY TRANSACTIONS

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Estate management fee income from associates	<b>3,397</b>	3,166

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30 June 2014 (2013: HK\$ nil).

### Review of Operations

The Group recorded a revenue of HK\$25,442,000 for the six months ended 30 June 2014, which represented an increase of approximately HK\$1,383,000 or 6% as compared with the same period in 2013. 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 2014 was HK\$78,583,000 whereas HK\$134,106,000 was made for the same period in 2013. The decrease in profit of HK\$55,523,000 or 41% was mainly due to the decrease in fair value gain of investment properties held by the Group and its associates.

### Hong Kong Business

#### *Property*

For the six months ended 30 June 2014, the Group's commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99% and the properties rental income was performed satisfactory. The Group's residential properties situated at Red Hill Peninsula held by an associate (33.33% owned) recorded an average occupancy level of approximately 28%. 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 (33.33% owned) recorded an average occupancy level of approximately 88% and the properties have been improving in leasing out.

### Beijing Business

#### *The Wangfujing Projects*

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

During the first half of the year 2014, the purchaser of Dan Yao Building has applied for the Certificate for the Use of State-Owned Land, and if the transfer is completed, the purchaser will pay the remaining balance.

Due to the fact that Dan Yao project has been dragged on for a long time, and the registration processes being carried out by the Real State Office of Beijing have also been overdue, the date of completion of the liquidation of Beijing Dan Yao Property Co. Ltd is still uncertain.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

During the first half of the year 2014, according to the board of directors' resolution, Beijing Jing Yuan Property Development Co., Ltd ("Jing Yuan") will be liquidated, and in the meantime, its assets will be activated, and part of the property at the 8th Floor of the building located at No. 1, Hua Yuan North Street was leased out, and part of its debts due were settled.

In the second half of the year 2014, as all the property developments of Jing Yuan have been completed, we will try to liquidate the company as soon as possible.

## ASSETS AND CHARGES

The total assets of the Group have increased from HK\$4,940,649,000 as at 31 December 2013 to HK\$5,025,784,000 as at 30 June 2014. Net assets of the Group have also increased from HK\$4,790,022,000, as at 31 December 2013 to HK\$4,869,876,000 as at 30 June 2014. At 30 June 2014, the investment properties of the Group in Hong Kong of HK\$836,400,000 (31 December 2013: HK\$833,300,000), 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.

## FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK\$150,627,000 as at 31 December 2013 to HK\$155,908,000 as at 30 June 2014. The Group had cash and bank balances of HK\$358,521,000 as at 30 June 2014 (31 December 2013: HK\$325,906,000). The ratio of total liabilities to total assets was approximately 3% (2013: 3%). As at 30 June 2014, the Group had no bank loans and bank overdrafts (2013: nil) and the total equity was HK\$4,869,876,000 (31 December 2013: HK\$4,790,022,000). As at 30 June 2014, the current assets of the Group amounted to HK\$526,681,000 (31 December 2013: HK\$514,099,000), which exceeded its current liabilities by HK\$488,576,000 (31 December 2013: HK\$482,253,000).

For the six months ended 30 June 2014, 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 2014, the Group, excluding associates, had 54 employees of which 42 were employed in Hong Kong.

## MANAGEMENT DISCUSSION AND ANALYSIS

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, the road for global economic recovery is still a long way to go. On the other hand, improvement in technology and innovation in business models are not yet well developed. Hong Kong economy is facing various uncertainty. The Group is continuing to follow its predetermined strategy and its principle of prudent financial management. On top of its sound foundation of its core business, the Group is now pursuing a new innovative golf business. The Group also tries to improve its assets structure, enhance its assets intrinsic value and expand its assets size so as to improve its assets liquidity.

## 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 2014, 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.

#### 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.

## DISCLOSURE OF INTERESTS

At no time during the six months ended 30 June 2014 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 2014.

## 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 2014, 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
JONG Yat Kit	(4)	287,989,566	23.09
LAM Hok Chung Rainier	(4)	287,989,566	23.09
YU Sai Hung	(4)	287,989,566	23.09
Sinotrans & CSC Holdings Co., Ltd.	(5)	72,441,668	5.80
Focus-Asia Holdings Limited	(5)	72,441,668	5.80

## DISCLOSURE OF INTERESTS

## 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) Greenwood is administrated by Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung, as joint and several administrators of the Estate of Kung, Nina. Thus, each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is deemed to be interested in the same parcel of shares. Each of Mr. JONG, Yat Kit, Mr. LAM, Hok Chung Rainier and Mr. YU, Sai Hung is a trustee of the Estate of Nina Kung, also known as Nina T H Wang.
- (5) 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.

## DISCLOSURE OF INTERESTS

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

As at 30 June 2014, 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 2014, 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 2014. 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 2014.

### **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 2014.

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 2014, 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 2014, except for the following deviations:

## OTHER INFORMATION

### 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.

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

Hong Kong, 29 August 2014