



DAN FORM HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2006

The Board of Directors of Dan Form Holdings Company Limited (the “Company”) is pleased to announce that the results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2006 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006

	Note	2006 HK\$'000	2005 HK\$'000
Turnover	2	28,984	32,564
Cost of sales		<u>(10,291)</u>	<u>(9,896)</u>
Gross profit		18,693	22,668
Other income		30,533	8,679
Administrative expenses		(17,423)	(17,782)
Change in fair value of investment properties		31,627	60,900
Write back of provision for properties for sale		<u>2,067</u>	<u>14,041</u>
Operating profit	3	65,497	88,506
Finance costs		(5,542)	(6,643)
Share of (losses)/profits of associated companies		<u>(1,044)</u>	<u>114,578</u>
Profit before taxation		58,911	196,441
Taxation	4	<u>(6,018)</u>	<u>(18,568)</u>
Profit for the year attributable to equity holders		<u>52,893</u>	<u>177,873</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	5	<u>4.7</u>	<u>15.7</u>

CONSOLIDATED BALANCE SHEET
AS AT 31ST DECEMBER 2006

	Note	2006 HK\$'000	2005 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		501	256
Investment properties		446,897	415,270
Prepayments of leasehold land		325	328
Associated companies		1,040,500	990,861
Available-for-sale financial assets		<u>39,384</u>	<u>37,477</u>
		1,527,607	1,444,192
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Current assets			
Properties for sale		222,613	213,501
Investment for sale		55,416	128,913
Debtors and prepayments	6	30,806	23,644
Amounts due from associated companies		284,374	357,309
Taxation recoverable		336	—
Cash and bank balances		96,394	16,727
		689,939	740,094
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Total assets		<u>2,217,546</u>	<u>2,184,286</u>
EQUITY			
Share capital		567,803	567,803
Reserves		<u>1,307,443</u>	<u>1,255,634</u>
Total equity		1,875,246	1,823,437
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LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		54,900	48,937
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Current liabilities			
Creditors and accruals	7	222,978	203,887
Amounts due to associated companies		5,947	12,417
Bank loans and overdrafts		52,376	89,689
Taxation payable		6,099	5,919
		287,400	311,912
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Total liabilities		<u>342,300</u>	<u>360,849</u>
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Total equity and liabilities		<u>2,217,546</u>	<u>2,184,286</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2006

	Share capital <i>HK\$'000</i>	Reserves <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2005	567,803	1,075,493	1,643,296
Changes in exchange rates	—	(1,189)	(1,189)
Change in fair value of available-for-sale financial assets	—	3,457	3,457
Profit for the year	<u>—</u>	<u>177,873</u>	<u>177,873</u>
As 31st December 2005	567,803	1,255,634	1,823,437
Changes in exchange rates	—	(2,991)	(2,991)
Change in fair value of available-for-sale financial assets	—	1,907	1,907
Profit for the year	<u>—</u>	<u>52,893</u>	<u>52,893</u>
At 31st December 2006	<u>567,803</u>	<u>1,307,443</u>	<u>1,875,246</u>

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention as modified by the revaluation of certain properties, available-for-sale financial assets and investment for sale, which are carried at fair values.

In 2006, the Company adopted the new and revised HKFRS which are effective for accounting period commencing on or after 1st January 2006 and relevant to the operations of the Company. However, the adoption of these standards does not have any material effect on the accounting policies of the Group.

There are also certain new standards, amendments and interpretations to existing standards which have been published that are mandatory for accounting periods beginning on or after 1st January 2007 or later periods but which the Company has not early adopted. The Group has assessed the impact of these new standards and considers that they would not have any significant impact on the results of operations and financial position of the Group.

2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in property development, property investment, estate management and holding of investments. The Group reports its primary segment information by business segments and secondary segment information by geographical segments:

(a) Business segments

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31st December 2006						
Turnover	<u>3,213</u>	<u>19,222</u>	<u>5,492</u>	<u>1,057</u>		<u>28,984</u>
Operating profit	<u>3,874</u>	<u>43,341</u>	<u>5,775</u>	<u>28,041</u>	(15,534)	65,497
Finance costs						(5,542)
Share of (losses)/profits of associated companies	(50,684)	49,640	—	—		<u>(1,044)</u>
Profit before taxation						58,911
Taxation						<u>(6,018)</u>
Profit for the year						<u>52,893</u>

Year ended 31st December 2005						
Turnover	—	26,929	4,808	827		32,564
Operating profit	12,637	77,494	4,163	10,428	(16,216)	88,506
Finance costs						(6,643)
Share of profits/(losses) of associated companies	(39,166)	153,744	—	—		114,578
Profit before taxation						196,441
Taxation						(18,568)
Profit for the year						177,873

(b) Geographical segments

	2006		2005	
	Turnover HK\$'000	Segment results HK\$'000	Turnover HK\$'000	Segment results HK\$'000
Hong Kong	25,350	35,740	28,734	67,244
Mainland China	3,634	29,757	3,830	21,262
	<u>28,984</u>	<u>65,497</u>	<u>32,564</u>	<u>88,506</u>

3. OPERATING PROFIT

Operating profit is arrived at after crediting and charging:

	2006 HK\$'000	2005 HK\$'000
Crediting:		
Write back of provision for amount due from minority shareholder of a former subsidiary	20,888	—
Write back of provision for other debtors	895	—
Charging:		
Depreciation and amortisation	136	362
Staff costs, including Directors' remuneration	<u>10,712</u>	<u>10,752</u>

4. TAXATION

	2006 HK\$'000	2005 HK\$'000
Current		
Hong Kong profits tax	55	352
Mainland China	—	8,487
Deferred	<u>5,963</u>	<u>9,729</u>
	<u>6,018</u>	<u>18,568</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the year. Taxation on profits generated in Mainland China has been provided at the prevailing rates applicable to those subsidiaries which operate in Mainland China.

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of HK\$52,893,000 (2005: HK\$177,873,000) and 1,135,606,132 (2005: 1,135,606,132) shares in issue during the year. The diluted earnings per share equals to the basic earnings per share since there are no dilutive potential shares in issue during both years.

6. DEBTORS AND PREPAYMENTS

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Trade debtors	6,521	4,733
Other debtors	8,720	12,382
Prepayments and deposits	<u>15,565</u>	<u>6,529</u>
	<u>30,806</u>	<u>23,644</u>

Trade debtors represent rental charges and estate management fees due from tenants which are payable on presentation of invoices. The ageing analysis of the trade debtors of the Group is as follows:

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 30 days	986	1,434
31 to 60 days	912	354
61 to 90 days	279	194
Over 90 days	<u>4,344</u>	<u>2,751</u>
	<u>6,521</u>	<u>4,733</u>

7. CREDITORS AND ACCRUALS

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Trade creditors	48,830	48,010
Other creditors	160,391	146,809
Accrued operating expenses	<u>13,757</u>	<u>9,068</u>
	<u>222,978</u>	<u>203,887</u>

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

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Within 30 days	479	448
31 to 60 days	—	247
61 to 90 days	—	326
Over 90 days	<u>48,351</u>	<u>46,989</u>
	<u>48,830</u>	<u>48,010</u>

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st December 2006 (2005: Nil).

RESULTS

The Group recorded a turnover of HK\$28,984,000 for the year ended 31st December 2006, which represented a decrease of approximately HK\$3,580,000 or 11% as compared with last year. The decrease in turnover was mainly due to the decrease in rental income from Hong Kong.

The Group's profit attributable to equity holders in this year was HK\$52,893,000, as compared to HK\$177,873,000 in last year. The decrease in profit of this year was mainly due to comparatively less increase in fair value of investment properties, and properties held by the associated companies of the Company, coupled with increase in loss of an associated company of the Company. The decrease is partly offset by the recovery of the amount due from a minority shareholder of a former subsidiary during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operation

Hong Kong Business

Property

The Group's residential properties situated at Red Hill Peninsula (33.33% owned) and South Horizons recorded average occupancy levels of approximately 68% and 94% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 68%. During the year, the Group's net rental income from property leasing was more or less the same when compared with that in the last year.

Beijing Business

The Wangfujing Project

Lot F1 (25.5% owned)

As requested by the Beijing Municipal Bureau of Commerce on approving the sale and purchase agreement, the Group's wholly-owned subsidiary Turbo Dragon Limited ("Turbo Dragon") entered into a supplementary sale and purchase agreement with China Yintai Investment Company Limited ("China Yintai") on 8th February 2006. According to the contents of the relevant sale and purchase agreements, Turbo Dragon would sell its 61.1% interest in Beijing Lucky Building Company Limited ("Beijing Lucky") to China Yintai for a total consideration of RMB134,070,000 (approximately HK\$130,821,000) and the accrued interest of RMB12,225,000 (approximately HK\$11,982,000).

Turbo Dragon received a deposit of RMB25,000,000 (approximately HK\$24,038,000) from China Yintai on 9th May 2004. For the year ended 31st December 2006, Turbo Dragon have received a total of four instalments of consideration and the accrued interest from China Yintai representing 50.6% shareholding of Beijing Lucky, of which the three instalments representing 35.6% shareholding has been transferred to China Yintai before the year end and the balance of 15% shareholding has been transferred to China Yintai after the year end. The first instalment of RMB10,000,000 (approximately HK\$9,615,000) together with the accrued interest and penalty of approximately RMB975,000 (approximately HK\$937,000) were received on 27th February 2006; the second instalment of RMB10,000,000 (approximately HK\$9,615,000) together with the accrued interest of approximately RMB903,000 (approximately HK\$868,000) were received on 9th May 2006; the third instalment of RMB33,100,000 (approximately HK\$32,136,000) together with the accrued interest of approximately RMB3,558,000 (approximately HK\$3,455,000) were received on 4th August 2006; the fourth instalment of RMB33,100,000 (approximately HK\$32,772,000) together with the accrued interest of approximately RMB3,833,000 (approximately HK\$3,795,000) were received on 6th November 2006. The remaining sale consideration of RMB22,870,000 (approximately HK\$22,644,000) together with the accrued interest and the penalty of approximately RMB2,956,000 (approximately HK\$2,927,000) were also received on 9th February 2007. The interest of the Group in Beijing Lucky has been transferred in stages in proportion to the actual amount received from China Yintai.

In addition, on 20th July 2006, Turbo Dragon also entered into a supplemental agreement with Beijing Energy Investment Holdings Company Ltd. ("Beijing Energy") and on 27th July 2006, Turbo Dragon also entered into an assignment of debt with China Yintai, in which Turbo Dragon assigned the debt to China Yintai relating to its advance to Beijing Energy at a consideration of RMB21,504,000 (approximately HK\$20,877,000). Turbo Dragon has received the amount of RMB21,504,000 (approximately HK\$20,877,000) relating to the assignment of debt and the accrued interest and penalty of approximately RMB11,000 (approximately HK\$11,000) on 8th September 2006.

Dan Yao Building (85% owned)

Since the defaults in repayment of the debts due are not caused by and under the control of Beijing Dan Yao Property Company Limited (“Dan Yao”), and in order to deal with this matter in an open and fair manner, the Company has applied for the liquidation of Dan Yao so as to protect the legitimate rights of the creditors of Dan Yao, including the debt due to the Group. The Second Intermediate People’s Court of Beijing Municipality (the “PRC Court”) has convened the first creditors’ meeting following the application of liquidation of Dan Yao on 28th September 2006. Currently, the examination of the application of the liquidation of Dan Yao is still in progress and the PRC Court has not yet made a decision on whether or not to grant an order for the liquidation of Dan Yao. If the PRC Court grants an order for the liquidation of Dan Yao, the PRC Court will form a liquidation team and will entirely take over the management of Dan Yao.

The assets of Dan Yao are placed in the custody of the PRC Court. The operations of the shopping mall of Dan Yao Building are basically stable. For the year ended 31st December 2006, the rental income of Dan Yao was RMB3,484,000 (approximately HK\$3,383,000), while the rental expenses (excluding finance expenses and non-recurring expenses) were approximately RMB3,587,000 (approximately HK\$3,483,000).

Dan Yao will be committed to maintain the stability and safety in the operations of the building.

The Xidan Project (29.4% owned)

During the year of 2006, ruled by the China International Economic and Trade Arbitration Commission which was in favor of Beijing Jing Yuan Property Development Co., Ltd. (“Jing Yuan”), the dispute between Jing Yuan and China Telecom Group Beijing Telecom Co., Ltd. in respect of the sale value of the building located at Lot No. 1 was resolved, and the remaining outstanding amount of RMB37,504,000 (approximately HK\$37,133,000) according to the sale and purchase agreement has been received. Regarding the separation of real estate certificates for commercial units in respect of the building located at Lot No. 2, two out of sixteen units have been completed, while for individual business units, fifteen out of twenty-six units have also been completed. According to the sale and purchase agreement of the land located at Lot No. 4, Jing Yuan has received RMB1,110,000,000 (approximately HK\$1,049,075,000) out of the sales of RMB1,220,000,000 (approximately HK\$1,150,943,000), whereas the remaining outstanding amount of RMB110,000,000 (approximately HK\$108,911,000) which is entitled to be received on or before 31st December 2006 has not yet been received. As mentioned in the sale and purchase agreement of the building located at Lot No. 5, RMB30,000,000 (approximately HK\$29,703,000) out of the remaining outstanding of RMB69,244,000 (approximately HK\$68,558,000) has been received. The final stage for the development of the building located at Lot No. 9 is nearly completed, and the facilities installed for the building, including maintenance works, have been tested for several times. The marketing of the building is still in progress. A preliminary agreement of assignment of land at Lot No. 10 has been entered with Beijing Yonganxingye Property Development Co., Ltd. (“Yonganxingye”). The intended price for the sale of land is RMB110,000,000 (approximately HK\$108,911,000) and RMB15,000,000 (approximately HK\$14,851,000) has been received as deposit and the transfer of title is in process.

In the year 2007, it is expected that the separation of real estate certificates for the commercial and individual business units of the project at Lot No. 2 will be carried on. As stipulated in the sale and purchase agreement of the land at Lot No. 4, it is expected that the total remaining outstanding amount of RMB110,000,000 (approximately HK\$108,911,000) will be received. The outstanding amount of RMB39,244,000 (approximately HK\$38,855,000) for Lot No. 5 as stated in the sale and purchase agreement of the property will be received. The marketing of the building at Lot No. 9 will be carried on. The assignment of land at Lot No. 10 to Yonganxingye is in process and will be implemented according to the agreement of assignment. The balance of the sale consideration of the assignment of RMB95,000,000 (approximately HK\$94,059,000) will be collected.

GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have increased from HK\$2,184,286,000 in last year to HK\$2,217,546,000 in this year. The net assets of the Group have also increased from HK\$1,823,437,000 to HK\$1,875,246,000. The amount of the bank borrowings of the Group, on which the property assets are pledged, has decreased from HK\$89,689,000 in last year to HK\$52,376,000 in the current year.

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have decreased from HK\$360,849,000 as at 31st December 2005 to HK\$342,300,000 as at 31st December 2006. The Group had cash and bank balances of HK\$96,394,000 as at 31st December 2006 (2005: HK\$16,727,000). The ratio of total liabilities to total assets was approximately 15% (2005: 16%). As at 31st December 2006, the aggregated amount of bank loans was HK\$52,376,000 (2005: HK\$89,689,000) which are repayable on demand and the amount of total equity was HK\$1,875,246,000 (2005: HK\$1,823,437,000), and therefore the capital gearing ratio was 3% (2005: 5%).

As at 31st December 2006, the current assets of the Group, amounting to HK\$689,939,000 (2005: HK\$740,094,000), exceeded its current liabilities by HK\$402,539,000 (2005: HK\$428,182,000). Given that Dan Yao has been in the application for liquidation as explained above and no further payments except for a small amount of liquidation expenses are required for Dan Yao, the other operations of the Group can generate sufficient cash flows to meet its requirements.

For the year ended 31st December 2006, the Group has no exposure to fluctuation in exchange rates and related hedges and there were no contingent liabilities.

EMPLOYEES

As at 31st December 2006, the Group, excluding associated companies, employed 51 people of which 39 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.

PROSPECTS

Basically, the adjustment of the business strategy of the Group was nearly completed in the last two years. The structure and the liquidity of the Group's assets have also been improved. The Group's capabilities of risk minimization and opportunity maximization have also been enhanced. As a result, the Group would establish a foundation to integrate such capacities into the globalised and highly-technical economic trends.

The Group will also be beware of the situation and environment and will actively and reliably seek for its development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Group's and Company's shares during the year.

AUDIT COMMITTEE

The Audit Committee comprises of three independent non-executive Directors, Mr. Jesse Nai Chau Leung, Mr. Xiang Bing and Mr. Edward Shen. During the year, the Audit Committee has discussed the financial reporting matters with management, including the review of the financial reporting process of the Group, the adequacy and effectiveness of the Group's systems of internal control, and the interim and annual financial statements of the Group.

The annual results of the Group for the year ended 31st December 2006 have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company applied the principles and complied with all requirements set out in the Code on Corporate Governance Practices, contained in Appendix 14 of the Main Board Listing Rules, except with a deviation from code provision A.2.1 due to the fact that, currently the Group is still adjusting its business structure and strategy and therefore, at present the Group has no separation of the role of the chairman and chief executive. Mr. Dai Xiaoming is still responsible for the roles of chairman and chief executive.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2006 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the financial statements of the Company for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting of the shareholders of the Company will be held at Meeting Room 608, Level 6, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Tuesday 29th May 2007 at 9:30 a.m. and the Notice of Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules of the Stock Exchange in due course.

By Order of the Board
Dai Xiaoming
Chairman

Hong Kong, 19th April 2007

As at the date hereof, the Board of Directors of the Company comprises of five Directors, of which two are Executive Directors, namely Mr. Dai Xiaoming and Mr. Kenneth Hiu King Kon; and three are independent Non-Executive Directors, namely Mr. Jesse Nai Chau Leung, Mr. Xiang Bing and Mr. Edward Shen.

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

All the information required by paragraphs 45(1) to 45(8) inclusive of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the website of the Stock Exchange in due course.

*"Please also refer to the published version of this announcement in **The Standard**."*