



## DAN FORM HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code : 271)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors of Dan Form Holdings Company Limited (the "Company") is pleased to announce the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 as follows:

#### CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenue	3	35,070	34,058
Other income		1,166	4,588
Other (losses)/gains, net	4	(344)	7,236
Rent and rates		(2,937)	(3,266)
Building management fees		(4,750)	(3,977)
Staff costs, including directors' remuneration		(14,248)	(13,326)
Depreciation and amortization		(990)	(383)
Repairs and maintenance		(4,880)	(2,017)
Administrative expenses		(5,447)	(5,530)
Change in fair value of investment properties		11,028	(17,443)
Operating profit/(loss)	5	13,668	(60)
Share of profits/(losses) of associated companies	6	423,937	(55,388)
Profit/(loss) before taxation		437,605	(55,448)
Taxation (charge)/credit	7	(1,945)	5,765
Profit/(loss) for the year		435,660	(49,683)
		<b>HK cents</b>	<b>HK cents</b>
Earnings/(loss) per share			
Basic and diluted	8	36.7	(4.0)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2009*

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Profit/(loss) for the year	<b>435,660</b>	(49,683)
Other comprehensive income/(loss)		
Change in fair value of available-for-sale financial assets	<b>6,087</b>	(27,802)
Exchange differences	-	401
	<hr/>	<hr/>
Other comprehensive income/(loss) for the year, net of tax	<b>6,087</b>	(27,401)
	<hr/>	<hr/>
Total comprehensive income/(loss) for the year	<b>441,747</b>	(77,084)
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**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2009

	Note	2009 HK\$'000	2008 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		50,160	3,598
Investment properties		558,156	519,941
Leasehold land		3,869	4,248
Associated companies		1,645,900	1,281,975
Available-for-sale financial assets		29,262	23,175
		<u>2,287,347</u>	<u>1,832,937</u>
<b>Current assets</b>			
Debtors, prepayments and deposits	9	12,687	12,598
Amounts due from associated companies		244,019	204,081
Taxation recoverable		-	2
Cash and bank balances		157,862	205,565
		<u>414,568</u>	<u>422,246</u>
<b>Total assets</b>		<u>2,701,915</u>	<u>2,255,183</u>
<b>EQUITY</b>			
Share capital		623,649	567,803
Reserves		1,983,058	1,597,742
<b>Total equity</b>		<u>2,606,707</u>	<u>2,165,545</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred taxation liabilities		63,798	62,334
<b>Current liabilities</b>			
Creditors and accruals	10	18,629	17,224
Amounts due to associated companies		12,383	9,868
Taxation payable		398	212
		<u>31,410</u>	<u>27,304</u>
<b>Total liabilities</b>		<u>95,208</u>	<u>89,638</u>
<b>Total equity and liabilities</b>		<u>2,701,915</u>	<u>2,255,183</u>
<b>Net current assets</b>		<u>383,158</u>	<u>394,942</u>
<b>Total assets less current liabilities</b>		<u>2,670,505</u>	<u>2,227,879</u>

Notes:

## 1. BASIS OF PREPARATION

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 December 2008.

In 2009, the Group adopted the following new, revised and amendments of HKFRS, which are mandatory of accounting periods beginning on or after 1 January 2009 and are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7 (Amendment)	Financial Instruments Disclosures
HKFRS 8	Operating Segments
HKICPA's improvements to certain HKFRS published in October 2008	
- HKAS 1 (Amendment)	Presentation of Financial Statements
- HKAS 8 (Amendment)	Accounting Policies, Changes in Accounting Estimates and Errors
- HKAS 10 (Amendment)	Events after the Reporting Period
- HKAS 16 (Amendment)	Property, Plant and Equipment
- HKAS 18 (Amendment)	Revenue
- HKAS 19 (Amendment)	Employee Benefits
- HKAS 23 (Amendment)	Borrowing costs
- HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
- HKAS 28 (Amendment)	Investments in Associates
- HKAS 34 (Amendment)	Interim Financial Reporting
- HKAS 36 (Amendment)	Impairment of Assets
- HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
- HKAS 40 (Amendment)	Investment Property
- HKFRS 7 (Amendment)	Financial Instruments: Disclosures
- HK-Int 4 (Amendment)	Determination of the Length of Lease Term in respect of Hong Kong Land Leases

In addition, the Group has early adopted HKAS 17 (Amendment) Leases, which is mandatory for accounting period beginning on and after 1 January 2010.

The Group has assessed the impact of the adoption of these new standards, amendments and interpretation and consider that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except for the following:

- (i) presentation of the consolidated statement of comprehensive income as required under HKAS 1 (Revised);
- (ii) change in the presentation of the segment information as required under HKFRS 8; and
- (iii) HKAS 17 (Amendment) requires the Group to reassess the classification of leasehold land as finance or operating leases. Certain property leases were therefore reclassified from operating leases to finance leases with the adoption of the amendment as of 1 January 2009 and the related assets were reclassified from leasehold land to property, plant and equipment in the financial statements. As the resulting impact from this change in reclassification is insignificant, no retrospective adjustment was made to 2008 comparatives in the financial statements.

The following new and revised standards, amendments and interpretations are effective for the accounting periods of the Group beginning on and after 1 January 2010 and are relevant to its operations and have not early adopted by the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will result.

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 7 (Amendment)	Statement of Cash Flows
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 (Amendment)	Operating Segments
HKFRS 9	Financial Instruments
HK(IFRIC) – Int 17	Distributions on Non-cash Assets to Owners

## 2. PRESENTATION OF INCOME STATEMENT

The Directors continually review the contents and presentation of the financial statements to ensure compliance with relevant accounting standards and regulations and also to consider their relevance and usefulness to readers. As a result of this ongoing review the Directors have changed the format of the consolidated income statement from the function format to the "nature of expense" format. Comparative data has been represented. The Directors believe this revised presentation will provide users of the financial statements with a better understanding of the Group's business. The "nature of expense" presentation is also more consistent with that of our major competitors and is more closely aligned with the way management reviews performance internally.

## 3. REVENUE AND SEGMENT INFORMATION

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

	2009 HK\$'000	2008 HK\$'000
Rental from investment properties	24,168	21,469
Estate management fees	9,852	9,964
Dividend from unlisted investments	1,050	2,625
	<u>35,070</u>	<u>34,058</u>

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors regards the Group's business and reviews the internal report as a single operating segment, which is property rental and estate management and reviews financial information accordingly. Therefore, no segment analysis of the Group's revenue and contribution to operating profit is presented.

## 4. OTHER (LOSSES)/GAINS, NET

	2009 HK\$'000	2008 HK\$'000
Net exchange (losses)/gains	(344)	7,058
Gain on disposal of property, plant and equipment	-	178
	<u>(344)</u>	<u>7,236</u>

5. **OPERATING PROFIT/(LOSS)**

	2009 HK\$'000	2008 HK\$'000
Operating profit/(loss) is arrived at after crediting:		
Interest income	1,027	3,993
Write-back of provision for trade and other debtors	86	74
	<u>          </u>	<u>          </u>
and after charging:		
Direct operating expenses of investment properties that generate rental income	8,230	5,498
Direct operating expenses of investment properties that did not generate rental income	2,170	1,958
Operating lease rentals for land and buildings	2,272	2,514
Auditors' remuneration		
Audit services	950	950
Non-audit services	73	73
	<u>          </u>	<u>          </u>

6. **SHARE OF PROFITS/(LOSSES) OF ASSOCIATED COMPANIES**

Share of profits/(losses) of associated companies include the following:

	2009 HK\$'000	2008 HK\$'000
Change in fair value of investment properties (Note)	473,850	(115,756)
Taxation (charge)/credit	(83,715)	29,010
	<u>          </u>	<u>          </u>

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.

7. **TAXATION**

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Taxation on profits generated in Mainland China has been provided at the rate of taxation prevailing in Mainland China.

The amount of income tax charged/(credited) to the consolidated income statement represents:

	2009 HK\$'000	2008 HK\$'000
Current income tax		
Hong Kong	353	351
Mainland China	128	-
Deferred income tax	1,464	(6,116)
	<u>          </u>	<u>          </u>
	<u>1,945</u>	<u>(5,765)</u>

## 8. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share for the year is based on the following:

	2009 HK\$'000	2008 HK\$'000
Profit/(loss) attributable to shareholders	<u>435,660</u>	<u>(49,683)</u>
Weighted average number of shares for calculating basic earnings/(loss) per share ('000)	<u>1,187,241</u>	<u>1,248,997</u>
Basic earnings/(loss) per share (HK cents)	<u>36.7</u>	<u>(4.0)</u>

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$435,660,000 (2008: loss of HK\$49,683,000) and the weighted average of 1,187,240,691 ordinary shares in issue during the year (2008: 1,248,996,945) after taking into consideration the bonus issue of 113,390,813 shares deemed to be issued on 1 January 2008.

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

## 9. DEBTORS, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade debtors	4,442	4,269	-	-
Provisions	<u>(146)</u>	<u>(377)</u>	<u>-</u>	<u>-</u>
Trade debtors, net	4,296	3,892	-	-
Other debtors, net	6,094	5,875	192	177
Prepayments and deposits	<u>2,297</u>	<u>2,831</u>	<u>1,166</u>	<u>1,334</u>
	<u>12,687</u>	<u>12,598</u>	<u>1,358</u>	<u>1,511</u>

Trade debtors represent rentals and estate management fees receivable and are payable on presentation of invoices. As at 31 December 2009, trade debtors of HK\$4,296,000 (2008: HK\$3,892,000) were past due but not considered impaired. These debtors relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade debtors of the Group based on the dates of invoices is as follows:

	2009 HK\$'000	2008 HK\$'000
Within 30 days	2,573	1,741
31 to 60 days	414	569
61 to 90 days	261	273
Over 90 days	<u>1,048</u>	<u>1,309</u>
	<u>4,296</u>	<u>3,892</u>

## 10. CREDITORS AND ACCRUALS

	Group		Company	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Trade creditors	26	17	-	-
Other creditors and deposits	15,708	14,499	39	82
Accrued operating expenses	2,895	2,708	2,074	1,636
	<u>18,629</u>	<u>17,224</u>	<u>2,113</u>	<u>1,718</u>

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

	2009 HK\$'000	2008 HK\$'000
Within 30 days	<u>26</u>	<u>17</u>

## RESULTS

The Group recorded a revenue of HK\$35,070,000 for the year ended 31 December 2009, which represented an increase of approximately HK\$1,012,000 or 3% as compared with last year. The increase in revenue was mainly due to increase in rental come from investment properties.

The Group's profit attributable to equity holders in this year was HK\$435,660,000, as compared to loss of HK\$49,683,000 in last year. The profit of this year was mainly attributable to increase in fair value of investment properties held by the Group and its associated companies.

## DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2009 (2008: Nil).

## 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 76% and 93% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 79%. During the year, the Group's net rental income from property leasing was more than that in the last year.



## **Beijing Business**

### *The Wangfujing Project*

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

In August 2009, the receivers of Beijing Dan Yao Property Company Limited ("Dan Yao") signed an agreement with a purchaser in respect of transferring the assets of Dan Yao at a consideration of RMB290,000,000 (approximately HK\$329,545,000). The agreement was examined and passed in the fifth Creditors' Committee Meeting on 3 September 2009. Up to January 2010, Dan Yao has received the first and second transfer money totalling RMB110,000,000 (approximately HK\$125,000,000).

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

The situation of Xidan Project as at 31 December 2009 was as follow:

In respect of the project at Lot No. 7: After negotiating with the Gardening Bureau of Beijing Xicheng District the project at Lot No. 7, which was planned as a public green area, has been transferred to the department officially.

In respect of the project at Lot No. 9: the transfer of relevant building ownership certificate of Beijing Jing Yuan International Mansion of the project at Lot No. 9 to Huitong Investment Co. Ltd was completed and the sales of the building project in Lot No. 9 was also completed.

In respect of the project at Lot No. 10: For the year end of 2009, Beijing Jing Yuan Property Development Co., Ltd., the sum of RMB 105,000,000 (approximately HK\$111,279,000) was received from Beijing Yonganxingye Property Development Co., Ltd. As agreed by both parties, the total consideration of the property amounted to RMB110,000,000 (approximately HK\$116,993,000), of which the balance of RMB5,000,000 (approximately HK\$5,682,000) has not yet been received and therefore the relevant procedures in respect of the transfer of the title of the land has not yet completed.

It is expected that in the year 2010, we will receive the Lot No. 10 project remaining balance of RMB5,000,000 (approximately HK\$5,682,000) and will assist to handle the relevant procedures in respect of the transfer of the title of the land.

## **GROUP ASSETS POSITION AND CHARGE**

The total assets of the Group have increased from HK\$2,255,183,000 in last year to HK\$2,701,915,000 in this year. The net assets of the Group have also increased from HK\$2,165,545,000 to HK\$2,606,707,000. As at 31 December 2009, the investment properties of the Group in Hong Kong with net book value of HK\$523,600,000, have been pledged as securities for the banking facilities of the Group. At present, the Group has no bank borrowings.

## **GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES**

The total liabilities of the Group have increased from HK\$89,638,000 as at 31 December 2008 to HK\$95,208,000 as at 31 December 2009. The Group had cash and bank balances of HK\$157,862,000 as at 31 December 2009 (2008: HK\$205,565,000). The ratio of total liabilities to total assets was approximately 4% (2008: 4%). As at 31 December 2009, the Group had no bank loans (2008: Nil) and the total equity was HK\$2,606,707,000 (2008: HK\$2,165,545,000).

As at 31 December 2009, the current assets of the Group, amounting to HK\$414,568,000 (2008: HK\$422,246,000), exceeded its current liabilities by HK\$383,158,000 (2008: HK\$394,942,000).

For the year ended 31 December 2009, the Group had no exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

### **EMPLOYEES**

As at 31 December 2009, the Group, excluding associated companies, employed 49 people of which 40 were employed in Hong Kong.

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

### **PROSPECTS**

The global economy is now entering into a post-crisis stage. On the one hand, due to the injection of capital by the national governments, most of the world economies and the economic indexes of various industries stop falling and begin to rise to a certain degree. On the other hand, since the underlying causes of the global financial crisis remain uncertain and have not yet been eradicated, the national governments are in dilemma in choosing when and the ways of retreating from the market and, therefore, the uncertainty of the economy of Hong Kong may increase and fluctuations in market may become as usual.

To face this difficult time, the Group will still pay special attention to the different factors that influence the Group's survival and development and will strike the balance between the need and possibility, and the opportunity and risk, and will be cautious in managing its finance. Based on our strong foundation, the Group will continuously seek for some investment projects which are beneficial to the Group's development.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the period from 1 January 2009 to 31 December 2009, the Company purchased a total of 1,698,000 of its ordinary shares of HK\$0.50 each on the Stock Exchange at an aggregate consideration of HK\$573,615. All of the purchased shares were cancelled.

<b>Date of the purchases</b>	<b>Total number of the ordinary shares purchased</b>	<b>Price paid per share HK\$</b>	<b>Aggregate consideration HK\$</b>
21 January 2009	552,000	0.315	173,880
18 February 2009	44,000	0.350	15,400
23 February 2009	19,000	0.350	6,650
25 February 2009	200,000	0.350	70,000
26 February 2009	300,000	0.350	105,000
27 February 2009	310,000	0.350	108,500
4 March 2009	273,000	0.345	94,185
	<u>1,698,000</u>		<u>573,615</u>

The Directors considered that the aforesaid shares were purchased at a discount to the nominal value and net asset value per share, resulting an increase in the net asset value per share then in issue.

Save as disclosed herein, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the twelve months ended 31 December 2009.

## AUDIT COMMITTEE

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

The annual results of the Group for the year ended 31 December 2009 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 whereby, due to the current situation, the Group 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 Company. It is the best interest of the Group to have Mr. Dai Xiaoming remained to be the 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 31 December 2009 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the draft 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 2010 Annual General Meeting of the shareholders of the Company will be held at 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong on Thursday, 27 May 2010 at 10:00 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, 19 April 2010

*As at the date hereof, the Board of Directors of the Company comprises 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, Dr. Xiang Bing and Mr. Edward Shen.*

*This final results announcement is published on the website of the Company ([www.danform.com.hk](http://www.danform.com.hk)) and the designated issuer website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Annual Report 2009 containing all the information required by the Listing Rules will be dispatched to shareholders and made available on the above websites around end of April 2010.*