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## **DAN FORM HOLDINGS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code : 271)

### **FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010**

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 2010 as follows:

#### **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 HK\$'000	2009 HK\$'000
Revenue	2	38,553	35,070
Other income		1,284	1,166
Other gains/(losses), net	3	864	(344)
Rent and rates		(3,091)	(2,937)
Building management fees		(4,855)	(4,750)
Staff costs, including directors' remuneration		(13,523)	(14,248)
Depreciation and amortisation		(4,132)	(990)
Repairs and maintenance		(1,222)	(4,880)
Administrative expenses		(7,478)	(5,447)
Change in fair value of investment properties		71,356	11,028
Operating profit	4	77,756	13,668
Share of profits of associated companies	5	440,998	423,937
Profit before income tax		518,754	437,605
Income tax expenses	6	(12,807)	(1,945)
Profit for the year		505,947	435,660
		HK cents	HK cents
Earnings per share			
Basic and diluted	7	40.6	36.7

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2010*

	2010 HK\$'000	2009 HK\$'000
Profit for the year	505,947	435,660
Other comprehensive (loss)/income:		
Change in fair value of available-for-sale financial assets	(1,789)	6,087
Exchange differences	412	-
	<u>          </u>	<u>          </u>
Other comprehensive (loss)/income for the year, net of tax	(1,377)	6,087
	<u>          </u>	<u>          </u>
Total comprehensive income for the year	<u>504,570</u>	<u>441,747</u>

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2010

	Note	2010 HK\$'000	2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		67,042	50,160
Investment properties		618,124	558,156
Leasehold land		3,810	3,869
Associated companies		2,086,898	1,645,900
Available-for-sale financial assets		27,473	29,262
		<u>2,803,347</u>	<u>2,287,347</u>
<b>Current assets</b>			
Debtors, prepayments and deposits	8	12,305	12,687
Amounts due from associated companies		218,953	244,019
Income tax recoverable		42	-
Cash and bank balances		187,965	157,862
		<u>419,265</u>	<u>414,568</u>
<b>Total assets</b>		<u><u>3,222,612</u></u>	<u><u>2,701,915</u></u>
<b>EQUITY</b>			
Share capital		623,649	623,649
Reserves		2,487,628	1,983,058
<b>Total equity</b>		<u><u>3,111,277</u></u>	<u><u>2,606,707</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		75,560	63,798
<b>Current liabilities</b>			
Creditors and accruals	9	19,933	18,629
Amounts due to associated companies		15,179	12,383
Income tax payable		663	398
		<u>35,775</u>	<u>31,410</u>
<b>Total liabilities</b>		<u><u>111,335</u></u>	<u><u>95,208</u></u>
<b>Total equity and liabilities</b>		<u><u>3,222,612</u></u>	<u><u>2,701,915</u></u>
<b>Net current assets</b>		<u><u>383,490</u></u>	<u><u>383,158</u></u>
<b>Total assets less current liabilities</b>		<u><u>3,186,837</u></u>	<u><u>2,670,505</u></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 2009.

### The adoption of revised HKFRS

In 2010, the Group adopted the following revised and amendments of HKFRS, which are mandatory of accounting periods beginning on or after 1 January 2010 and are relevant to its operations.

HKAS 7 Amendment	Statement of Cash Flows
HKAS 36 Amendment	Impairment of Assets
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 8 Amendment	Operating Segments

### Annual improvements to HKFRS published in May 2009

HKAS 1 Amendment	Presentation of Financial Statements
HKAS 7 Amendment	Statement of Cash Flows
HKAS 18 Amendment	Revenue
HKAS 36 Amendment	Impairment of Assets
HKFRS 8 Amendment	Operating Segments

The Group has assessed the impact of the adoption of these revised standards and amendments and considered 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.

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

<u>New or revised standards</u>		<b>Effective for accounting periods beginning on or after</b>
HKAS 24 (Revised)	Related Party Disclosure	1 January 2011
HKAS 12 Amendment	Income taxes	1 January 2012
HKFRS 9	Financial instruments	1 January 2013

### Annual improvements to HKFRS published in May 2010

HKFRS 3 (Revised)	Business combinations	1 July 2010
HKAS 1	Presentation of Financial Statements	1 January 2011
HKAS 27	Consolidated and Separate Financial Statements	1 January 2011
HKAS 34	Interim Financial Reporting	1 January 2011
HKFRS 7	Financial Instruments : Disclosure	1 January 2011

The Group has not early adopted the above new or revised standards and amendment. The Group has assessed the impact of the adoption of these revised standards and amendments and consider that there will be no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the financial statements except for the amendment to HKAS 12.

The amendment to HKAS 12 provides an exception to the principles in the existing standard for measuring deferred tax assets or liabilities when investment property is measured at fair value. The amendment introduces a presumption that an investment property measured at fair value is recovered entirely through sale. Management will apply this amendment for financial periods beginning on or after 1 January 2012 and full retrospective application is required.

The Group has assessed the impact of the amendment to HKAS 12 and considers the impact on the consolidated financial statements from this amendment will be insignificant.

## 2. REVENUE AND SEGMENT INFORMATION

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

	2010 HK\$'000	2009 HK\$'000
Rental from investment properties	27,537	24,168
Estate management fees	9,655	9,852
Dividend from unlisted investments	1,361	1,050
	<u>38,553</u>	<u>35,070</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 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.

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

	2010 HK\$'000	2009 HK\$'000
Net exchange gains/(losses)	576	(344)
Gain on disposal of an investment property	288	-
	<u>864</u>	<u>(344)</u>

#### 4. OPERATING PROFIT

	2010 HK\$'000	2009 HK\$'000
Operating profit is arrived at after crediting:		
Interest income	1,284	1,027
Write-back of provision for trade debtors	-	86
	<u>          </u>	<u>          </u>
and after charging:		
Direct operating expenses of investment properties that generate rental income	6,693	8,230
Direct operating expenses of investment properties that did not generate rental income	366	2,170
Operating lease rentals for land and buildings	2,067	2,272
Loss on disposal of property, plant and equipment	5	-
Auditor's remuneration		
Audit services	950	950
Non-audit services	73	73
	<u>          </u>	<u>          </u>

#### 5. SHARE OF PROFITS OF ASSOCIATED COMPANIES

Share of profits of associated companies include the following:

	2010 HK\$'000	2009 HK\$'000
Change in fair value of investment properties (Note)	498,733	473,850
Taxation	(87,088)	(83,715)
	<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.

#### 6. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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 to the consolidated income statement represents:

	2010 HK\$'000	2009 HK\$'000
Current income tax		
Hong Kong	1,066	353
Mainland China	43	128
Deferred income tax	11,698	1,464
	<u>          </u>	<u>          </u>
	<u>12,807</u>	<u>1,945</u>

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the following:

	2010 HK\$'000	2009 HK\$'000
Profit attributable to shareholders	<u>505,947</u>	<u>435,660</u>
Weighted average number of shares for calculating basic earnings per share ('000)	<u>1,247,299</u>	<u>1,187,241</u>
Basic earnings per share (HK cents)	<u>40.6</u>	<u>36.7</u>

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$505,947,000 (2009: HK\$435,660,000) and the weighted average number of 1,247,298,945 ordinary shares in issue during the year (2009: 1,187,240,691).

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

## 8. DEBTORS, PREPAYMENTS AND DEPOSITS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Trade debtors	3,780	4,442	-	-
Provisions	-	(146)	-	-
Trade debtors, net	<u>3,780</u>	<u>4,296</u>	-	-
Other debtors	6,159	6,094	193	192
Prepayments and deposits	<u>2,366</u>	<u>2,297</u>	<u>1,317</u>	<u>1,166</u>
	<u>12,305</u>	<u>12,687</u>	<u>1,510</u>	<u>1,358</u>

Trade debtors represent rentals and estate management fees receivable and are due on presentation of invoices. As at 31 December 2010, trade debtors of HK\$3,780,000 (2009: HK\$4,296,000) 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:

	2010 HK\$'000	2009 HK\$'000
Within 30 days	2,139	2,573
31 to 60 days	188	414
61 to 90 days	423	261
Over 90 days	<u>1,030</u>	<u>1,194</u>
	<u>3,780</u>	<u>4,442</u>

## 9. CREDITORS AND ACCRUALS

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Trade creditors	17	26	-	-
Other creditors and deposits	17,052	15,708	774	39
Accrued operating expenses	2,864	2,895	1,964	2,074
	<u>19,933</u>	<u>18,629</u>	<u>2,738</u>	<u>2,113</u>

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

	2010	2009
	HK\$'000	HK\$'000
Within 30 days	<u>17</u>	<u>26</u>

## 10. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the year end, the sixth creditors' meeting of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao"), was held on 25 January 2011 in which the creditors approved the first cash distribution proposal in respect of the liquidation of Dao Yao. Under the first cash distribution proposal, the Group is entitled to receive approximately RMB27,126,000 (approximately HK\$32,293,000).

## RESULTS

The Group recorded a revenue of HK\$38,553,000 for the year ended 31 December 2010, which represented an increase of approximately HK\$3,483,000 or 10% as compared with last year. The increase in revenue was mainly due to increase in rental income from investment properties.

The Group's profit attributable to equity holders in this year was HK\$505,947,000, as compared to profit of HK\$435,660,000 in last year. The increase in profit 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 2010 (2009: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Operations

#### *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 71% and 90% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 96%. 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)*

The first cash distribution from asset sales proposal in respect of the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao"), which was submitted by the receivers of Dan Yao, was approved in the sixth creditors meeting of Dan Yao on 25 January 2011. According to the proposal, 40% of the debts due to the creditors of Dan Yao will be settled and therefore, the Group will be able to receive approximately RMB27,126,000 (approximately HK\$32,293,000) in this time. The remaining debts due to the Group may also possibly be partially settled.

It is expected that in the year 2011, the transfer of the title of Dan Yao's property and the cash distribution from asset sales in respect of Dan Yao's liquidation will be completed.

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

As at 31 December 2010, the total consideration of the project of Land Lot No. 10 was RMB116,000,000 (approximately HK\$138,100,000), which was received by Beijing Jing Yuan Property Development Company Limited ("Jing Yuan"). According to the conditions of the agreement, Jing Yuan should assist Beijing Yeontaiyu Trading Company Limited to complete the relevant procedures in respect of the transfer of the land title. The two parties, that is, the transferor and the transferee have already submitted the relevant documents to the related government departments and the registration of the transfer of the land title is still in progress.

Since the development and construction project of Xidan was completed, the three shareholders (Beijing Huarong Investment Co. Ltd., China Resources Land (Beijing) Co., Ltd. and Keen Safe Investment Limited) agreed unanimously to end the joint venture and to liquidate Jing Yuan.

It is expected that in the year 2011, Jing Yuan will follow all relevant rules and requirements to proceed with the liquidation procedures.

## GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have increased from HK\$2,701,915,000 in last year to HK\$3,222,612,000 in this year. The net assets of the Group have also increased from HK\$2,606,707,000 to HK\$3,111,277,000. At 31 December 2010, the investment properties and Land and Buildings of the Group in Hong Kong with net book value of HK\$575,420,000 and HK\$6,097,000 respectively, was pledged as securities for the banking facilities which expired in November 2010. The Group undergone a discussion with bank for the renewal of banking facilities and the bank agreed to provide banking facilities if necessary. At 31 December 2009 and 2010, the Group did not have bank borrowings.

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

The total liabilities of the Group have increased from HK\$95,208,000 as at 31 December 2009 to HK\$111,335,000 as at 31 December 2010. The Group had cash and bank balances of HK\$187,965,000 as at 31 December 2010 (2009: HK\$157,862,000). The ratio of total liabilities to total assets was approximately 3% (2009: 4%). As at 31 December 2010, the Group had no bank loans (2009: Nil) and the total equity was HK\$3,111,277,000 (2009: HK\$2,606,707,000).

As at 31 December 2010, the current assets of the Group, amounting to HK\$419,265,000 (2009: HK\$414,568,000), exceeded its current liabilities by HK\$383,490,000 (2009: HK\$383,158,000).

For the year ended 31 December 2010, the Group had no material exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

## **EMPLOYEES**

As at 31 December 2010, the Group, excluding associated companies, employed 49 people of which 41 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, the society and further the natural environment in this continuous unrest period have much uncertainties and many irregular incidents. It is lucky if their effects can be minimized, but if they cannot and become serious, they cannot be avoided. The Group is acting cautiously and is adopting a wait and see approach to monitor the situations and capture new opportunities for the Group's business 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 Company's shares during the year.

## **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 2010 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 of power 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 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the draft consolidated financial statements of the Group 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 2011 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, 26 May 2011 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, 30 March 2011

*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 2010 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 2011.*