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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 2011

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 2011 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 HK\$'000	2010 HK\$'000
Revenue	2	42,087	38,553
Other income	3	33,942	1,284
Other gains	3	23,325	864
Rent and rates		(237)	(3,091)
Building management fees		(5,119)	(4,855)
Staff costs, including directors' remuneration		(14,812)	(13,523)
Depreciation and amortisation		(5,152)	(4,132)
Repairs and maintenance		(674)	(1,222)
Administrative expenses		(8,642)	(7,478)
Change in fair value of investment properties		91,047	71,356
Operating profit	4	155,765	77,756
Share of profits of associated companies	5	386,810	440,998
Profit before income tax		542,575	518,754
Income tax expenses	6	(16,064)	(12,807)
Profit for the year		526,511	505,947
		HK cents	HK cents
Earnings per share Basic and diluted	7	42.21	40.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 HK\$'000	2010 HK\$'000
Profit for the year	526,511	505,947
Other comprehensive income/(loss):		
Surplus on revaluation of buildings	1,805	-
Less: Deferred tax charged to the property revaluation reserve	(297)	-
Available-for-sale financial assets:		
Fair value gain/(loss) arising during the year	25,449	(1,789)
Less: Reclassification adjustment for gains included in the consolidated income statement	(21,893)	-
Exchange differences	366	412
Other comprehensive income/(loss) for the year, net of tax	<u>5,430</u>	<u>(1,377)</u>
Total comprehensive income for the year	<u><u>531,941</u></u>	<u><u>504,570</u></u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	2011 HK\$'000	2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		94,484	67,042
Investment properties		717,337	618,124
Leasehold land		3,750	3,810
Associated companies		2,413,557	2,086,898
Available-for-sale financial assets		29,892	27,473
Deposit for acquisition of a property		5,675	-
		<u>3,264,695</u>	<u>2,803,347</u>
Current assets			
Debtors, prepayments, deposits and other receivable	8	41,129	12,305
Amounts due from associated companies		253,324	218,953
Income tax recoverable		16	42
Cash and bank balances		214,922	187,965
		<u>509,391</u>	<u>419,265</u>
Total assets		<u>3,774,086</u>	<u>3,222,612</u>
EQUITY			
Share capital		623,649	623,649
Reserves		3,019,569	2,487,628
Total equity		<u>3,643,218</u>	<u>3,111,277</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		90,861	75,560
Current liabilities			
Creditors and accruals	9	21,570	19,933
Amounts due to associated companies		18,437	15,179
Income tax payable		-	663
		<u>40,007</u>	<u>35,775</u>
Total liabilities		<u>130,868</u>	<u>111,335</u>
Total equity and liabilities		<u>3,774,086</u>	<u>3,222,612</u>
Net current assets		<u>469,384</u>	<u>383,490</u>
Total assets less current liabilities		<u>3,734,079</u>	<u>3,186,837</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 2010, except for those stated otherwise.

The adoption of new/revised HKFRS

In 2011, the Group adopted the following revised accounting standards and amendments of HKFRS, which are relevant to the Group’s operations.

HKAS 24 (Revised) Related Party Disclosure

HKICPA’s annual improvements to certain HKFRSs published in May 2010

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

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>		Effective for accounting periods beginning on or after
HKFRS 7 Amendment	Financial instrument: Disclosures – Transfer of Financial Assets	1 July 2011
HKAS12 Amendment	Income taxes :Recovery of underlying assets	1 January 2012
HKAS 1 Amendment	Presentation of financial statements	1 July 2012
HKAS 19 Amendment	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HKAS 32 Amendment	Financial instruments: Presentation - Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 9	Financial instruments	1 January 2015

The Group has not early adopted the above new or revised standards and amendments. 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 not be significant.

2. REVENUE AND SEGMENT INFORMATION

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

	2011 HK\$'000	2010 HK\$'000
Rental from investment properties	29,091	27,537
Estate management fees	10,858	9,655
Dividend from unlisted investments	2,138	1,361
	<u>42,087</u>	<u>38,553</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 INCOME AND GAINS

	2011 HK\$'000	2010 HK\$'000
<u>Other income:</u>		
Interest income	1,452	1,284
Write-back of provision for doubtful debt (Note)	32,210	-
Others	280	-
	<u>33,942</u>	<u>1,284</u>
<u>Other gains</u>		
Net exchange gains	1,432	576
Gain on disposal of an investment property	-	288
Gain on disposal of available-for-sale financial assets	21,893	-
	<u>23,325</u>	<u>864</u>

Note:

On 25 January 2011, the first cash distribution proposal in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited ("Dan Yao") was approved in the sixth creditors' meeting of Dan Yao. Accordingly, the provision for doubtful debt on Dan Yao was written back to the income statement, to the extent of the proposed distribution.

4. OPERATING PROFIT

	2011 HK\$'000	2010 HK\$'000
Operating profit is arrived at after charging:		
Direct operating expenses of investment properties that generate rental income	6,218	6,693
Direct operating expenses of investment properties that did not generate rental income	76	366
Operating lease rentals for land and buildings	-	2,067
Loss on disposal of property, plant and equipment	-	5
Auditor's remuneration		
Audit services	950	950
Non-audit services	166	73
	<u> </u>	<u> </u>

5. SHARE OF PROFITS OF ASSOCIATED COMPANIES

Share of profits of associated companies include the following:

	2011 HK\$'000	2010 HK\$'000
Change in fair value of investment properties (Note)	427,333	498,733
Taxation	(76,388)	(87,088)
	<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% (2010: 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:

	2011 HK\$'000	2010 HK\$'000
Current income tax		
Hong Kong	1,055	1,066
Mainland China	56	43
Deferred income tax	14,953	11,698
	<u> </u>	<u> </u>
	16,064	12,807
	<u> </u>	<u> </u>

7. EARNINGS PER SHARE

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

	2011 HK\$'000	2010 HK\$'000
Profit attributable to shareholders	<u>526,511</u>	<u>505,947</u>
Weighted average number of shares for calculating basic earnings per share ('000)	<u>1,247,299</u>	<u>1,247,299</u>
Basic earnings per share (HK cents)	<u>42.21</u>	<u>40.6</u>

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$526,511,000 (2010: HK\$505,947,000) and the weighted average number of 1,247,298,945 ordinary shares in issue during the year (2010: 1,247,298,945).

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, PREPAYMENT, DEPOSITS AND OTHER RECEIVABLE

	2011 HK\$'000	Group 2010 HK\$'000
Trade debtors	2,067	3,780
Provisions	(104)	-
Trade debtors, net	<u>1,963</u>	<u>3,780</u>
Other debtors	5,270	6,159
Other receivable	32,210	-
Prepayments and deposits	1,686	2,366
	<u>41,129</u>	<u>12,305</u>

Trade debtors represent rentals and estate management fees receivable and are due on presentation of invoices. As at 31 December 2011, trade debtors of HK\$1,963,000 (2010: HK\$3,780,000) 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:

	2011 HK\$'000	2010 HK\$'000
Within 30 days	1,639	2,139
31 to 60 days	229	188
61 to 90 days	91	423
Over 90 days	108	1,030
	<u>2,067</u>	<u>3,780</u>

9. CREDITORS AND ACCRUALS

	Group	
	2011	2010
	HK\$'000	HK\$'000
Trade creditors	276	17
Other creditors and deposits	17,496	17,052
Accrued operating expenses	3,798	2,864
	<u>21,570</u>	<u>19,933</u>

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

	2011	2010
	HK\$'000	HK\$'000
Within 30 days	<u>276</u>	<u>17</u>

10. EVENTS AFTER THE BALANCE SHEET DATE

On 9 December 2011, the proposal for the reduction of share premium account to write off against the Company's accumulated losses was approved at the extraordinary general meeting. 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 will create in the accounting records a special reserve account and so long as the debt of or the claim against the Company remains outstanding, and in case the Company commences winding-up, the Company undertakes the persons entitled to the benefit of such debts or claims shall not have agreed otherwise, such reserve shall not be treated as realized profits for the purposes of Section 79B of the Companies Ordinance (Cap. 32) and shall (for so long as the Company remain a listed company) be treated as an undistributable reserve of the Company for the purpose of Section 79C of the Companies Ordinance (Cap. 32) or any statutory re-enactments or modifications thereof.

RESULTS

The Group recorded a revenue of HK\$42,087,000 for the year ended 31 December 2011, which represented an increase of approximately HK\$3,534,000 or 9% 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\$526,511,000, as compared to profit of HK\$505,947,000 in last year. The increase in profit this year was mainly attributable to increase in fair value of investment properties held by the Group.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010: 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 79% and 93% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 99%. During the year, the Group's net rental income from property leasing was more than that in the last year.

The Group is currently in discussion for a possible partial or entire sale of the residential properties at Red Hill Peninsula, Tai Tam, Hong Kong. The Group has not reached any specific terms in relation to the potential disposal nor has it entered into any legally binding agreement.

Beijing Business

The Wangfujing Project

Dan Yao Building (85% owned)

Up to 31 December 2011, the first cash distribution from asset sales proposal in respect of the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao") was completed. The Group is entitled to receive approximately RMB27,126,000 (approximately HK\$32,210,000) this time. At present, the relevant procedures for the transfer of the above mentioned amount from Beijing to the Group are being processed.

It is expected that in the year of 2012, the final distribution of Dan Yao's liquidation will be realized, the Group also has an opportunity to recover part of the debt.

The Xidan Project (29.4% owned)

On 18 July 2011, the three shareholders of Beijing Jing Yuan Property Development Company Limited ("Jing Yuan"), agreed the Board to approve Jing Yuan to submit an application for the liquidation of Jing Yuan to the Beijing First Intermediate Court, and Jing Yuan will proceed for the liquidation according to the decision of the PRC Court.

GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have increased from HK\$3,222,612,000 in last year to HK\$3,774,086,000 in this year. The net assets of the Group have also increased from HK\$3,111,277,000 to HK\$3,643,218,000. At 31 December 2011, the investment properties of the Group in Hong Kong of HK\$670,800,000, was pledged as securities for the banking facilities. The Group has no bank loan, but will undergo a discussion with the bank for the renewal of banking facilities and the bank has agreed to provide banking facilities if necessary.

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have increased from HK\$111,335,000 as at 31 December 2010 to HK\$130,868,000 as at 31 December 2011. The Group had cash and bank balances of HK\$214,922,000 as at 31 December 2011 (2010: HK\$187,965,000). The ratio of total liabilities to total assets was approximately 3% (2010: 3%). As at 31 December 2011, the Group had no bank loans (2010: Nil) and the total equity was HK\$3,643,218,000 (2010: HK\$3,111,277,000).

As at 31 December 2011, the current assets of the Group, amounting to HK\$509,391,000 (2010: HK\$419,265,000), exceeded its current liabilities by HK\$469,384,000 (2010: HK\$383,490,000).

For the year ended 31 December 2011, 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 2011, the Group, excluding associated companies, employed 51 people of which 43 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

There are uncertainty in Hong Kong and in the world's political, economic and social environments and the ups and downs in market may very often happens. To face the situations, the Group will continue to be cautious in managing its finance and pay attention to the factors that may influence the Group's survival and 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 2011 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 2011 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 2012 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 Friday, 25 May 2012 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, 29 March 2012

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) and the designated issuer website of the Stock Exchange (www.hkexnews.hk). The Annual Report 2011 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 2012.