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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 2012**

The Board of Directors (the "Board") 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 2012 as follows:

#### **CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 HK\$'000	2011 HK\$'000 (Restated)
Revenue	2	42,538	42,087
Other income	3	1,894	33,942
Other gains, net	3	993	23,325
Rent and rates		(291)	(237)
Building management fees		(5,311)	(5,119)
Staff costs, including directors' remuneration		(20,085)	(14,812)
Depreciation and amortisation		(5,342)	(5,152)
Repairs and maintenance		(1,399)	(674)
Administrative expenses		(9,006)	(8,642)
Change in fair value of investment properties		163,567	91,047
Operating profit	4	167,558	155,765
Share of profits of associated companies	5	781,123	386,810
Profit before income tax		948,681	542,575
Income tax expenses	6	(24,374)	(15,087)
Profit for the year		924,307	527,488
Dividends	7		
Interim paid		12,473	-
Final proposed		12,473	-
		24,946	-
Earnings per share		HK cents	HK cents
Basic and diluted	8	74.10	42.29

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit for the year	924,307	527,488
<b>Other comprehensive income:</b>		
Surplus on revaluation of buildings	-	1,805
Available-for-sale financial assets:		
Fair value gain arising during the year	6,124	25,449
Less: Reclassification adjustment for gains included in the consolidated income statement	-	(21,893)
Exchange differences	705	366
Other comprehensive income for the year, net of tax	<u>6,829</u>	<u>5,727</u>
Total comprehensive income for the year	<u><u>931,136</u></u>	<u><u>533,215</u></u>

**CONSOLIDATED BALANCE SHEET**  
AS AT 31 DECEMBER 2012

	Note	31 December 2012 HK\$'000	31 December 2011 HK\$'000 (Restated)	31 December 2010 HK\$'000 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		92,164	94,484	67,042
Investment properties		845,963	717,337	618,124
Land use rights		22,451	3,750	3,810
Associated companies		3,173,439	2,413,557	2,086,898
Available-for-sale financial assets		36,016	29,892	27,473
Deposit for acquisition of a property		39,531	5,675	-
		<u>4,209,564</u>	<u>3,264,695</u>	<u>2,803,347</u>
<b>Current assets</b>				
Debtors, prepayments, deposits and other receivable	9	8,724	41,129	12,305
Amounts due from associated companies		178,240	253,324	218,953
Income tax recoverable		1,023	16	42
Cash and bank balances		304,561	214,922	187,965
		<u>492,548</u>	<u>509,391</u>	<u>419,265</u>
<b>Total assets</b>		<u>4,702,112</u>	<u>3,774,086</u>	<u>3,222,612</u>
<b>EQUITY</b>				
Share capital		623,649	623,649	623,649
Reserves		3,941,586	3,022,923	2,489,708
<b>Total equity</b>		<u>4,565,235</u>	<u>3,646,572</u>	<u>3,113,357</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred income tax liabilities		110,962	87,507	73,480
<b>Current liabilities</b>				
Creditors and accruals	10	24,604	21,570	19,933
Amounts due to associated companies		1,311	18,437	15,179
Income tax payable		-	-	663
		<u>25,915</u>	<u>40,007</u>	<u>35,775</u>
<b>Total liabilities</b>		<u>136,877</u>	<u>127,514</u>	<u>109,255</u>
<b>Total equity and liabilities</b>		<u>4,702,112</u>	<u>3,774,086</u>	<u>3,222,612</u>
<b>Net current assets</b>		<u>466,633</u>	<u>469,384</u>	<u>383,490</u>
<b>Total assets less current liabilities</b>		<u>4,676,197</u>	<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 2011, except for those stated otherwise.

### The adoption of revised HKFRS

In 2012, the Group adopted the amendments to existing standard below, which are relevant to its operations.

HKFRS 7 Amendment	Financial instrument: Disclosures – Transfer of Financial Assets
HKAS 12 Amendment	Deferred Tax: Recovery of Underlying Assets

The Group has assessed the impact of the adoption of these amendments and considered that there was no significant impact on the Group's result 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 HKICPA issued the amendment to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in December 2010, effective for annual periods beginning on or after 1 January 2012. The amendments introduce a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale and the deferred tax would be measured on this basis accordingly.

The Group has adopted this amendment retrospectively for the financial year ended 31 December 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values amounting to HK\$717,337,000 as of 31 December 2011 (31 December 2010: HK\$618,124,000). As required by the amendment, the Group has re-measured the deferred tax relating to these investment properties according to the tax consequence on the presumption that they are recovered entirely by sale, or rebutting this presumption, where appropriate.

1. **BASIS OF PREPARATION** (continued)

The consolidated balance sheets at 31 December 2010 and 2011 and the consolidated income statement for the year ended 31 December 2011 have been restated to reflect the effect of adoption of this amendment to HKAS 12 which are presented as follows:

<u>Effect on consolidated balance sheet</u>	31 December 2012 HK\$'000	31 December 2011 HK\$'000	31 December 2010 HK\$'000
Decrease in deferred tax liabilities	(5,579)	(3,354)	(2,080)
Increase in retained earnings	5,282	3,057	2,080
Increase in other reserves – property revaluation reserve	297	297	-
<u>Effect on consolidated income statement</u>	Year ended 31 December		
	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Decrease in income tax expense	(2,225)	(977)	
Increase in profit for the year	2,225	977	
Increase in basic and diluted EPS	HK0.18 cents	HK0.08 cents	

**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 <u>after</u>
HKAS 1 Amendment	Presentation of Items of Other Comprehensive Income	1 July 2012
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates, and Joint Ventures	1 January 2013
HKFRS 7 Amendment	Disclosures - Offsetting financial assets and financial liabilities	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 Measurement	1 January 2013
HKAS 32 Amendment	Presentation - Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 Amendment	Mandatory effective date of HKFRS 9 and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015

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.

## 2. REVENUE AND SEGMENT INFORMATION

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

	2012 HK\$'000	2011 HK\$'000
Rental from investment properties	29,806	29,091
Estate management fees	11,682	10,858
Dividend from unlisted investments	1,050	2,138
	<hr/>	<hr/>
	42,538	42,087
	<hr/> <hr/>	<hr/> <hr/>

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

	2012 HK\$'000	2011 HK\$'000
<u>Other income</u>		
Interest income	1,868	1,452
Write-back of provision for doubtful debt (Note)	-	32,210
Others	26	280
	<hr/>	<hr/>
	1,894	33,942
	<hr/> <hr/>	<hr/> <hr/>
<u>Other gains</u>		
Net exchange gains	1,162	1,432
Gain on disposal of investment properties	187	-
Gain on disposal of available-for-sale financial assets	-	21,893
Loss on disposal of property, plant and equipment	(356)	-
	<hr/>	<hr/>
	993	23,325
	<hr/> <hr/>	<hr/> <hr/>

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 consolidated income statement for the year ended 31 December 2011, to the extent of the proposed distribution.

#### 4. OPERATING PROFIT

	2012 HK\$'000	2011 HK\$'000
Operating profit is arrived at after charging:		
Direct operating expenses of investment properties that generate rental income	7,127	6,218
Direct operating expenses of investment properties that did not generate rental income	302	76
Loss on disposal of property, plant and equipment	355	-
Auditor's remuneration		
-Audit services	980	950
-Non-audit services	85	166
	<u>          </u>	<u>          </u>

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

Share of profits of associated companies include the following:

	2012 HK\$'000	2011 HK\$'000
Change in fair value of investment properties (Note)	898,533	427,333
Taxation	(159,316)	(76,388)
	<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% (2011: 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:

	2012 HK\$'000	2011 HK\$'000 (Restated)
Current income tax		
Hong Kong	918	1,055
Mainland China	17	56
Deferred income tax	23,439	13,976
	<u>          </u>	<u>          </u>
	24,374	15,087
	<u>          </u>	<u>          </u>

## 7. DIVIDEND

	2012 HK\$'000	2011 HK\$'000
Interim dividend paid of HK1 cent (2011: Nil) per ordinary share	12,473	-
Proposed final dividend of HK1 cent (2011: Nil) per ordinary share	12,473	-
	<u>24,946</u>	<u>-</u>

The board of directors recommended a final dividend of HK1 cent per ordinary share in respect of 2012. This dividend will be accounted for as an appropriation of the retained profits for the year ending 31 December 2013.

## 8. EARNINGS PER SHARE

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

	2012 HK\$'000	2011 HK\$'000 (Restated)
Profit attributable to shareholders	<u>924,307</u>	<u>527,488</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>74.10</u>	<u>42.29</u>

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$924,307,000 (2011: profit of HK\$527,488,000 (restated)) and the weighted average number of 1,247,298,945 ordinary shares in issue during the year (2011: 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.



9. **DEBTORS, PREPAYMENT, DEPOSITS AND OTHER RECEIVABLE**

	Group	
	2012 HK\$'000	2011 HK\$'000
Trade debtors	1,763	2,067
Provisions	-	(104)
	<hr/>	<hr/>
Trade debtors, net	1,763	1,963
Other debtors	5,045	5,270
Other receivable	-	32,210
Prepayments and deposits	1,916	1,686
	<hr/>	<hr/>
	<u>8,724</u>	<u>41,129</u>

Trade debtors represent rentals and estate management fees receivable and are due on presentation of invoices. As at 31 December 2012, trade debtors of HK\$1,763,000 (2011: HK\$1,963,000) 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:

	2012 HK\$'000	2011 HK\$'000
Within 30 days	1,732	1,639
31 to 60 days	-	229
61 to 90 days	-	91
Over 90 days	31	108
	<hr/>	<hr/>
	<u>1,763</u>	<u>2,067</u>

10. **CREDITORS AND ACCRUALS**

	Group	
	2012 HK\$'000	2011 HK\$'000
Trade creditors	273	276
Other creditors and deposits	18,258	17,496
Accrued operating expenses	6,073	3,798
	<hr/>	<hr/>
	<u>24,604</u>	<u>21,570</u>

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

	2012 HK\$'000	2011 HK\$'000
Within 30 days	273	276
	<hr/>	<hr/>

## RESULTS

The Group recorded a revenue of HK\$42,538,000 for the year ended 31 December 2012, which represented an increase of approximately HK\$451,000 or 1% 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\$924,307,000, as compared to profit of HK\$527,488,000 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 of the Company have resolved to declare a final dividend for the year ended 31 December 2012 of HK\$0.01 per share (2011: Nil) to shareholders whose names appear on the Register of Members of the Company on 31 May 2013. This together with the interim dividend of HK\$0.01 per share gives a total of HK\$0.02 per share for the year (2011: Nil). The proposed final dividend will be paid on 18 June 2013 following approval at the 2013 Annual General Meeting.

## 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 64% and 85% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 97%. During the year, the Group's net rental income from property leasing was more than that in the last year.

The Group has stopped the property leasing of the residential project at Red Hill Peninsula and changed it into sale in this financial year. Two units have been sold out and the sales will be kept in progress as scheduled.

#### *Beijing Business*

##### *The Wangfujing Project*

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

As at 18 July 2012, the Group has received the debt payment of RMB27,126,000 (approximately HK\$32,928,000) from Beijing Dan Yao Property Co., Ltd ("Dan Yao"). The remaining balance that Dan Yao should still have to pay to the Group is HK\$30,036,000, where a full loss provision has been made.

Part of the debt amount that the Group is entitled to claim from Dan Yao is expected to be paid back successively, provided that the Real Estate Office of Beijing shall finally review and approve the land grant fee of Dan Yao's real estate.

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

Since 18 July 2011, with the consent from three shareholders and approval from the Board of Beijing Jing Yuan Property Development Company Limited ("Jing Yuan"), Jing Yuan has filed the bankruptcy petition to the First Intermediate People's Court in Beijing. In December 2012, the Court showed that it may merely consider accepting the bankruptcy petition filed by Jing Yuan when Jing Yuan or its shareholders commit to accept the responsibility to deal with all the outstanding issues related to demolition and relocation. So far, the Court has not accepted the bankruptcy petition filed by Jing Yuan yet.

The Group has consulted and will keep consulting with all the shareholders in regard to the issues of settlement of the debts due by Jing Yuan lawfully as soon as possible.

## **GROUP ASSETS POSITION AND CHARGE**

The total assets of the Group have increased from HK\$3,774,086,000 last year to HK\$4,702,112,000 in this year. The net assets of the Group have also increased from HK\$3,646,572,000 to HK\$4,565,235,000. At 31 December 2012, the investment properties of the Group in Hong Kong of HK\$796,100,000, were pledged as securities for 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\$127,514,000 as at 31 December 2011 to HK\$136,877,000 as at 31 December 2012. The Group had cash and bank balances of HK\$304,561,000 as at 31 December 2012 (2011: HK\$214,922,000). The ratio of total liabilities to total assets was approximately 3% (2011: 3%). As at 31 December 2012, the Group had no bank loans (2011: Nil) and the total equity was HK\$4,565,235,000 (2011: HK\$3,646,572,000).

As at 31 December 2012, the current assets of the Group, amounting to HK\$492,548,000 (2011: HK\$509,391,000), exceeded its current liabilities by HK\$466,633,000 (2011: HK\$469,384,000).

For the year ended 31 December 2012, 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 2012, the Group, excluding associated companies, employed 52 (2011:51) people of which 43 (2011:43) 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**

Although the global economy is recovering, the fundamental problems caused by the financial crisis are not yet solved. There are many uncertainties in the world economy and the downside risks still exist.

On the other hand, a series of breakthroughs in technological innovation have brought unprecedented challenges and opportunities to individuals, corporations and the society.

Under such circumstances, the Group will continue to be cautious in managing its finance and gradually increase the liquidity of assets while ensuring the safety of assets. The Group will make the best use of resources of talents, funds and properties to pursue further development with technological and service creativity.

## **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 2012 have been reviewed by the Audit Committee.

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code ("CG Code") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except with a deviation from CG Code 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, and a deviation from CG Code A.6.7, where independent non-executive directors and other non-executive directors should also attend general meetings. One of the independent non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 25 May 2012 as he was in overseas due to a business trip.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 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 2013 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, 24 May 2013 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, 28 March 2013

The board of directors has declared a final dividend of HK\$0.01 per share for the year ended 31 December 2012. Such final dividend will be paid in cash on or before 18 June 2013 to the shareholders whose names appear on the register of members of the Company on 31 May 2013 (Friday). To ascertain entitlement of the shareholders to the final dividend, the register of members of the Company will be closed from 30 May 2013 (Thursday) to 31 May 2013 (Friday), both days inclusive. To qualify for such final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m., 29 May 2013 (Wednesday).

As at the date hereof, the Board comprised Mr. Dai Xiaoming as Chairman and Chief Executive, Mr. Kenneth Hiu King Kon as a Non-Executive Director, and Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen as Independent Non-Executive Directors.

*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 2012 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 2013.*