



DAN FORM HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

2005 INTERIM RESULTS

RESULTS

The Directors of Dan Form Holdings Company Limited (the "Company") announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30th June 2005 with comparative figures for the previous corresponding period as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2005

		2005	Restated
	<i>Note</i>	<i>HK\$'000</i>	<i>2004</i>
			<i>HK\$'000</i>
Turnover	(3)	16,610	19,940
Cost of sales		(5,164)	(6,024)
Gross profit		11,446	13,916
Other income		180	1,346
Administrative expenses		(8,947)	(10,393)
Other operating expenses		(3,471)	–
Write back of provision for properties held for sale		5,259	4,529
Write back of provision for properties held under development		–	5,453
Provision for litigation		–	(3,097)
Operating profit	(4)	4,467	11,754
Finance costs	(5)	(3,202)	(12,693)
Share of profit of associates		1,783	2,786
Profit before taxation		3,048	1,847
Income tax expenses	(6)	(33)	(247)
Profit for the period		3,015	1,600
Earnings per share	(7)	0.27 cents	0.14 cents

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30TH JUNE 2005

	Note	30th June 2005 HK\$'000	Restated 31st December 2004 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		448	465
Investment properties		354,370	354,370
Prepayments of leases premiums		370	370
Associates		849,758	847,974
Loan receivable		106,543	106,543
Available-for-sale financial assets		34,380	–
Investment securities		–	12,592
		<u>1,345,869</u>	<u>1,322,314</u>
Current assets			
Properties held for sale		200,326	194,904
Investment held for sale	(8)	–	–
Trade and other receivables	(9)	285,809	290,639
Tax recoverable		2,858	2,858
Cash and bank balances		15,918	17,154
		<u>504,911</u>	<u>505,555</u>
Current liabilities			
Trade payables	(10)	48,713	47,473
Other payables and accrued charges		152,910	146,866
Short term bank loans, secured		49,905	49,905
Bank overdrafts, secured		39,820	49,030
		<u>291,348</u>	<u>293,274</u>
Net current assets		<u>213,563</u>	<u>212,281</u>
Total assets less current liabilities		<u>1,559,432</u>	<u>1,534,595</u>
Non-current liabilities			
Deferred income tax liabilities		39,242	39,208
Net assets		<u>1,520,190</u>	<u>1,495,387</u>
EQUITY			
Share capital		567,803	567,803
Reserves		952,387	927,584
Total equity		<u>1,520,190</u>	<u>1,495,387</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2005

	Share capital HK\$'000	Other reserves HK\$'000	Retained profit HK'000	Total HK\$'000
At 1st January 2005, as previously reported	567,803	1,643,593	(716,009)	1,495,387
Effect on adoption of the new HKFRS				
HKAS 32 and 39	–	21,428	–	21,428
HKAS 40	–	(945,730)	945,730	–
At 1st January 2005, as restated	<u>567,803</u>	<u>719,291</u>	<u>229,721</u>	<u>1,516,815</u>
Change in fair value of available-for-sale financial assets	–	360	–	360
Profit for the period	–	–	3,015	3,015
At 30th June 2005	<u>567,803</u>	<u>719,651</u>	<u>232,736</u>	<u>1,520,190</u>

Notes to the financial information

(1) **Basis of preparation**

The interim financial information has been prepared under the historical cost convention, as modified by the revaluation of certain properties and investments, and in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants other than as set out below.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those adopted in the annual accounts for the year ended 31st December 2004, except that the Group has changed certain of its accounting policies following its adoption of the new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRS") which are effective for accounting periods commencing on or after 1st January 2005, with the exception as detailed in note 2 below.

The changes in accounting policies of the Group on adopting the new HKFRS, which include all Hong Kong Accounting Standards ("HKAS") and applicable interpretations, do not have a material impact to the Group as a whole and particulars of these changes are set out in the Interim Report.

(2) **Non-compliance with the accounting standard**

HKAS 40 requires assessment of the fair value of investment properties at each balance sheet date and any changes in fair values being accounted for in the income statement for that period. The Group intends to follow the same accounting treatment as adopted in 2004, which is to value such investment properties on an annual basis. Accordingly, the investment properties, including those held by the associates of the Group, were not revalued at 30th June 2005, since the Directors consider that such change of practice could introduce a significant element of short-term volatility into the income statement in respect of assets which are being held for long term by the Group. The Directors intend to conduct an independent assessment of the fair value of the investment properties, including those held by the associates of the Group, at 31st December 2005 and at each subsequent year end. It is not practicable to estimate the financial effect of this non-compliance as no interim valuation of the properties has been conducted.

(3) **Principal activities and segment information**

The Company is an investment holding company, and the Group is principally engaged in property development, property investment, estate management and holding of investments.

An analysis of the Group's turnover and results for the period by business segments is as follows:

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
2005					
Turnover	–	14,141	2,305	164	16,610
Segment results	1,640	8,736	2,027	524	12,927
Unallocated corporate expenses					(8,460)
Operating profit					4,467
Finance costs					(3,202)
Share of profit/(loss) of associates	(1,301)	3,084	–	–	1,783
Profit before taxation					3,048
Income tax expenses					(33)
Profit for the period					3,015
2004					
Turnover	–	17,659	2,168	113	19,940
Segment results	1,613	16,644	1,624	134	20,015
Unallocated corporate expenses					(8,261)
Operating profit					11,754
Finance costs					(12,693)
Share of profit/(loss) of associates	(831)	3,617	–	–	2,786
Profit before taxation					1,847
Income tax expenses					(247)
Profit for the period					1,600

An analysis of the Group's turnover and contribution to operating profit for the period by geographical segments is as follow:

	Turnover		Operating profit	
	2005 <i>HK'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK'000</i>	2004 <i>HK\$'000</i>
Principal markets				
Hong Kong	14,879	13,874	3,243	1,363
Mainland China	1,731	6,066	1,224	10,391
	16,610	19,940	4,467	11,754

(4) Operating profit	2005	2004
	HK\$'000	HK\$'000
Operating profit is arrived at after charging:		
Depreciation of property, plant and equipment	174	436
Provision for bad and doubtful debts	3,069	–
	3,069	–
(5) Finance costs	2005	2004
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	3,151	12,404
Interest on other loans	–	86
Financing charges	51	203
	3,202	12,693
(6) Income tax expenses	2005	2004
	HK\$'000	HK\$'000
Hong Kong Profits tax		
Under provision in prior years	–	54
Deferred taxation	33	193
	33	247

No provision for Hong Kong profits tax or enterprise income tax in the Mainland China has been made as the Group does not have any assessable profit derived from Hong Kong or Mainland China for the period (2004: Nil).

The Group's share of profit of associates is stated after deducting the Group's share of income tax amounting to HK\$194,000 (2004: HK\$391,000).

(7) Earnings per share
The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK\$3,015,000 (2004: HK\$1,600,000) and 1,135,606,132 shares (2004: 1,135,606,132 shares) in issue during the period. There is no diluted earnings per share because there is no dilutive potential shares in issue during the period.

(8) Investment held for sale
The investment represents the Group's 61.1% equity interest in Beijing Lucky Building Company Limited ("Beijing Lucky"), formerly a subsidiary of the Group. On 26th April 2004, Turbo Dragon Limited ("Turbo Dragon"), a wholly-owned subsidiary of the Group, entered into a sale and purchase supplement agreement, which was supplemental to the sale and purchase agreement dated 30th July 2003 (collectively the "Agreements"), with China Yintai Investment Company Limited ("China Yintai") to sell its entire equity interest of 61.1% in Beijing Lucky, at an aggregate consideration, as subsequently amended on 22nd June 2004, of RMB134,070,000 (approximately HK\$126,481,000). On execution of the Agreements, a deposit of RMB25,000,000 (approximately HK\$23,585,000) was received and the balance of RMB109,070,000 (approximately HK\$102,896,000) is receivable by four instalments. According to the terms of the Agreements, Turbo Dragon will transfer the equity interest in Beijing Lucky to China Yintai in stages in proportion to the amount of consideration actually received. In addition, 2 out of the 4 directors representing Turbo Dragon in the board of directors of Beijing Lucky were replaced by those representing China Yintai following the execution of the Agreements. Accordingly, Beijing Lucky ceased to be a subsidiary in 2004.

(9) Trade and other receivables	30th June	31st December
	2005	2004
	HK\$'000	HK\$'000
Trade receivables	4,017	3,808
Other receivables	5,252	5,655
Prepayments and deposits	5,532	6,118
Amounts due from associates	271,008	275,058
	285,809	290,639

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

	30th June	31st December
	2005	2004
	HK\$'000	HK\$'000
Within 30 days	1,381	1,245
31 to 60 days	800	749
61 to 90 days	229	212
Over 90 days	1,607	1,602
	4,017	3,808

(10) **Trade payables**

The ageing analysis of the trade payables is as follows:

	30th June 2005 HK\$'000	31st December 2004 HK\$'000
Within 30 days	524	368
31- 60 days	693	540
61- 90 days	336	290
Over 90 days	47,160	46,275
	48,713	47,473

INTERIM DIVIDEND

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30th June 2005 (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group recorded a turnover of HK\$16,610,000 for the six months ended 30th June 2005, which represented a decrease of approximately HK\$3,330,000 or 17% as compared with the same period in 2004. The decrease is mainly due to the decrease in rental income from the Mainland China.

The profit attributable to equity holders for the six months ended 30th June 2005 was HK\$3,015,000 whereas HK\$1,600,000 was made for the same period in 2004. The increase in profit is mainly due to the decrease in finance costs and administrative expenses.

HONG KONG BUSINESS

Property

For the six months ended 30th June 2005, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 55% and 100% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 83%. During the period, the Group's net rental income from property leasing was higher than that for the same period in last year as a result of the increase in occupancy levels in properties.

BEIJING BUSINESS

The Wangfujing Projects

Lot No. F1 (61.1% owned)

The Group's wholly-owned subsidiary, Turbo Dragon Limited ("Turbo Dragon") entered into a Sale and Purchase Supplemental Agreement (the "Agreement") with China Yintai Investment Company Limited ("China Yintai") on 26th April 2004, whereby Turbo Dragon agreed to sell its 61.1% interest in Beijing Lucky Building Company Limited ("Beijing Lucky") to China Yintai for an aggregate consideration of RMB134,070,000 (approximately HK\$126,481,000).

On 9th May 2004, a deposit of RMB25,000,000 (approximately HK\$23,585,000) was received from China Yintai. According to the Agreement, the remaining balance of the consideration for the sale of the interest in the sum of RMB109,070,000 (approximately HK\$102,896,000) will be received by four installments.

Dan Yao Building (85% owned)

On 10th March 2005, the Second Intermediate People's Court of Beijing Municipality (the "PRC Court") has accepted for consideration the application for the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao") made by the Company and Dan Yao. Currently, Dan Yao is operating under the supervision of the PRC Court.

In the next half of the year, the tenants of Dan Yao Building will continue to adjust its commercial products for sales and try to maintain steadily in business operations. It is expected that by the end of the year, the PRC Court will make a decision on whether or not to grant an order for the liquidation of Dan Yao upon completing the audit of the accounts and valuation of the assets of Dan Yao.

The Xidan Project (29.4% owned)

For the six month period ended 30th June 2005, the remaining sales receivable of RMB87,504,000 (approximately HK\$82,551,000) from the sale of the building located at Lot No. 1 has not yet been received; all the works for building located at Lot No. 2 has been completed and the building ownership certificate is being arranged; regarding the sale of land located at Lot No. 4, the sum of RMB955,000,000 (approximately HK\$900,943,000) has been received and transfer of the project was completed; concerning the building located at Lot No. 5, the dispute with Beijing Tai Yun Plaza Co., Ltd relating to the allocation of property area was resolved where the court ruled in favour to Beijing Jing Yuan Property Development Co., Ltd. ("Jing Yuan"). Land and Property Bureau has accepted Jing Yuan's application for the building ownership certificate where the title of the property will be transferred to China United Telecommunication Corporation; regarding the building located at Lot No. 9, all construction works and facilities were completed. The facilities are being tested and checked currently.

ASSETS AND CHARGES

The total assets of the Group increased from HK\$1,827,869,000 as at 31st December 2004 to HK\$1,850,780,000 as at 30th June 2005. Net assets of the Group increased from HK\$1,495,387,000, as at 31st December 2004 to HK\$1,520,190,000 as at 30th June 2005. As at 30th June 2005, the amount of the Group's bank borrowings, which is secured by a pledge of property, decreased from HK\$98,935,000 as at 31st December 2004 to HK\$89,725,000 as at 30th June 2005.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group decreased from HK\$332,482,000 at 31st December 2004 to HK\$330,590,000 at 30th June 2005. The Group had cash at banks and in hand of HK\$15,918,000 at 30th June 2005 (2004: HK\$17,154,000). The ratio of total liabilities to total assets was approximately 18% (2004: 18%). At 30th June 2005, the aggregate amount of bank loans and bank overdrafts was HK\$89,725,000 (2004: HK\$98,935,000) and the total equity was HK\$1,520,190,000 (2004: HK\$1,495,387,000), and therefore the capital gearing ratio was 6% (2004: 7%). As from 1st September 2005, the bank overdraft facility has reduced from HK\$60,000,000 to HK\$45,000,000 (2004: HK\$60,000,000) of which HK\$39,820,000 (2004: HK\$49,030,000) has been utilized as at 30th June 2005. All the total borrowings, that is, the sum of HK\$89,725,000 is repayable on demand. As at 30th June 2005, the Group's current assets, amounting to HK\$504,911,000 (2004: HK\$505,555,000), exceeded its current liabilities by HK\$213,563,000 (2004: HK\$212,281,000). Given that Dan Yao has applied for liquidation as mentioned above and no major payments will be made by Dan Yao, the other operations of the Group can generate sufficient cash flows to enable the Group to settle its remaining liabilities as and when they fall due.

For the six months ended 30th June 2005, the Group has no exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

EMPLOYEES

As at 30th June 2005, the Group, excluding associated companies, had 52 employees 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 defined contribution provident fund scheme and mandatory provident fund scheme.

PROSPECTS

The Group is now continuing to monitor carefully the internal and external resources and is achieving a strategic transformation in operations where a smooth transition is laid down as a foundation. The Group is also carefully and actively selecting suitable projects in the market for future business development.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2005. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th June 2005.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities ("the Listing Rules") as its own code of conduct regarding the directors' securities transactions. The Company has made specific enquiry of all Directors whether they have complied with the Model Code and all Directors confirmed that they have complied with the Model Code for the period ended 30th June 2005.

Written guidelines on no less exacting terms than the Model Code relating to securities transactions for employees have been sent to the relevant employees of the Group.

CORPORATE GOVERNANCE

With the exceptions that the role of the chairman and chief executive officer are performed by the same individual and in accordance with the Article 102 of Articles of Association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules on The Stock Exchange of Hong Kong Limited throughout the accounting period covered by the interim report.

The interim results have been reviewed by the Audit Committee of the Company.

By Order of the Board
Fung Man Yuen
Company Secretary

Hong Kong, 13th September 2005

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>

A detailed interim results containing all the information required by paragraph 46(1) to 46(6) 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 Stock Exchange's website (<http://www.hkex.com.hk>) in due.

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