



DAN FORM HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code : 271)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

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 2008 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 HK\$'000	2007 HK\$'000
Revenue	2	34,058	33,035
Other income		4,588	3,104
Other gains, net		7,236	10,922
Direct operating expenses		(9,964)	(11,423)
Administrative expenses		(18,535)	(19,165)
Change in fair value of investment properties		(17,443)	84,963
Write back of provision for properties for sale		-	195
Operating (loss)/profit	3	(60)	101,631
Share of (losses)/profits of associated companies		(55,388)	277,324
(Loss)/profit before taxation		(55,448)	378,955
Taxation credit/(charge)	4	5,765	(13,660)
(Loss)/profit for the year		(49,683)	365,295
		HK cents	HK cents
(Loss)/earnings per share Basic and diluted	5	(4.4)	32.2

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 HK\$'000	2007 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		3,598	322
Investment properties		519,941	531,860
Leasehold land		4,248	322
Associated companies		1,281,975	1,335,649
Available-for-sale financial assets		23,175	47,877
		<u>1,832,937</u>	<u>1,916,030</u>
Current assets			
Debtors, prepayments and deposits	6	12,598	20,466
Amounts due from associated companies		204,081	232,422
Taxation recoverable		2	460
Cash and bank balances		205,565	165,901
		<u>422,246</u>	<u>419,249</u>
Total assets		<u><u>2,255,183</u></u>	<u><u>2,335,279</u></u>
EQUITY			
Share capital		567,803	567,803
Reserves		1,597,742	1,674,826
Total equity		<u>2,165,545</u>	<u>2,242,629</u>
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		62,334	68,376
Current liabilities			
Creditors and accruals	7	17,224	16,133
Amounts due to associated companies		9,868	7,809
Taxation payable		212	332
		<u>27,304</u>	<u>24,274</u>
Total liabilities		<u><u>89,638</u></u>	<u><u>92,650</u></u>
Total equity and liabilities		<u><u>2,255,183</u></u>	<u><u>2,335,279</u></u>
Net current assets		<u><u>394,942</u></u>	<u><u>394,975</u></u>
Total assets less current liabilities		<u><u>2,227,879</u></u>	<u><u>2,311,005</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 under the historical cost convention as modified by the revaluation of investment properties and available-for-sale financial assets, which are carried at fair values.

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.

Certain interpretations to existing standards are effective for the accounting periods of the Group beginning on or after 1 January 2008 and are not relevant to its operation.

The following standards, amendments and interpretations to existing standards are effective for the accounting periods of the Group beginning on or after 1 January 2009 and are relevant to its operations and have not been early adopted by the Group:

Effective for year ending 31 December 2009

- HKAS 1 (Revised) Presentation of financial statements
- HKFRS 2 (Amendment) Share-based payment
- HKFRS 8 Operating segments
- HK(IFRIC) – Int 16 Hedges of a net investment in a foreign operation
- HKICPA’s improvement to certain HKFRS published in October 2008
 - HKAS 36 (Amendment) Impairment of assets
 - HKAS 38 (Amendment) Intangible assets
 - HKAS 39 (Amendment) Financial instruments: Recognition and measurement
 - HKAS 40 (Amendment) Investment property

Effective for year ending 31 December 2010

- HKAS 27 (Revised) Consolidated and separate financial statements
- HKFRS 3 (Revised) Business combinations
- HKAS 39 (Amendment) Financial Instruments: Recognition and Measurement – Eligible hedged items
- HK(IFRIC) – Int 17 Distributions of non-cash assets to owners
- HK(IFRIC) – Int 18 Transfers of assets from customers

The Group has already commenced an assessment of the impact of these standards, amendments and interpretations and considers that they will not have any significant impact on its results of operations and financial position.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in property development and investment, estate management and investment holding. The Group reports its primary segment information by business segments and secondary segment information by geographical segments:-

(a) Business segments

	Property development & investment HK\$'000	Estate management HK\$'000	Investment holding HK\$'000	Unallocated HK\$'000	Total HK\$'000
Year ended 31 December 2008					
Revenue	<u>21,469</u>	<u>9,964</u>	<u>2,625</u>	-	<u>34,058</u>
Operating (loss)/profit	<u>(3,397)</u>	<u>8,263</u>	<u>2,625</u>	(7,551)	<u>(60)</u>
Share of losses of associated companies	(55,388)	-	-	-	<u>(55,388)</u>
Loss before taxation					<u>(55,448)</u>
Taxation credit					<u>5,765</u>
Loss for the year					<u>(49,683)</u>
Capital expenditure, including leasehold land	5,123	-	-	7,585	12,708
Fair value loss of investment properties	(17,443)	-	-	-	(17,443)
Depreciation and amortisation	<u>1</u>	<u>-</u>	<u>-</u>	<u>382</u>	<u>383</u>
Year ended 31 December 2007					
Revenue	<u>24,713</u>	<u>7,856</u>	<u>466</u>	-	<u>33,035</u>
Operating profit	<u>100,332</u>	<u>5,938</u>	<u>1,536</u>	(6,175)	<u>101,631</u>
Share of profits of associated companies	277,324	-	-	-	<u>277,324</u>
Profit before taxation					<u>378,955</u>
Taxation charge					<u>(13,660)</u>
Profit for the year					<u>365,295</u>
Capital expenditure	-	-	-	22	22
Fair value gain of investment properties	84,963	-	-	-	84,963
Depreciation and amortisation	34	-	-	112	146
Write-back of provision for properties for sale	<u>195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195</u>

(b) **Geographical segments**

	2008		2007	
	Revenue	Segment results	Revenue	Segment results
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	33,770	(1,184)	31,275	98,719
Mainland China	288	1,124	1,760	2,912
	<u>34,058</u>	<u>(60)</u>	<u>33,035</u>	<u>101,631</u>

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

	2008	2007
	HK\$'000	HK\$'000
Operating (loss)/profit is arrived at after crediting:		
Net exchange gains	7,058	10,013
Interest income	3,993	2,960
Write back of provision for trade and other debtors	74	13
and after charging:		
Depreciation and amortisation	383	146
Staff costs, including Directors' remuneration	<u>13,326</u>	<u>12,865</u>

4. **TAXATION**

	2008	2007
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	351	332
Deferred income tax	<u>(6,116)</u>	<u>13,328</u>
	<u>(5,765)</u>	<u>13,660</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year. For the year of assessment 2008/09 with effect from 1 April 2008, the Hong Kong profits tax rate was changed from 17.5% to 16.5% and the deferred tax balances have been remeasured.

5. (LOSS)/EARNINGS PER SHARE

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

	2008 HK\$'000	2007 HK\$'000
(Loss)/profit attributable to shareholders	<u>(49,683)</u>	<u>365,295</u>
Weighted average number of shares for calculating basic and diluted (loss)/earnings per share ('000)	<u>1,135,606</u>	<u>1,135,606</u>
Basic and diluted (loss)/earnings per share (HK cents)	<u>(4.4)</u>	<u>32.2</u>

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

6. DEBTORS, PREPAYMENTS AND DEPOSITS

	2008 HK\$'000	2007 HK\$'000
Trade debtors, net	3,892	3,145
Other debtors, net	5,875	4,706
Prepayments and deposits	<u>2,831</u>	<u>12,615</u>
	<u>12,598</u>	<u>20,466</u>

Trade debtors represent rental and estate management fees receivable and are payable on presentation of invoices. The ageing analysis of the trade debtors of the Group based on the dates of invoices is as follows:

	2008 HK\$'000	2007 HK\$'000
Within 30 days	1,741	1,504
31 to 60 days	569	385
61 to 90 days	273	298
Over 90 days	<u>1,309</u>	<u>958</u>
	<u>3,892</u>	<u>3,145</u>

7. CREDITORS AND ACCRUALS

	2008 HK\$'000	2007 HK\$'000
Trade creditors	17	129
Other creditors	14,499	14,263
Accrued operating expenses	2,708	1,741
	<u>17,224</u>	<u>16,133</u>

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

	2008 HK\$'000	2007 HK\$'000
Within 30 days	<u>17</u>	<u>129</u>

RESULTS

The Group recorded a revenue of HK\$34,058,000 for the year ended 31 December 2008, which represented an increase of approximately HK\$1,023,000 or 3% as compared with last year. The increase in revenue was mainly due to increase in revenue from estate management and investment holding, which was partly offset by the decrease in revenue generated from property sale.

The Group's loss attributable to equity holders in this year was HK\$49,683,000, as compared to profit of HK\$365,295,000 in last year. The loss of this year was mainly attributable to decrease 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 2008 (2007: 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 85% and 97% respectively, while the commercial properties situated at Harbour Crystal Centre recorded an average occupancy level of approximately 73%. During the year, the Group's net rental income from property leasing was less than that in the last year.

Beijing Business

The Wangfujing Project

Dan Yao Building (85% owned)

As from 19 June 2007, the Second Intermediate People's Court of Beijing Municipality appointed the receivers of the Beijing Dan Yao Property Company Limited (the "Receivers"). The Receivers has looked after Beijing Dan Yao Property Company Limited ("Dan Yao") and examined and administrated Dan Yao's assets in the year 2008. During the period from April 2008 to January 2009, the Receivers convened four creditors' meetings.

China Beijing Equity Exchange and Beijing Yatelan International Auction Co., Ltd arranged two auctions, which were held on 18 June 2008 and 18 July 2008. However, both auctions were aborted. Under this situation, arrangement for assets transfer by agreement has been made in addition to the sale of assets by public auctions. Because of various reasons, the creditors have different ideas as to how to handle Dan Yao's assets, resulting in handling of Dan Yao's assets come into a standstill. As a result, it is highly likely that the Company, as an ordinary creditor, may get only little or no payment from the liquidation.

The Xidan Project (29.4% owned)

In respect of the project at Lot No. 9 : On 22 January 2009, Jing Yuan and Huitong Investment Co. Ltd. signed the "Purchase of Beijing Jing Yuan International Mansion Contract" with the condition of one time full payment of RMB353,000,000 (approximately HK\$401,136,000) where full payment was received on 23 January 2009. The transfer of the relevant building ownership certificate is in progress.

In respect of the project at Lot No. 10 : According to the agreement dated 19 June 2006, Jing Yuan will transfer the land to Beijing Yonganxingye Property Development Co. Ltd. ("Yonganxingye") at a consideration of RMB110,000,000 (approximately HK\$116,993,000). Up to the first half of the year 2008, Jing Yuan has received the sum of RMB105,000,000 (approximately HK\$111,279,000). The assignment of land has not yet completed. As agreed by both parties, Yonganxingye will pay the balance of RMB5,000,000 (approximately HK\$5,682,000) on completion of the transfer of the land title.

Jing Yuan expects the Xidan Project will be completed in the year 2009.

GROUP ASSETS POSITION AND CHARGE

The total assets of the Group have decreased from HK\$2,335,279,000 in last year to HK\$2,255,183,000 in this year. The net assets of the Group have also decreased from HK\$2,242,629,000 to HK\$2,165,545,000. The Group had no bank borrowings as at 31 December 2008. The investment properties with net book value of HK\$510,400,000 have been pledged as securities for the banking facilities of the Group.

GROUP FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group have decreased from HK\$92,650,000 as at 31 December 2007 to HK\$89,638,000 as at 31 December 2008. The Group had cash and bank balances of HK\$205,565,000 as at 31 December 2008 (2007: HK\$165,901,000). The ratio of total liabilities to total assets was approximately 4% (2007: 4%). As at 31 December 2008, the Group had no bank loans (2007: Nil) and the total equity was HK\$2,165,545,000 (2007: HK\$2,242,629,000).

As at 31 December 2008, the current assets of the Group, amounting to HK\$422,246,000 (2007: HK\$419,249,000), exceeded its current liabilities by HK\$394,942,000 (2007: HK\$394,975,000).

For the year ended 31 December 2008, the exchange rates of Renminbi to Hong Kong dollars has been appreciating, resulting an exchange gain from our bank deposit in Renminbi currency. Save as disclose above, the Group has no exposure to fluctuation in exchange rates and related hedges and there were no contingent liabilities.

EMPLOYEES

As at 31 December 2008, the Group, excluding associated companies, employed 51 people of which 39 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

While the world is facing the financial crisis, the Group's survival depends on its endeavor and adaptation of the changing environment. Although the Group has escaped from the crisis, which is still changing and may become more serious, the Group will stand on this long-term toxic environment, and is trying to prevent corporate failure before capturing 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 Group's and Company's shares during the year.

AUDIT COMMITTEE

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

The annual results of the Group for the year ended 31 December 2008 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 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. Mr. Dai Xiaoming has extensive industry experience, therefore the Directors believe that it is the best interest of the Group to have Mr. Dai 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 2008 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the 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 2009 Annual General Meeting of the shareholders of the Company will be held at Meeting Room S428, Level 4, Hong Kong Convention and Exhibition Centre, 1 Harbour Road, Wanchai, Hong Kong on Wednesday 27 May 2009 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, 17 April 2009

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, Mr. 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 2008 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 2009.