



DAN FORM HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

2006 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 2006 with comparative figures for the previous corresponding period as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2006

	<i>Note</i>	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Turnover	(2)	14,062	16,610
Cost of sales		(4,701)	(5,164)
Gross profit		9,361	11,446
Other income		2,458	180
Administrative expenses		(8,675)	(8,947)
Other operating expenses		(313)	(3,471)
Write back of provision for properties for sale		2,087	5,259
Change in fair value of investment properties		32,000	–
Operating profit	(3)	36,918	4,467
Finance costs	(4)	(3,432)	(3,202)
Share of (losses)/profits of associated companies		(3,326)	1,783
Profit before taxation		30,160	3,048
Taxation	(5)	(5,843)	(33)
Profit for the period		24,317	3,015
Earnings per share		<i>HK cents</i>	<i>HK cents</i>
	(6)	2.14	0.27

CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS AT 30TH JUNE 2006

	<i>Note</i>	30th June 2006 HK\$'000	31st December 2005 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		365	256
Investment properties		447,270	415,270
Prepayments of lease premiums		327	328
Associated companies		997,625	990,861
Available-for-sale financial assets		36,490	37,477
Other non-current assets		9,368	–
		1,491,445	1,444,192
Current assets			
Properties for sale		215,588	213,501
Investment for sale	(7)	85,644	128,913
Trade and other receivable	(8)	23,716	23,644
Amounts due from associated companies		343,247	357,309
Cash and bank balances		11,788	16,727
		679,983	740,094
Total assets		2,171,428	2,184,286
EQUITY			
Share capital		567,803	567,803
Reserves		1,278,983	1,255,634
Total equity		1,846,786	1,823,437
LIABILITIES			
Non-current liabilities			
Deferred taxation liabilities		54,781	48,937
Current liabilities			
Creditors and accruals	(9)	183,323	203,887
Amounts due to associated companies		13,658	12,417
Bank loans and bank overdrafts		66,962	89,689
Tax payable		5,918	5,919
		269,861	311,912
Total liabilities		324,642	360,849
Total equity and liabilities		2,171,428	2,184,286
Net current assets		410,122	428,182
Total assets less current liabilities		1,901,567	1,872,374

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30TH JUNE 2006

	Share capital HK\$'000	Other reserves HK\$'000	Retained profit HK'000	Total HK\$'000
At 31st December 2005	567,803	721,559	534,075	1,823,437
Changes in exchange rates	–	19	–	19
Change in fair value of available-for-sale financial assets	–	(987)	–	(987)
Profit for the period	–	–	24,317	24,317
At 30th June 2006	<u>567,803</u>	<u>720,591</u>	<u>558,392</u>	<u>1,846,786</u>
At 31st December 2004	567,803	719,291	229,721	1,516,815
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, available-for-sale financial assets and investment for sale, which are carried at fair value, and also presented in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those adopted in the annual financial statements for the year ended 31st December 2005. For the six months ended 30th June 2006, the Group has also applied for the first time, a number of new standards, amendments and interpretations under Hong Kong Financial Reporting Standards that are effective for the accounting periods beginning on or after 1st January 2006. The adoption of these new standards has no material impact to the accounting policies of the Group.

Hong Kong Accounting Standard 40 “Investment Property” 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 profit and loss account for that period. Accordingly, the investment properties, including those held by the associated companies of the Group, have been revalued at 30th June 2006. However, a revaluation of the investment properties was not carried out at 30th June 2005 as explained in the 2005 interim report. As a result, the results for the period are not comparable to the corresponding period of last year.

(2) Segment information

(a) Business segments

	Property development HK\$'000	Property investment HK\$'000	Estate management HK\$'000	Investment holding HK\$'000	Total HK\$'000
For the six months ended 30th June 2006					
Turnover	–	11,229	2,612	221	14,062
Segment results	1,484	38,880	2,326	2,632	45,322
Unallocated corporate expenses					(8,404)
Operating profit					36,918
Finance costs					(3,432)
Share of (losses)/profits of associated companies	(10,090)	6,764	–	–	(3,326)
Profit before taxation					30,160
Taxation					(5,843)
Profit for the period					<u>24,317</u>

	Property development HK\$'000	Property investment HK\$'000	Estate management HK\$'000	Investment holding HK\$'000	Total HK\$'000
For the six months ended 30th June 2005					
Turnover	<u>–</u>	<u>14,141</u>	<u>2,305</u>	<u>164</u>	<u>16,610</u>
Segment results	<u>1,640</u>	<u>8,736</u>	<u>2,027</u>	<u>524</u>	<u>12,927</u>
Unallocated corporate expenses					<u>(8,460)</u>
Operating profit					4,467
Finance costs					(3,202)
Share of (losses)/profits of associated companies	(1,301)	3,084	–	–	<u>1,783</u>
Profit before taxation					3,048
Taxation					<u>(33)</u>
Profit for the period					<u>3,015</u>

(b) Geographical segments

	Turnover		Operating profit	
	2006 HK'000	2005 HK\$'000	2006 HK'000	2005 HK\$'000
Hong Kong	12,364	14,879	32,870	3,243
Mainland China	1,698	1,731	4,048	1,224
	<u>14,062</u>	<u>16,610</u>	<u>36,918</u>	<u>4,467</u>

(3) Operating profit

	2006 HK\$'000	2005 HK\$'000
Operating profit is arrived at after crediting:		
Gross rental income	11,229	14,141
Outgoings of investment properties	(4,382)	(4,859)
Net rental income	6,847	9,282
and after charging:		
Depreciation and amortisation	52	174
Exchange loss	373	–
Operating leases in respect of office premises and staff quarters	648	661
Provision for impairment of other receivable	–	3,069
Write-off of plant and equipment	5	–

(4) Finance costs

	2006 HK\$'000	2005 HK\$'000
Interest on bank loans and overdrafts	3,340	3,151
Interest on other loans	6	–
Other incidental borrowing costs	86	51
	<u>3,432</u>	<u>3,202</u>

(5) Taxation

	2006 HK\$'000	2005 HK\$'000
Deferred	<u>5,843</u>	<u>33</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Taxation on profits generated in Mainland China has been provided at the prevailing rates applicable to those subsidiaries which operate in Mainland China.

The Group's share of (losses)/profits of associated companies is stated after deducting the Group's share of taxation charge amounting to HK\$1,239,000 (2005: HK\$194,000).

(6) Earnings per share

The calculation of earnings per share is based on the profit attributable to equity holders of the Company of HK\$24,317,000 (2005: HK\$3,015,000) and 1,135,606,132 (2005: 1,135,606,132) shares in issue during the period. There is no diluted earnings per share since there is no dilutive potential shares in issue during the period.

(7) Investment for sale

The investment represents the Group's 40.5% (2005: 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 supplemental agreement, which was supplemental to the sale and purchase agreement dated 30th July 2003 and subsequently amended by supplemental agreements (collectively the "Agreements"), with China Yintai Investment Company Limited ("China Yintai") to sell its entire interest in Beijing Lucky, at an aggregate consideration, as subsequently amended on 22nd June 2004, of RMB134,070,000 (approximately HK\$128,913,000). On execution of the Agreements, a deposit of RMB25,000,000 (approximately HK\$24,038,000) was received. During the period, the Group received from China Yintai the first and second instalments of RMB20,000,000 (approximately HK\$19,231,000) together with accrued and penalty interest of RMB1,878,000 (approximately HK\$1,806,000) and the remaining balance of the consideration of RMB89,070,000 (approximately HK\$85,644,000) is receivable by instalments which carry interest at agreed interest rates. On 21st November 2005, Turbo Dragon entered into another supplemental agreement with China Yintai, under which, inter alia, the payment schedule for the balance of the sale consideration was revised and the method of calculating interest on the instalments was agreed. 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 received. As a result, the Group has transferred 20.6% equity interest in Beijing Lucky to China Yintai.

(8) Trade and other receivable

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Trade receivable	4,530	4,733
Other receivable	12,616	12,382
Prepayments and deposits	6,570	6,529
	<u>23,716</u>	<u>23,644</u>

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

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Within 30 days	764	1,434
31 to 60 days	409	354
61 to 90 days	294	194
Over 90 days	3,063	2,751
	<u>4,530</u>	<u>4,733</u>

(9) Creditors and accruals

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Trade payable	47,294	48,010
Other payable	124,865	146,809
Accrued operating expenses	11,164	9,068
	<u>183,323</u>	<u>203,887</u>

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

	30th June 2006 HK\$'000	31st December 2005 HK\$'000
Within 30 days	338	448
31 to 60 days	-	247
61 to 90 days	-	326
Over 90 days	46,956	46,989
	<u>47,294</u>	<u>48,010</u>

INTERIM DIVIDEND

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30th June 2006 (2005: HK\$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Group recorded a turnover of HK\$14,062,000 for the six months ended 30th June 2006, which represented a decrease of approximately HK\$2,548,000 or 15% as compared with the same period in 2005. The decrease is mainly due to the decrease in rental income from Hong Kong.

The profit attributable to equity holders for the six months ended 30th June 2006 was HK\$24,317,000 whereas HK\$3,015,000 was made for the same period in 2005. The profit is mainly due to the increase in fair value of Harbour Crystal Centre.

HONG KONG BUSINESS

Property

For the six months ended 30th June 2006, the average occupancy rates of the Group's residential properties situated at Red Hill Peninsula and South Horizons were approximately 68% and 100% respectively, while the average occupancy rate of commercial properties situated at Harbour Crystal Centre was approximately 68%. During the period, the Group's net rental income from property leasing was lower than that for the same period in last year as a result of the decrease in occupancy levels of the properties situated at Harbour Crystal Centre.

BEIJING BUSINESS

The Wangfujing Projects

Lot No. F1 (40.5% owned)

As requested by the Beijing Municipal Bureau of Commerce on approving the sale and purchase agreement, the Group's wholly-owned subsidiary Turbo Dragon Limited ("Turbo Dragon") entered into a supplementary sale and purchase agreement with China Yintai Investment Company Limited ("China Yintai") on 8th February 2006. According to the contents of the relevant sale and purchase agreements, Turbo Dragon would sell its 61.1% interest in Beijing Lucky Building Company Limited ("Beijing Lucky") to China Yintai for total a consideration of RMB134,070,000 (approximately HK\$128,913,000).

Turbo Dragon received a deposit of RMB25,000,000 (approximately HK\$24,038,000) from China Yintai on 9th May 2004; the first instalment of RMB10,000,000 (approximately HK\$9,615,000) together with accrued interest of RMB975,000 (approximately HK\$938,000) and the second instalment of RMB10,000,000 (approximately HK\$9,615,000) together with accrued interest of RMB903,000 (approximately HK\$868,000) were also received by the Group on 27th February 2006 and 9th May 2006 respectively. The remaining sale consideration of RMB89,070,000 (approximately HK\$85,644,000) and the accrued interest of RMB10,332,000 (approximately HK\$9,935,000) will be received by three instalments on or before 6th February 2007. The interest of the Group in the Beijing Lucky will be transferred in stages in proportion to the actual amount received from China Yintai. As a result, the Group has transferred 20.6% equity interest in Beijing Lucky to China Yintai.

Dan Yao Building (85% owned)

For the six months ended 30th June 2006, the Second Intermediate People's Court of Beijing Municipality (the "PRC Court") is still examining the application for the liquidation of Beijing Dan Yao Property Company Limited ("Dan Yao"). The PRC Court has not yet made a decision on whether or not to grant an order for the liquidation of Dan Yao. It is expected that the PRC Court will make a decision on our application for the liquidation of Dan Yao by the end of 2006.

The business operation of the shopping mall of Dan Yao Building remains steady. For the six months ended 30th June 2006, the rental income was approximately RMB1,670,000 (approximately HK\$1,606,000), where the rental expenses (excluding finance expenses and non-recurring expenses) were approximately RMB1,894,000 (approximately HK\$1,821,000).

The operating strategy of Dan Yao Building will be continually adjusted; we are refining the operating structure of the shopping mall and enhancing the management of the building in order to maintain its stability in operations so as to achieve a break-even situation.

The Xidan Project (29.4% owned)

For the six months ended 30th June 2006, the disputes between Beijing Jing Yuan Property Development Co., Ltd. ("Jing Yuan") and China Telecom Group Beijing Telecom Co., Ltd. ("Telecom Group Beijing") over the sale areas of the building located at Lot No.1 were resolved by the China International Economic and Trade Arbitration Commission ("CIETAC") on 27th June 2006, where the CIETAC ruled in favor of Jing Yuan; the application for the building ownership certificates in respect of the resettlement units of the building located at Lot No. 2 was submitted to the relevant Departments of the PRC Government and is being examined; according to the sale and purchase agreement of the land at Lot No. 4, Jing Yuan received RMB95,000,000 (approximately HK\$91,346,000) of the sales of RMB125,000,000 (approximately HK\$120,192,000) which is entitled to receive on or before 31st December 2005, whereas the sales of RMB50,000,000 (approximately HK\$48,077,000) which is entitled to receive on or before 30th June 2006 has not been received; the land and the building ownership certificates of the property at Lot No. 5, which was sold to China United Telecommunication Corporation ("China United Telecom") has been registered in the name of Jing Yuan, and the transfer of the title of the land and building to China United Telecom is being carried out; the project at Lot No. 9 has undergone the stages of maintenance, operations and costs recognition, and the sale of the building has also begun; in respect of the land at Lot No. 10, we are approaching to several parties for the sale of land.

In the second half of 2006, it is expected that the sales receivable of RMB37,504,000 (approximately HK\$36,062,000) stated in the original sale and purchase agreement of the building situated at the land of Lot No.1 will be received from Telecom Group Beijing based on the decision of the CIETAC; the arrangement of the building ownership certificates for the resettlement units of the building located at Lot No. 2 will be completed and the transfer of the titles has begun; the total outstanding sales receivable of RMB120,000,000 (approximately HK\$115,385,000) stipulated in the original sale and purchase agreement of the land at Lot No. 4 will be received; the transfer of title of the land and the building ownership certificates of the property at Lot No. 5 to China United Telecom will be completed and accordingly, we will receive the amount of RMB69,244,000 (approximately HK\$66,581,000) as stated in the sale and purchase agreement; the processes of maintenance, operations and costs recognition of Lot No. 9 will be completed and the sales will be carried out; at this preliminary stage, the transferee of the sale of the land at Lot No. 10 will be confirmed and the procedures for the transfer will be carried out.

ASSETS AND CHARGES

The total assets of the Group decreased from HK\$2,184,286,000 as at 31st December 2005 to HK\$2,171,428,000 as at 30th June 2006. Net assets of the Group increased from HK\$1,823,437,000, as at 31st December 2005 to HK\$1,846,786,000 as at 30th June 2006. As at 30th June 2006, the amount of the Group's bank borrowings, which is secured by a pledge of property, decreased from HK\$89,689,000 as at 31st December 2005 to HK\$66,962,000 as at 30th June 2006.

FINANCIAL POSITION, LIQUIDITY AND FINANCIAL RESOURCES

The total liabilities of the Group decreased from HK\$360,849,000 at 31st December 2005 to HK\$324,642,000 at 30th June 2006. The Group had cash at banks and in hand of HK\$11,788,000 at 30th June 2006 (2005: HK\$16,727,000). The ratio of total liabilities to total assets was approximately 15% (2005: 16%). At 30th June 2006, the aggregate amount of bank loans and bank overdrafts was HK\$66,962,000 (2005: HK\$89,689,000) and the total equity was HK\$1,846,786,000 (2005: HK\$1,823,437,000), and therefore the capital gearing ratio was 4% (2005: 5%). The bank overdraft facility was reduced from HK\$45,000,000 to HK\$36,000,000 on 28th February 2006. As from 30th May 2006, it has been further reduced to HK\$26,000,000 (2005: HK\$45,000,000) of which HK\$16,097,000 (2005: HK\$38,823,000) has been utilised as at 30th June 2006. Currently, the Group has arranged for new banking facilities of total sum of HK\$50,000,000. As at 30th June 2006, the Group's current assets, amounting to HK\$679,983,000 (2005: HK\$740,094,000), exceeded its current liabilities by HK\$410,122,000 (2005: HK\$428,182,000). Given that Dan Yao has applied for liquidation as mentioned above and no payments except for minor liquidation expenses 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 2006, the Group has no exposure to fluctuations in exchange rates and related hedges and there were no contingent liabilities.

EMPLOYEES

As at 30th June 2006, the Group, excluding associated companies, has 51 employees 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 defined contribution provident fund scheme and mandatory provident fund scheme.

PROSPECTS

The Group is continuously adjusting its business structure and strategy at this stage in pursuit of the stability of financial position of the Group. As the current property market condition in Hong Kong is improving, such circumstance will be beneficial to the Group's property holding in Hong Kong.

The Group will continually apply a stable financial policy by increasing the operating revenues and tightening its control in costs and expenses on one hand; and by improving its corporate governance on the other. In addition, the management is considering investing new projects with higher returns for its 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 2006. 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 2006.

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 2006.

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

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 A2.1 due to the fact that, currently the Group is still adjusting its business structure and strategy and therefore, at present the Group has no separation of the roles of the chairman and chief executive. Mr. Dai Xiaoming is still responsible for the roles of chairman and chief executive.

By Order of the Board
Fung Man Yuen
Company Secretary

Hong Kong, 8th September 2006

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.