
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dan Form Holdings Company Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and condition of the Offer.

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天安中國投資有限公司
TIAN AN CHINA INVESTMENTS COMPANY LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 28)



DAN FORM HOLDINGS COMPANY LIMITED
丹楓控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 271)

Autobest Holdings Limited

(Incorporated in the British Virgin Islands with limited liability)

COMPOSITE DOCUMENT RELATING TO CONDITIONAL MANDATORY CASH OFFER BY YU MING INVESTMENT MANAGEMENT LIMITED ON BEHALF OF AUTOBEST HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF DAN FORM HOLDINGS COMPANY LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY AUTOBEST HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Financial adviser to Dan Form



寶橋
BAOQIAO PARTNERS
BAOQIAO PARTNERS CAPITAL LIMITED

Independent financial adviser to the Dan Form IBC



Capitalised terms used on this cover page shall have the same meanings as those defined in this Composite Document.

A letter from Yu Ming containing, among other things, principal terms of the Offer is set out on pages 8 to 18 of this Composite Document.

A letter from the Dan Form Board is set out on pages 19 to 23 of this Composite Document.

A letter from the Dan Form IBC to the Dan Form Independent Shareholders containing its recommendation in respect of the Offer is set out on pages 24 to 25 of this Composite Document.

A letter from the Dan Form IFA containing its advice to the Dan Form IBC in respect of the Offer is set out on pages 26 to 51 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in the Appendix I to this Composite Document and the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on Friday, 9 December 2016 (or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code).

18 November 2016

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and Dan Form.

Despatch date of this Composite Document and
the accompanying Form of Acceptance and
commencement date of the Offer (*Note 1*) Friday, 18 November 2016

Latest time and date for acceptance of the Offer
on the First Closing Date (*Note 2*) 4:00 p.m. on Friday,
9 December 2016

First Closing Date (*Note 2*) Friday, 9 December 2016

Announcement of the results of the Offer and
the level of acceptance as at the First Closing Date
on the website of the Stock Exchange no later than 7:00 p.m.
on Friday, 9 December 2016

Latest date for posting of remittances in respect of
valid acceptances received under the Offer as at
the First Closing Date (if the Offer becomes or
is declared unconditional on the First Closing Date) (*Note 3*) . . . Tuesday, 20 December 2016

Latest date by which the Offer can be
declared unconditional to acceptance (*Note 4*) Tuesday, 17 January 2017

Notes:

1. The Offer is conditional on the condition set out in the paragraph headed “Condition of the Offer” in this Composite Document. Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in Rule 19.2 of the Takeovers Code.
2. The Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance will be at 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Offeror and Dan Form through the website of the Stock Exchange no later than 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days’ notice in writing will be given, before the Offer is closed, to those Dan Form Independent Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

3. Subject to the Offer becoming unconditional, remittance in respect of the consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares tendered under the Offer will be posted by ordinary post to the Dan Form Shareholders accepting the Offer at their own risk as soon as possible, but in any event within 7 Business Days following the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt by the Registrar of all the relevant documents to render the acceptances under the Offer complete and valid in accordance with the Takeovers Code.
4. Pursuant to the Takeovers Code, unless with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the date of the posting of the initial Composite Document.

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong date and time.

Effect of bad weather on the latest time for acceptance of the Offer

If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a "black" rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the First Closing Date, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the First Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 373), is a controlling shareholder of APL
“APL”	Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 56), is a substantial shareholder of Tian An
“associates”	has the meaning ascribed to it under the Takeovers Code
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the First Closing Date, or if the Offer is extended, any subsequent closing date of the Offer in accordance with the Takeovers Code
“Completion”	completion of the sale and purchase of the Sale Shares contemplated under the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document in respect of the Offer jointly issued by the Offeror, Tian An and Dan Form in accordance with the Takeovers Code containing, among other things, the detailed terms of the Offer
“Consideration”	consideration payable for the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, being HK\$1,245,455,664.75
“Dan Form”	Dan Form Holdings Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 271)
“Dan Form Board”	the board of directors of Dan Form from time to time

DEFINITIONS

“Dan Form Director(s)”	director(s) of Dan Form from time to time
“Dan Form Group”	Dan Form and its subsidiaries
“Dan Form IBC”	the independent board committee of Dan Form, comprising all the non-executive director and independent non-executive directors of Dan Form, namely Mr. Kenneth Hiu King Kon, Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen, formed to advise the Dan Form Independent Shareholders in respect of the Offer
“Dan Form IFA” or “Investec”	Investec Capital Asia Limited, a wholly-owned subsidiary of Investec Bank PLC, and a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Dan Form IBC to advise the Dan Form IBC in respect of the Offer
“Dan Form Independent Shareholder(s)”	holder(s) of the Dan Form Shares, other than the Vendors, the Offeror and parties acting in concert with any of them
“Dan Form Overseas Shareholder(s)”	Dan Form Shareholder(s) whose address(es) as stated in the register of members of Dan Form is or are outside Hong Kong
“Dan Form Share(s)”	the issued share(s) of Dan Form
“Dan Form Shareholder(s)”	the holder(s) of the Dan Form Share(s)
“DFIL”	Dan Form International Limited, a company incorporated in the British Virgin Islands and a Dan Form Shareholder holding 2,926,000 Dan Form Shares, being approximately 0.24% of the entire issued shares of Dan Form prior to Completion
“Encumbrances”	any mortgage, charge, pledge, lien, hypothecation, encumbrance or other security arrangement of any kind or any option, equity, claim, adverse interest or other third party right of any kind or any arrangement by which any right is subordinated to any right of such third party or any contractual right of set-off (including any agreement or commitment to create or procure to create, or to permit or suffer to be created or subsisted)

DEFINITIONS

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility”	a loan facility of HK\$1,500,000,000 granted by SHK Investment to the Offeror for the purpose of the Offer
“FIL”	Fabulous Investments Limited, a company incorporated in the British Virgin Islands and the controlling Dan Form Shareholder holding 424,666,969 Dan Form Shares, being approximately 34.18% of the entire issued shares of Dan Form prior to Completion
“First Closing Date”	9 December 2016, being the first closing date of the Offer (or such later date as may be determined and announced by the Offeror in accordance with the Takeovers Code)
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Document
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Announcement”	the announcement jointly issued by the Offeror, Tian An and Dan Form dated 22 September 2016, in relation to, among other things, the sale and purchase of the Sale Shares and the Offer
“Last Trading Day”	19 September 2016, the last trading date before the halt of trading in the Dan Form Shares
“Latest Practicable Date”	16 November 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“Mr. Dai”	Mr. Dai Xiaoming, the chairman, chief executive and executive director of Dan Form and a Dan Form Shareholder holding 25,300,000 Dan Form Shares, being approximately 2.04% of the entire issued shares of Dan Form prior to Completion
“Offer”	the conditional mandatory cash offer for all the Dan Form Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) being made by Yu Ming on behalf of the Offeror at the Offer Price
“Offer Period”	commencing from 22 September 2016, being the date of the Joint Announcement and ending on the Closing Date
“Offer Price”	HK\$2.75 per Offer Share
“Offer Share(s)”	777,791,976 Dan Form Share(s) that is subject to the Offer
“Offeror”	Autobest Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and the purchaser of the Sale Shares under the Sale and Purchase Agreement and the offeror of the Offer
“PRC”	the People’s Republic of China and for the purpose of this Composite Document, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Registrar”	Tricor Tengis Limited, the share registrar of Dan Form, with its address at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on 23 March 2016, being the date falling six months before the date of the Joint Announcement, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the agreement dated 19 September 2016 entered into between the Vendors, the Offeror and Tian An in relation to the conditional sale and purchase of the Sale Shares

DEFINITIONS

“Sale Shares”	452,892,969 Dan Form Shares legally and beneficially owned by the Vendors pursuant to the Sale and Purchase Agreement prior to Completion, representing approximately 36.45% of the entire issued shares of Dan Form as at the date of the Joint Announcement, and each a “Sale Share”
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SHK Investment”	Sun Hung Kai Investment Services Limited, provider of the Facility
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers issued by the SFC
“Tian An”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 28)
“Tian An Board”	the board of directors of Tian An from time to time
“Tian An Group”	Tian An and its subsidiaries
“Tian An Share(s)”	the issued share(s) of Tian An
“Tian An Shareholder(s)”	the holder(s) of the Tian An Share(s)
“Vendors”	the vendors under the Sale and Purchase Agreement, namely FIL, DFIL and Mr. Dai
“Yu Ming”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM YU MING



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

To the Dan Form Independent Shareholders

18 November 2016

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF AUTOBEST HOLDINGS LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF DAN FORM HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY AUTOBEST HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

It was announced in the Joint Announcement that, after the Stock Exchange trading hours on 19 September 2016, the Vendors, the Offeror and Tian An entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 36.45% of the total issued shares of Dan Form. The Consideration for the Sale Shares is HK\$1,245,455,664.75, equivalent to HK\$2.75 per Sale Share.

Completion took place on 16 November 2016. Prior to Completion, the Offeror and parties acting in concert with it held 11,740,000 Dan Form Shares, representing approximately 0.94% of the issued shares of Dan Form. Immediately after Completion, the Offeror and parties acting in concert with it hold a total of 464,632,969 Dan Form Shares, representing approximately 37.39% of the entire issued shares of Dan Form. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a conditional mandatory cash offer for all the Dan Form Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and its intentions in relation to Dan Form. Further details of the Offer are also set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Your attention is also drawn to the letter from the Dan Form Board on pages 19 to 23, the letter from the Dan Form IBC on pages 24 to 25 and the letter from the Dan Form IFA on pages 26 to 51 of this Composite Document before reaching a decision as to whether or not to accept the Offer.

LETTER FROM YU MING

CONDITIONAL MANDATORY CASH OFFER

Principal terms of the Offer

We, Yu Ming, the financial adviser to the Offeror, are making the Offer, for all the Dan Form Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$2.75 in cash

The Offer Price of HK\$2.75 per Offer Share under the Offer is the same as the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

Further terms of the Offer and the procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Comparison of value

The Offer Price of HK\$2.75 per Offer Share represents:

- (i) a premium of approximately 1.48% over the closing price of HK\$2.71 per Dan Form Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 15.06% over the closing price of HK\$2.39 per Dan Form Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 27.55% over the average closing price of approximately HK\$2.156 per Dan Form Share for the last five trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 32.08% over the average closing price of approximately HK\$2.082 per Dan Form Share for the last ten trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 43.83% over the average closing price of approximately HK\$1.912 per Dan Form Share for the last thirty trading days immediately prior to and including the Last Trading Day; and
- (vi) a discount of approximately 31.93% to the unaudited net asset value of the Dan Form Group attributable to the Dan Form Shareholders of approximately HK\$4.04 per Dan Form Share as at 30 June 2016.

LETTER FROM YU MING

Highest and lowest Dan Form Share prices

The highest closing price of the Dan Form Shares as quoted on the Stock Exchange during the Relevant Period was HK\$2.73 per Dan Form Share on 28 October 2016 and the lowest closing price of the Dan Form Shares as quoted on the Stock Exchange during the Relevant Period was HK\$1.28 per Dan Form Share on 23 March 2016.

Value of the Offer

As at the Latest Practicable Date, there are 1,242,424,945 Dan Form Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Dan Form Shares.

Based on the Offer Price of HK\$2.75 per Offer Share, the entire issued shares of Dan Form is valued at HK\$3,416,668,598.75. The Offer is being made to the Dan Form Independent Shareholders. As the Offeror and parties acting in concert with it hold in aggregate 464,632,969 Dan Form Shares immediately after Completion, 777,791,976 Dan Form Shares will be subject to the Offer. In the event that the Offer is accepted in full by the Dan Form Independent Shareholders, the aggregate amount payable by the Offeror under the Offer will be HK\$2,138,927,934.

Confirmation of financial resources

The Offeror intends to finance the Offer by internal resources of Tian An Group and the Facility. Yu Ming has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Repayment of the Facility and the interest thereof by the Offeror will not depend on any significant extent of the business of Dan Form.

Condition of the Offer

The Offer is conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Dan Form Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form.

Pursuant to the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional in all respects.

The Offer will lapse if the Offer does not become unconditional.

LETTER FROM YU MING

Effect of accepting the Offer

By accepting the Offer, the Dan Form Independent Shareholders will sell their Dan Form Shares fully paid and free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of posting of this Composite Document.

The Dan Form Independent Shareholders are reminded to read the recommendations of the Dan Form IBC and the advice of the Dan Form IFA appointed by the Dan Form IBC in respect of the Offer which are included in this Composite Document.

Dan Form Overseas Shareholders

The Offeror intends to make the Offer available to all Dan Form Independent Shareholders, including the Dan Form Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in Hong Kong and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Dan Form Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Dan Form Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should, before taking any action as to the Offer, obtain information about and observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Dan Form Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Dan Form Overseas Shareholder will be deemed to constitute a representation and warranty from such Dan Form Overseas Shareholder to the Offeror that the local laws and requirements have been complied with and such Dan Form Overseas Shareholder is permitted under all applicable laws to receive and accept the Offer, and such acceptance shall be valid and binding in accordance with all applicable laws. Dan Form Overseas Shareholders should consult their professional advisers if in doubt.

LETTER FROM YU MING

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Dan Form Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. An amount equivalent to the aforesaid stamp duty will be deducted from the cash amount payable by the Offeror to such Dan Form Independent Shareholder who accepts the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Dan Form Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

INFORMATION ON THE OFFEROR AND TIAN AN

Information on the Offeror

The Offeror was incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Tian An. The principal business activity of the Offeror is investment holding.

Information on Tian An

Tian An is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board. Tian An Group is principally engaged in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC.

INFORMATION ON THE DAN FORM GROUP

Dan Form is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board. The Dan Form Group is principally engaged in property investment, property rental and estate management.

Your attention is drawn to the details of the information of the Dan Form Group as set out under the section headed "Information on the Dan Form Group" in the "Letter from the Dan Form Board" and in Appendices II and V to this Composite Document.

LETTER FROM YU MING

INTENTIONS OF THE OFFEROR REGARDING THE DAN FORM GROUP

The Offeror intends to continue the existing core businesses of the Dan Form Group which focus on property investment, property rental and estate management. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Dan Form Group or to procure the Dan Form Group to acquire or dispose of any assets.

Immediately after the close of the Offer, the Offeror will conduct a review of the financial position and operations of the Dan Form Group in order to formulate a long-term strategy for the Dan Form Group and explore other property investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror intends that, following the close of the Offer, Dan Form's English name and Chinese name will be changed as soon as practicable. A special resolution will be proposed at an extraordinary general meeting of Dan Form to effect such change in due course. Nevertheless, the Offeror has not determined the proposed new name for Dan Form.

The Offeror has no intention to terminate any employment of the employees of the Dan Form Group or to make significant changes to any employment (except for the proposed change of board composition of Dan Form as detailed in the section headed "Proposed change of composition of the Dan Form Board" below) or to dispose of or re-allocate the Dan Form Group's assets which are not in the ordinary and usual course of business of the Dan Form Group.

Pursuant to the Sale and Purchase Agreement, in consideration of the Vendors agreeing to sell the Sale Shares to the Offeror, the Offeror undertakes to Mr. Dai for and on behalf of each of the existing employees of Dan Form to procure Dan Form to retain them for one year after Completion, unless a summary dismissal is justified under the Employment Ordinance, Chapter 57 of the laws of Hong Kong. In the event that Dan Form terminates the employment of existing employee of Dan Form other than due to a summary dismissal during this period, the Offeror shall pay the relevant existing employee of Dan Form a termination amount equal to the amount such employee would have earned had he been employed up to the date which is one year after Completion. On 29 September 2016, the Offeror, Tian An and the Vendors had entered into a side letter to delete such clause in entirety from the Sale and Purchase Agreement.

LETTER FROM YU MING

Proposed change of composition of the Dan Form Board

Pursuant to the Sale and Purchase Agreement, the Vendors will procure (i) the appointment of new directors nominated by the Offeror to the majority of the Dan Form Board with effect immediately after this Composite Document is posted or such other date permitted under the Takeovers Code; and (ii) the resignation of such incumbent Dan Form Directors with effect from the earliest time permitted under the Takeovers Code which is the day immediately after the first closing date of the Offer or the date when the Offer becomes or is declared unconditional, whichever is the later. All such changes to the Dan Form Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

On 16 November 2016, the Dan Form Board has appointed Mr. Lee Seng Hui, Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei nominated by the Offeror as Dan Form Directors which will become effective immediately after this Composite Document is posted. Biographies of the new Dan Form Directors are as follows:

Lee Seng Hui, aged 47, was appointed the chairman and a non-executive director of Tian An in April 2007. Mr. Lee graduated from the Law School of the University of Sydney with Honours. Previously, he worked with Baker & McKenzie and N M Rothschild & Sons (Hong Kong) Limited. Mr. Lee is also the chief executive and an executive director of each of AGL and APL. He is a non-executive director of APAC Resources Limited, (Stock Code: 1104, “APAC Resources”) and the non-executive chairman of Mount Gibson Iron Limited (“Mount Gibson”). AGL, APL, Tian An and APAC Resources are companies listed on the Main Board. Mount Gibson is a company listed on the Australian Securities Exchange. He is a cousin of Mr. Patrick Lee Seng Wei.

As at the Latest Practicable Date, Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, own approximately 74.49% of the total issued shares of AGL (inclusive of Mr. Lee’s personal interest) which owns approximately 74.99% of the total issued shares of APL which in turn holds approximately 48.66% of the total issued shares of Tian An. As such, Mr. Lee Seng Hui is deemed to be interested in 464,632,969 shares in Dan Form held by the Offeror.

LETTER FROM YU MING

Patrick Lee Seng Wei, aged 64, is a director of the Offeror. He was appointed an executive director of Tian An in June 1996 and became the chairman and the acting managing director of Tian An in February 2004 and December 2005 respectively. He relinquished his role as the chairman and was re-designated from the acting managing director to the managing director of Tian An in April 2007. Being an architect, he worked for IBM Australia before becoming involved in property development in Malaysia and Hong Kong more than thirty years ago. He has extensive experience in the property field. Mr. Patrick Lee is a cousin of Mr. Lee Seng Hui.

Edwin Lo King Yau, aged 55, is a director of the Offeror. He was appointed an executive director of Tian An in August 1999. Mr. Lo holds a Master's Degree in Applied Finance from Macquarie University, Australia and is a chartered company secretary. He had served various executive roles in several companies in Hong Kong including as company secretary for public listed companies. Mr. Lo is also an executive director of AGL.

Tao Tsan Sang, aged 52, is a director of the Offeror. He was appointed an executive director of Tian An in October 2009. He is also the financial controller of Tian An. He joined Tian An in May 1994. Mr. Tao holds a Master's Degree in Business Administration from The Hong Kong Polytechnic University and is an associate of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants. He has extensive experience in accounting, financial management and China business field.

Liu Kin Sun, aged 46, is the finance manager of Tian An. He joined Tian An in May 1999. Mr. Liu holds a Bachelor's Degree in Accountancy from City University of Hong Kong. He is an associate of the Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Mr. Liu has extensive experience in accounting, financial management and China business field.

Cindy Yung Yee Mei, aged 51, was appointed the company secretary of Tian An in March 2004. Ms. Yung is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has over twenty years of experience in the company secretarial field.

LETTER FROM YU MING

Maintaining the listing status of Dan Form

The Offeror has no intention to privatise the Dan Form Group and intends to maintain the listing of the Dan Form Shares on the Stock Exchange. The directors of the Offeror and the new directors appointed (effective after this Composite Document is posted) to the Dan Form Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the entire issued shares of Dan Form will continue to be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to Dan Form, being 25% of the issued Dan Form Shares, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the Dan Form Shares; or
 - (ii) there are insufficient Dan Form Shares in public hands to maintain an orderly market,
- it will consider exercising its discretion to suspend dealing in the Dan Form Shares.

ACCEPTANCE OF THE OFFER

Procedures for acceptance

To accept the Offer, Dan Form Independent Shareholders should complete and sign the accompanying Form of Acceptance for the Offer Shares in accordance with the instructions printed thereon. The Form of Acceptance forms part of the terms of the Offer.

The completed Form of Acceptance should then be forwarded, together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Offer Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of the Offer Shares in respect of which you intend to tender under the Offer, by post or by hand, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "Dan Form Offer" as soon as possible after the receipt of this Composite Document but in any event not later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.

No acknowledgement of receipt of any Form of Acceptance and the title documents will be given.

Your attention is drawn to the paragraph headed "General procedures for acceptance of the Offer" as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

LETTER FROM YU MING

Settlement of the Offer

Subject to the Offer becoming or being declared unconditional and provided that the accompanying Form of Acceptance, together with the Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code, a cheque for the amount due to each of the accepting Dan Form Independent Shareholders in respect of the Dan Form Shares tendered under the Offer (less seller's ad valorem stamp duty payable by them, as the case maybe) will be despatched to the accepting Dan Form Independent Shareholders by ordinary post at their own risk within 7 Business Days following the later of the date on which the Offer becomes or is declared unconditional and the date of receipt of all relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Dan Form Independent Shareholders is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Dan Form Independent Shareholders.

No fraction of a cent will be payable and the amount of consideration payable to a Dan Form Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Tax implications

Dan Form Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror and parties acting in concert with it, Yu Ming, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

LETTER FROM YU MING

GENERAL

To ensure equality of treatment of all Dan Form Independent Shareholders, those Dan Form Independent Shareholders who hold the Dan Form Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owner of the Dan Form Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Dan Form Independent Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, in case of joint holders whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance completed, returned and received by the Registrar. None of the Offeror and the parties acting in concert with it, Yu Ming, the Registrar or any of their respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Dan Form Board”, the “Letter from the Dan Form IBC” and the letter of advice by the independent financial adviser to the Dan Form IBC as set out in the “Letter from the Dan Form IFA” contained in this Composite Document.

Yours faithfully,
For and on behalf of
Yu Ming Investment Management Limited
Warren Lee
Managing Director

LETTER FROM THE DAN FORM BOARD



DAN FORM HOLDINGS COMPANY LIMITED

丹楓控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

Executive Director:

Mr. Dai Xiaoming

(Chairman and Chief Executive)

Non-executive Director:

Mr. Kenneth Hiu King Kon

Independent non-executive Directors:

Mr. Jesse Nai Chau Leung

Dr. Xiang Bing

Mr. Edward Shen

Registered office:

33/F, Tower A, Billion Centre

1 Wang Kwong Road

Kowloon Bay

Hong Kong

18 November 2016

To the Dan Form Independent Shareholders,

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF AUTOBEST HOLDINGS LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF DAN FORM HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY AUTOBEST HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

LETTER FROM THE DAN FORM BOARD

As announced in the Joint Announcement that, after the Stock Exchange trading hours on 19 September 2016, the Vendors, the Offeror and Tian An entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares, representing approximately 36.45% of the total issued shares of Dan Form. The Consideration for the Sale Shares is HK\$1,245,455,664.75, equivalent to HK\$2.75 per Sale Share). Completion took place on 16 November 2016.

Prior to Completion, the Offeror and parties acting in concert with it held 11,740,000 Dan Form Shares, representing approximately 0.94% of Dan Form Shares. Immediately after Completion, the Offeror and parties acting in concert with it hold a total of 464,632,969 Dan Form Shares, representing approximately 37.39% of Dan Form Shares.

As set out in “Letter from Yu Ming” contained in this Composite Document, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a conditional mandatory cash offer for all the Dan Form Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). The Offer is conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Dan Form Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among others, information relating to the Dan Form Group and the Offer as well as setting out the letter from the Dan Form IBC containing its recommendation and advice to the Dan Form Independent Shareholders in respect of the Offer and the letter from the Dan Form IFA containing its advice to the Dan Form IBC and the Dan Form Independent Shareholders in respect of the Offer.

CONDITIONAL MANDATORY CASH OFFER

The “Letter from Yu Ming” set out on pages 8 to 18 in this Composite Document contained the information in respect of the Offer including those set out below.

LETTER FROM THE DAN FORM BOARD

According to the “Letter from Yu Ming”, Yu Ming, is making, the Offer on behalf of the Offeror to acquire all of the Dan Form Shares in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$2.75 in cash

The Offer is conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Dan Form Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form.

By validly accepting the Offer, Dan Form Independent Shareholders will sell their tendered Dan Form Shares, fully paid and free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption and any other third party rights or encumbrances of any nature whatsoever and together with all rights accruing or attaching thereto, including the rights to receive in full dividends and other distributions declared, made or paid on or after the date on which the Offer is made, being the date of posting of this Composite Document.

As at the Latest Practicable Date, Dan Form has 1,242,424,945 Dan Form Shares in issue. Dan Form has no other outstanding Dan Form Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Dan Form Shares or other types of securities in Dan Form as at the Latest Practicable Date.

FURTHER DETAILS OF THE OFFER

You are advised to refer to the “Letter from Yu Ming” set out on pages 8 to 18 of this Composite Document for details of further terms and conditions of the Offer and the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE OFFEROR AND TIAN AN

Your attention is drawn to the section headed “Information on the Offeror and Tian An” in the “Letter from Yu Ming” contained in this Composite Document for the information of the Offeror and Tian An.

INFORMATION ON THE DAN FORM GROUP

Dan Form was incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board. The principal activity of Dan Form is investment holding. The Dan Form Group is principally engaged in property investment, property rental and estate management. Dan Form Group is interested in an extensive portfolio of commercial, industrial and residential properties in Hong Kong and the PRC.

LETTER FROM THE DAN FORM BOARD

Your attention is drawn to Appendices II and V to this Composite Document which contain further financial and general information of the Dan Form Group.

OFFEROR'S INTENTIONS ON THE DAN FORM GROUP AND PROPOSED CHANGE OF COMPOSITION OF THE DAN FORM BOARD

Your attention is drawn to the sections headed "Intentions of the Offeror regarding the Dan Form Group" and "Proposed change of composition of the Dan Form Board" in the "Letter from Yu Ming" as set out in this Composite Document for the Offeror's intentions with respect to the Dan Form Group and the proposed change of the composition of the Dan Form Board.

The Dan Form Board is aware of the Offeror's intentions in respect of the Dan Form Group and is willing to co-operate with the Offeror and acts in the best interests of Dan Form and the Dan Form Shareholders as a whole.

On 16 November 2016, the Dan Form Board has appointed Mr. Lee Seng Hui, Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau, Mr. Tao Tsan Sang, Mr. Liu Kin Sun and Ms. Cindy Yung Yee Mei as Dan Form Directors nominated by the Offeror, which will become effective immediately after this Composite Document is posted. The biographical details of new Dan Form Directors are set out in "Letter from Yu Ming" in this Composite Document.

MAINTAINING THE LISTING STATUS OF DAN FORM

The Dan Form Board noted from the "Letter from Yu Ming" as set out in this Composite Document that the Offeror intends to maintain the listing of the Dan Form Shares on the Main Board after the close of the Offer.

The directors of the Offeror and the new directors appointed (effective after this Composite Document is posted) to the Dan Form Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Dan Form Shares if the public float of Dan Form falls below 25% following the close of the Offer.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to Dan Form, being 25% of the issued Dan Form Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Dan Form Shares; or (ii) there are insufficient Dan Form Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Dan Form Shares until the prescribed level of public float is restored.

LETTER FROM THE DAN FORM BOARD

DAN FORM IBC AND DAN FORM IFA

The Dan Form IBC, comprising all non-executive Dan Form Director and independent non-executive Dan Form Directors, namely Mr. Kenneth Hiu King Kon, Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen, has been established to make a recommendation to the Dan Form Independent Shareholders regarding the Offer.

Investec has been appointed with the approval of the Dan Form IBC as the Dan Form IFA to advise the Dan Form IBC and the Dan Form Independent Shareholders in respect of the Offer.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Dan Form IBC on pages 24 to 25 of this Composite Document, which set out the recommendation to the Dan Form Independent Shareholders in respect of the Offer; and (ii) the letter from the Dan Form IFA on pages 26 to 51 of this Composite Document, which set out its recommendation and advice to the Dan Form IBC and the Dan Form Independent Shareholders as to the fairness and reasonableness of the Offer and as to acceptance of the Offer, and the principal factors and reasons it has considered before arriving at its advice.

ADDITIONAL INFORMATION

You are recommended to read this Composite Document and the accompanying Form of Acceptance for information relating to the terms of the Offer and procedures for acceptance and settlement of the Offer. Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

WARNING

Dan Form Independent Shareholders and potential investors of Dan Form should be aware that the Offer is subject to the satisfaction of the condition of the Offer as set out in the section headed “Condition of the Offer” in the “Letter from Yu Ming” in this Composite Document. Accordingly, the Offer may or may not become unconditional. Dan Form Independent Shareholders and potential investors should therefore exercise caution when dealing in Dan Form Shares and exercising other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.

Yours faithfully,
By order of the Board of
Dan Form Holdings Company Limited
DAI Xiaoming
Chairman

LETTER FROM THE DAN FORM IBC

Set out below is the text of the letter of recommendation from the Dan Form IBC in respect of the Offer.



DAN FORM HOLDINGS COMPANY LIMITED

丹楓控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

18 November 2016

To the Dan Form Independent Shareholders

Dear Sirs,

**CONDITIONAL MANDATORY CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF AUTOBEST HOLDINGS LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF DAN FORM HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY AUTOBEST HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 18 November 2016 jointly issued by the Offeror, Tian An and Dan Form, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Dan Form Board to form the Dan Form IBC to consider and advise the Dan Form Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and to make a recommendation as to acceptance of the Offer.

Investec has been appointed as the Dan Form IFA to advise us in respect of the above.

We wish to draw your attention to the “Letter from Yu Ming”, the “Letter from the Dan Form Board” and the “Letter from the Dan Form IFA” as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

LETTER FROM THE DAN FORM IBC

RECOMMENDATION

Having considered the terms of the Offer, taking into account the information contained in the Composite Document and the advice of the Dan Form IFA, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Dan Form Independent Shareholders are concerned. Accordingly, we recommend you to accept the Offer.

The Dan Form Independent Shareholders who would like to realise part or all of their investments, are reminded to monitor the trading price and liquidity of the Dan Form Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Dan Form Shares in the open market instead of accepting the Offer if the net proceeds obtained from such disposal of the Dan Form Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

As different Dan Form Independent Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Dan Form Independent Shareholder, who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer.

Yours faithfully,
For and on behalf of the
DAN FORM IBC

Kenneth Hiu King Kon
Non-executive director

Jesse Nai Chau Leung
*Independent non-
executive director*

Xiang Bing
*Independent non-
executive director*

Edward Shen
*Independent non-
executive director*

LETTER FROM THE DAN FORM IFA

The following is the text of the letter of advice from Investec Capital Asia Limited to the Dan Form IBC and the Dan Form Independent Shareholders in respect of the Offer prepared for the purpose of inclusion in Composite Document.



Investec Capital Asia Ltd
Room 3609, 36/F, Two International Finance Centre
8 Finance Street, Central, Hong Kong
香港中環金融街8號國際金融中心二期36樓3609室
Tel/電話: (852) 3187 5000
Fax/傳真: (852) 2501 0171
www.investec.com

18 November 2016

*To: The independent board committee
and the shareholders of Dan Form Holdings Company Limited*

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFER BY
YU MING INVESTMENT MANAGEMENT LIMITED
ON BEHALF OF AUTOBEST HOLDINGS LIMITED TO ACQUIRE
ALL THE ISSUED SHARES OF DAN FORM HOLDINGS COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY AUTOBEST HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Dan Form IBC and the Dan Form Shareholders with respect to the Offer, details of which are set out in the letter from the Dan Form Board (the “**Letter from the Dan Form Board**”) contained in the Composite Document dated 18 November 2016 jointly issued by the Dan Form, Tian An and the Offeror to the Dan Form Independent Shareholders, of which this letter forms part. Unless otherwise stated, terms defined in the Composite Document have the same meanings in this letter.

Reference is made to the Joint Announcement in relation to, among other things, the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement entered into between the Vendors, the Offeror and Tian An (as Offeror’s guarantor), the Offeror conditionally agreed to acquire, and the Vendors agreed to sell 452,892,969 Dan Form Shares, for a total Consideration of HK\$1,245,455,664.75, equivalent to HK\$2.75 per Sale Share. The Sale Shares represent approximately 36.45% of the Dan Form Shares in issue as at the Latest Practicable Date. Completion of the Sale and Purchase Agreement is subject to the Conditions more particularly described in the “Letter from Yu Ming” as set out in the Composite Document.

LETTER FROM THE DAN FORM IFA

Based on the Composite Document, at the Latest Practicable Date, the Offeror and parties acting in concert with it does not hold any Dan Form Share. Immediately after completion, the Offeror and parties acting in concert with it will become interested in aggregate 464,632,969 Dan Form Shares, representing approximately 37.39% of the entire issued share capital of Dan Form (assuming that there is no change in the issued shares of Dan Form from the Latest Practicable Date to the date of Completion). Pursuant to Rule 26.1 of the Takeovers Code, subject to and upon Completion, the Offeror would be required to make a conditional mandatory cash offer to acquire all the Dan Form Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it). It is the intention of the Offeror that Yu Ming makes the Offer on behalf of the Offeror at the Offer Price of HK\$2.75 in cash for each Dan Form Share. As at the Latest Practicable Date, there are 1,242,424,945 Dan Form Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Dan Form Shares. Based on the Offer Price of HK\$2.75 per Offer Share, the entire issued shares of Dan Form are valued at HK\$3,416,668,598.75.

THE DAN FORM IBC

Pursuant to Rule 2.1 and Rule 2.18 of the Takeovers Code, the Dan Form IBC, comprising all the non-executive Dan Form Directors, namely Mr. Kenneth Hiu King Kon and all the independent non-executive Dan Form Director, namely Mr. Jesse Nai Chau Leung, Dr. Xiang Bing and Mr. Edward Shen, none of whom has any direct or indirect interest in the Offer, has been established to advise to the Dan Form Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance. We have been appointed by the Dan Form IBC as the Independent Financial Adviser in relation to the Offer, our role is to provide the Dan Form IBC and the Dan Form Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Offer are fair and reasonable as far as the Dan Form Independent Shareholders are concerned and whether the Dan Form Independent Shareholders should, or should not accept the Offer.

As at the Latest Practicable Date, we were independent from and not connected with the Dan Form Group and any party acting in concert, and accordingly, are qualified to give independent advice to the Dan Form IBC and the Dan Form IFA regarding the Offer. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from Dan Form.

LETTER FROM THE DAN FORM IFA

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions, beliefs and representations for matters relating to the Dan Form Group contained in the Composite Document and the information and representations provided to us by the Dan Form Group and/or its senior management staff (the “**Management**”) and/or the Dan Form Directors. We have assumed that all such statements, information, opinions, beliefs and representations contained or referred to in the Composite Document or otherwise provided or made or given by the Dan Form Group and/or Management and/or the Dan Form Directors and for which it is/they are solely responsible were true and accurate, and valid and complete in all material respects at the time they were made and given and continue to be true and accurate, and valid and complete in all material respects as at the date of the Composite Document. We have assumed that all the opinions, beliefs and representations for matters relating to the Dan Form Group made or provided by Management and/or the Dan Form Directors contained in the Composite Document have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from Dan Form and/or Management and/or the Dan Form Directors that no material facts have been omitted from the information provided and referred to in the Composite Document and Dan Form shall notify Dan Form Shareholders of any subsequent material changes as soon as possible.

We consider that we have been provided with sufficient information and documents to enable us to reach an informed view and Management has assured us no material information has been withheld from us to allow us to reasonably rely on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions, beliefs and representations provided to us by the Dan Form Group and/or Management and/or the Dan Form Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Dan Form, Tian An, the Offeror and their shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate.

LETTER FROM THE DAN FORM IFA

PRINCIPAL TERMS OF THE OFFER

The Offer

The Offer will be made by Yu Ming on behalf of the Offeror in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$2.75 in cash

The Offer Price of HK\$2.75 per Offer Share equals the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer is conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Dan Form Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form.

As set out in the “Letter from Yu Ming” to the Composite Document, the Offer Price of HK\$2.75 per Offer Share paid by the Offeror pursuant to the Sale and Purchase Agreement and represents:

- (i) a premium of approximately 1.48% over the closing price of HK\$2.71 per Dan Form Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 15.06% over the closing price of HK\$2.39 per Dan Form Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 27.55% over the average closing price of HK\$2.156 per Dan Form Share on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 32.08% over the average closing price of HK\$2.082 per Dan Form Share on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a premium of approximately 43.83% over the average closing price of approximately HK\$1.912 per Dan Form Share on the Stock Exchange over the last 30 consecutive trading days up to and including the Last Trading Day; and
- (vi) a discount of approximately 31.93% over the unaudited net asset value of the Dan Form Group attributable to the Dan Form Shareholders of approximately HK\$4.04 per Dan Form Share as at 30 June 2016.

LETTER FROM THE DAN FORM IFA

As at the Latest Practicable Date, there are 1,242,424,945 Dan Form Shares in issue and there are no outstanding options, warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Dan Form Shares.

Assuming that there is no change in the issued share capital of Dan Form and on the basis of the Offer Price at HK\$2.75 per Offer Share, the entire issued share capital of the Dan Form would be valued at approximately HK\$3,416,668,598.75. As the Offeror and parties acting in concert with it will hold in aggregate 464,632,969 Dan Form Shares immediately after Completion, 777,791,976 Dan Form Shares will be subject to the Offer. In the event that the Offer is accepted in full by the Dan Form Independent Shareholders, the aggregate amount payable by the Offeror under the Offer will be HK\$2,138,927,934.

The Offer is conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Dan Form Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form. By accepting the Offer, the Dan Form Independent Shareholders will sell their Dan Form Shares fully paid and free from all liens, charges, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of posting of the Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Offer, we have taken into consideration the following principal factors:

1. Background information of the Dan Form Group

1.1 Information on the Dan Form Group

The Dan Form Group is principally engaged in property investment, property rental and estate management in Hong Kong and the PRC. The Dan Form Shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since February 1973. As stated in the Dan Form's annual report for the year ended 31 December 2015 (the "**2015 Annual Report**"), it is the stated strategy the Dan Form Group to enhance value and increase recurring revenue of investment properties in its subsidiaries and associated companies. The Management advised that, through maintenance of interests in retail properties at Harbour Crystal Centre, and units in Harbour Industrial Centre and Oceanic Industrial Centre, Queen Centre and Wah Shun Industrial Building held by associates, the Dan Form Group would generate stable and recurrent rental income.

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As set out in the 2015 Annual Report, Dan Form Group has one reportable operating segment and has historically derived primarily its revenue from property rental and estate management fees.

1.2 Historical financial performance of the Dan Form Group

Set out below is a summary of the unaudited consolidated results of the Dan Form Group for the six months period ended 30 June 2016, extracted from the interim report of the Dan Form Group for the six months ended 30 June 2016 (the “**2016 Interim Report**”) and the two financial years ended 31 December 2014 and 31 December 2015 as extracted from the 2015 Annual Report.

<i>HK\$'000</i>	For the six months period ended 30 June 2016 (Unaudited)	For the year ended 31 December	
		2015 (Audited)	2014 (Audited)
Revenue	28,070	50,759	49,745
– Rental from investment properties	20,705	37,484	36,815
– Estate management fees	5,865	11,925	11,730
– Dividend from unlisted investments	1,500	1,350	1,200
Operating profit before change in fair value of investment properties	21,417	4,292	5,722
Change in fair value of investment properties	<u>5,660</u>	<u>72,215</u>	<u>39,613</u>
Operating profit	27,077	76,507	45,335
Share of results of associates	<u>(35,686)</u>	<u>132,062</u>	<u>209,300</u>
(Loss)/profit before income tax	(8,609)	208,569	254,635
Income tax expenses	<u>(1,937)</u>	<u>(12,851)</u>	<u>(7,432)</u>
(Loss)/profit for the period/year	<u><u>(10,546)</u></u>	<u><u>195,718</u></u>	<u><u>247,203</u></u>

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Financial performance for the six months period ended 30 June 2016

As set out in the 2016 Interim Report, the Dan Form Group recorded revenue of approximately HK\$28.1 million and a loss attributable to its equity holders of approximately HK\$10.5 million for the six months ended 30 June 2016, which was mainly attributable to the decrease in fair value gain of investment properties held by the Dan Form Group and share of results of associates from profits to losses which was also mainly attributable to changes in fair value of investment properties held by the associates.

As set out in the 2016 Interim Report, Dan Form Group recorded a fair value gain from investment properties of approximately HK\$5.7 million for the six months period ended 30 June 2016, compared to approximately HK\$41.4 million for the six months period ended 30 June 2015, representing a substantial decrease of approximately 86.2%. In addition the share of losses of associates amounted to approximately HK\$35.7 million for the six months period ended 30 June 2016, compared to share of profit of associates of approximately HK\$132.1 million for the corresponding prior year period.

Attributable to the aforesaid factors, the Dan Form Group recorded a loss of approximately HK\$10.5 million for the six months period ended 30 June 2016, compared to a profit of approximately HK\$122.4 million for the six months period ended 30 June 2015.

Financial performance for year ended 31 December 2015

For the financial year ended 31 December 2015, the Dan Form Group recorded turnover of approximately HK\$50.8 million, representing a slight increase of approximately 2.0% in comparison to the financial year ended 31 December 2014. Revenue for the Dan Form Group was primarily derived from rental income from investment properties, estate management fees and to a lesser extent, dividend income from unlisted investments. As set out in the 2015 Annual Report, the increase in revenue was mainly due to increase in rental income from investment properties during the financial year ended 31 December 2015.

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Despite the slight increase in revenue recognised during the financial year ended 31 December 2015, the profit attributable to equity owners of Dan Form decreased from approximately HK\$247.2 million for the year ended 31 December 2014 to approximately HK\$195.7 million for the year ended 31 December 2015, representing a year-on-year decrease of approximately 20.8%. As set out in the 2015 Annual Report, the decline was mainly attributable to the decrease in share of results of associates from approximately HK\$209.3 million for the year ended 31 December 2014 to approximately HK\$132.1 million for the year ended 31 December 2015.

1.3 Historical financial position of the Dan Form Group

<i>HK\$'000</i>	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)	2014 (Audited)
Non-current assets			
Property, plant and equipment	85,240	86,050	135,717
Investment properties	1,038,750	1,033,090	910,375
Land use rights	24,267	24,629	25,646
Associates	3,158,109	3,193,795	3,558,411
Available-for-sale financial assets	<u>45,526</u>	<u>46,283</u>	<u>43,925</u>
	<u>4,351,892</u>	<u>4,383,847</u>	<u>4,674,074</u>
Current assets			
Debtor, prepayments, deposits and other receivables	8,818	8,138	9,796
Amounts due from associates	–	130,815	150,915
Income tax recoverable	–	628	485
Cash and bank balances	<u>1,104,071</u>	<u>875,190</u>	<u>368,887</u>
	<u>1,112,889</u>	<u>1,014,771</u>	<u>530,083</u>
Total Assets	<u>5,464,781</u>	<u>5,398,618</u>	<u>5,204,157</u>

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<i>HK\$'000</i>	As at 30 June 2016	As at 31 December	
	(Unaudited)	2015	2014
		(Audited)	(Audited)
Equity			
Share capital	681,899	681,899	681,899
Reserves	<u>4,333,214</u>	<u>4,537,759</u>	<u>4,361,117</u>
Total equity	<u>5,015,113</u>	<u>5,219,658</u>	<u>5,043,016</u>
Non-current liabilities			
Deferred income tax liabilities	<u>135,535</u>	<u>134,997</u>	<u>123,868</u>
Current liabilities			
Creditor and accruals	214,706	26,976	25,248
Amounts due to associates	98,655	16,986	11,500
Income tax payable	<u>772</u>	<u>1</u>	<u>525</u>
	<u>314,133</u>	<u>43,963</u>	<u>37,273</u>
Total liabilities	<u>449,668</u>	<u>178,960</u>	<u>161,141</u>
Total equity and liabilities	<u>5,464,781</u>	<u>5,398,618</u>	<u>5,204,157</u>

As at 30 June 2016, the Dan Form Group's total assets amounted to approximately HK\$5,464.8 million as compared to approximately HK\$5,398.6 million and approximately HK\$5,204.2 million as at 31 December 2015 and 31 December 2014, respectively, representing a year-on-year increase of approximately 1.2% and approximately 3.7%. The non-current assets of the Group as at 30 June 2016 amounted to approximately HK\$4,351.9 million, approximately 96.4% of which was investment properties and associates. It is also noted that a number of owner-occupied properties were recorded under property, plant and equipment of approximately HK\$85.2 million as at 30 June 2016. The Dan Form Group's non-current assets as at 30 June 2016 was approximately HK\$4,351.9 million, which decreased from approximately HK\$4,383.8 million as at 31 December 2015 and approximately HK\$4,674.1 million as at 31 December 2014, respectively.

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Associates, in the amount of approximately HK\$3,158.1 million, was the single largest component of the non-current assets of the Dan Form Group, followed by investment properties of approximately HK\$1,038.8 million, as at 30 June 2016.

As advised by the Management, the principal associates of the Dan Form Group include (i) Beijing Jing Yuan Property Development Company Limited (“**Beijing Jing Yuan**”), owned as to 29.4% by the Dan Form Group; (ii) Ho Pok Investment Company Limited (“**Ho Pok**”) and its wholly owned subsidiary, Kin Tong Land Investment Company Limited (“**Kin Tong**”), owned as to 50% by the Dan Form Group, respectively; and (iii) Zeta Estates Limited (“**Zeta Estates**”), owned as to one-third by the Dan Form Group.

As set out in the 2016 Interim Report, Beijing Jing Yuan submitted an application for its liquidation to the State-owned Assets Supervision and Administration Commission in Xicheng District, Beijing, during the first half of 2016 (the “**Jing Yuan Liquidation**”). As at the Latest Practicable Date, the Management advised that there is no concrete progress and no definitive timetable of when and certainty of how much Dan Form Group will receive as a result of the Jing Yuan Liquidation. On this basis, the investment in Beijing Jing Yuan has been fully written off and the carrying value of Beijing Jing Yuan is currently recorded at nil by Dan Form.

In connection with Ho Pok and Kin Tong, the Management advised that their principal assets comprised primarily of (i) various commercial units and office units at a commercial building in Wanchai; and (ii) various industrial units and parking spaces at an industrial building in Yau Tong. Details of which are set out in the independent valuation report by DTZ Cushman & Wakefield Limited in Appendix III to the Composite Document (the “**Independent Valuation Report**”).

As for Zeta Estates, which is owned as to one-third by each of the Dan Form Group and two independent third parties (the “**Zeta Estates JV Partner(s)**”), it is the largest asset by value under the associates balance. According to the 2015 Annual Report, the carrying value of Zeta Estates was approximately HK\$2,896.3 million, represented over 90% of the carrying value of the associates balance of approximately HK\$3,193.8 million as at 31 December 2015.

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Based on documents provided by the Management, it is stated that operations and business of Zeta Estates shall be transacted by joint meetings of a representative from each of the Zeta Estates JV Partners (including Dan Form) (the “**Joint Meetings**”). No business shall be transacted by Joint Meetings unless a quorum of three (i.e. one representative from each of the Zeta Estates JV Partners) is present and all resolutions of the Joint Meetings must be passed by a majority of votes. Notwithstanding from the above, the Management advised that in practice historically, major business transactions (including material purchases, sales or dividend payouts) were transacted on the basis of unanimous agreement among the representatives of the Zeta Estates JV Partners. On this basis, the Management is of the view that no single Zeta Estates JV Partner has control over the operations and business of Zeta Estates.

We note from the Independent Valuation Report and as confirmed by the Management that the principal assets of Zeta Estates as at 30 September 2016 comprised of (i) a portfolio of 30 apartments, 146 car parking spaces and 47 semi-detached houses of the Redhill Peninsula at Island South, Hong Kong, most of which are vacant and up for sale, and a small portion are being rented out; and (ii) various units of Harbour Industrial Centre and Oceanic Industrial Centre, both of which are situated at Ap Lei Chau, Hong Kong, and a majority of these units are being leased out. As set out in the 2016 Interim Report, the sales of various apartments at Redhill Peninsula was launched from 2015 onwards and since 2015 up to the date of the 2016 Interim Report (i.e. 23 August 2016), a total of 102 apartments, 138 car parking spaces and 2 houses were contracted to be sold for a total consideration of approximately HK\$3,152.5 million. Notwithstanding the above, certain sales were still pending completion as at the Latest Practicable Date. Details of the properties held by Zeta Estates, other associates of the Group as well as the Group’s investment properties including their description, tenure, particulars as well as their market value in existing state as at 30 September 2016 are set out in the Independent Valuation Report. Based on information currently available, save for the information as set out above, the Management is not aware of whether and when the remaining properties at Redhill Peninsula held by Zeta Estates can be sold.

Notwithstanding that during the year ended 31 December 2015, Zeta Estates paid a dividend of approximately HK\$1,487.9 million to its shareholders. Based on the annual report of Dan Form for each of the year ended 31 December 2013 and 2014, Zeta Estates did not pay any dividend to its shareholders for each of the three year ended 31 December 2012, 2013 and 2014.

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As at 30 June 2016, Dan Form Group's current assets amounted to approximately HK\$1,112.9 million, compared to approximately HK\$1,014.8 million and approximately HK\$530.1 million as at 31 December 2015 and 31 December 2014, respectively. Cash and bank balances increased from approximately HK\$368.9 million as at 31 December 2014 to approximately HK\$875.2 million as at 31 December 2015, and further to approximately HK\$1,104.1 million as at 30 June 2016, which was mainly attributable to the net effect of (i) a dividend of approximately HK\$496.7 million from associates in 2015; and (ii) the decrease in amounts due from associates of approximately HK\$130.8 million and the increase in amounts due to associates of approximately HK\$81.7 million during the six months ended 30 June 2016.

The total liabilities of the Dan Form Group increased from approximately HK\$179.0 million as at 31 December 2015 to approximately HK\$449.7 million as at 30 June 2016, representing an increase of approximately 151.2% during the period. As set out in the 2016 Interim Report, this was mainly attributable to the final special dividend of approximately HK\$186.4 million payable on 5 July 2016. As at 30 June 2016, Dan Form Group had no bank loans.

Based on the "Letter from Yu Ming", the unaudited net asset value of the Dan Form Group attributable to the Dan Form Shareholders was approximately HK\$4.04 per Dan Form Share as at 30 June 2016. Notwithstanding from the above, with a view to assess the fairness and reasonableness of the Offer, we have also considered the latest valuation of the properties held by Dan Form Group (including those properties held by its associates) as set out in the Independent Valuation Report. Further details of our analysis are set out under section headed "iv. Comparison with comparable companies" in this letter below.

2. Overview of Macro-economy and Hong Kong's commercial and residential property sector

2.1 Overview of macro-economy and risks

The global economy is facing uncertainties arising from events such as the anticipated withdrawal of the United Kingdom from the European Union, the results of the U.S. presidential election, a slowdown in the PRC's economy and potential changes in U.S. fiscal policy, which in turn could affect investor sentiment and preference.

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Furthermore, both the U.S. and Hong Kong has experienced low interest rate environment in the recent years and there has been on-going speculation of interest rate hikes by the Federal Reserve, which may affect global financial markets. Given Hong Kong's currency is peg to the U.S. dollar and its position as one of the leading international trading and financial centres, any such changes could have significant knock on effects to Hong Kong.

2.2 Hong Kong Government's housing policies and overview of Hong Kong's commercial and residential property sector

Based on information set out in the 2016 Policy Address published by the Government of Hong Kong (the "**Government**") in January 2016, in connection with the issues on housing and land in Hong Kong, it was stated that housing remains the most important livelihood issue the Government has to address. The Government recognises the exorbitant property prices, high rentals, small living spaces, the proliferation of subdivided flats and record high public rental housing applications to be problems which must be tackled with resolve and perseverance. It is also noted that since taking office, the current-term Government has stated its determination to increase housing supply and curb property speculation and overheated investment. It has also reminded the community of potential fluctuations in the property market caused by a long period of ultra-low interest rates and low supply. In November 2016, the Government increased the stamp duty on property transactions for non first-time buyers to 15% of transaction value for all residential transactions for individuals or companies.

The 2016 Policy Address also sets out that the Government's efforts over the past three and a half years have produced results. The housing supply has significantly increased and property prices and rentals have started to fall, reversing the perception that property prices and rentals can only go up. Nonetheless, the current property price and rental levels are still considered to be beyond the affordability of the general public. The Government expressed that it should continue to tackle the housing problem.

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With regard to demand, the Housing Authority and the Hong Kong Housing Society will, over the next five years, produce about 97,100 public housing units, of which about 76,700 will be public rental housing units and about 20,400 will be subsidised sale flats. According to the 2016 Policy Address, the latest production forecast is higher than similar forecasts starting from 2013-14 and 2014-15. On private housing, projected supply from the first-hand residential property market for the coming three to four years is approximately 87,000 units, a record high since the first release in September 2004 of the quarterly statistics on supply.

On land supply, it was noted that since taking office, the current-term Government has been increasing land supply through a multi-pronged approach and addressing the supply-demand imbalance by formulating short, medium and long-term measures. In the short and medium term, the Government will continue to rezone sites, increase development intensity and conduct holistic land use reviews to make optimal use of land. At the end of last year, 38 potential housing sites (capable of producing about 38,600 units), through land use reviews, had been allocated for residential use. The Government is determined to identify more sites going forward. In 2015-16, a total of 16 residential sites were sold or will be put up for sale under the Land Sale Programme. Together with other private housing land, it is estimated that about 20,300 flats can be produced. This is higher than the target of 19,000 flats, and the second highest since 2010.

In terms of market data, based on the Hong Kong Property Review Monthly Supplement (November 2016) published by the Rating and Valuation Department, (i) average rental indices of Hong Kong private domestic properties for the first nine months ended 30 September 2016 was approximately 166.5 compared to approximately 172.6 for the correspondence prior year period; (ii) average rent per sq.m. of private domestic properties for the first nine months ended 30 September 2016 (Class E properties categorised as 160 sq.m. or above) was approximately HK\$430.0, HK\$365.0 and HK\$233.0 for Hong Kong, Kowloon and New Territories, respectively (average rent per sq.m. for the first nine months ended 30 September 2015 was approximately HK\$466.0, HK\$349.0 and HK\$253.0, respectively); and (iii) average price of private domestic properties per sq.m. for the first nine months ended 30 September 2016 (Class E properties categorised as 160 sq.m. or above) was approximately HK\$227,191.0, HK\$222,903.0 and HK\$78,156.0 for Hong Kong, Kowloon and New Territories, respectively (average price per sq.m. for the first nine months ended 30 September 2015 was approximately HK\$240,439.0, HK\$210,701.0 and HK\$91,027.0, respectively). Based on the above data, average rental indices of Hong Kong private domestic properties, and in general, both average rent and price per sq.m. of private domestic properties (save for Kowloon) have decreased year-on-year (up to 30 September 2016).

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Based on statistics stated by the Rating and Valuation Department, the average sales of domestic units in Hong Kong amounted to approximately 4,201 for the first nine months ended 30 September 2016, representing an average annual consideration of approximately HK\$31,002.0 million, compared to approximately 5,090 domestic units sold and average annual consideration of approximately HK\$38,153 million, a decrease in comparison to corresponding first nine months ended 30 September 2015. On this basis, the volume of transactions as well as the average annual consideration have also experienced a decrease.

With reference to the statistics set out by the Rating and Valuation Department, the average monthly rent of private flatted factories for the first nine months ended 30 September 2016 was approximately HK\$173.0, HK\$181.0 and HK\$127.0 per sq.m. for Hong Kong, Kowloon and New Territories, respectively, compared to the average monthly rent of approximately HK\$169.0, HK\$177.0 and HK\$124.0 per sq.m., representing a slight increase compared to the corresponding areas and first nine months ended 30 September 2015. Notwithstanding the above, the average price of private flatted factories for the first nine months ended 30 September 2016 amounted to approximately HK\$70,167.0, HK\$68,143.0 and HK\$44,565.0 per sq.m. for Hong Kong, Kowloon and New Territories, respectively, compared to the average price of approximately HK\$80,698.0, HK\$75,150.0 and HK\$47,548.0 per sq.m., representing a decrease in both Hong Kong, Kowloon and New Territories compared to the corresponding areas for the nine months ended 30 September 2015.

Based on the above, there are certain risks and uncertainties related to the macro-economy and Hong Kong's commercial and residential property sector which could have an effect on the pricing and outlook of the property market in Hong Kong.

3. Information on the Offeror and Tian An

3.1 Information on the Offeror

The Offeror was incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of Tian An. The principal business activity of the Offeror is investment holding.

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3.2 Information on Tian An

Tian An is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board. Tian An Group is principally engaged in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC.

4. Intention of the Offeror regarding the Dan Form Group and proposed change of Board Composition

As set out in the “Letter from Yu Ming”, the Offeror intends to continue the existing core businesses of the Dan Form Group which focus on property investment, property rental and estate management. As at the Latest Practicable Date, the Offeror has no plan to inject any assets or businesses into the Dan Form Group or to procure the Dan Form Group to acquire or dispose of any assets.

Immediately after the close of the Offer, the Offeror will conduct a review of the financial position and operations of the Dan Form Group in order to formulate a long-term strategy for the Dan Form Group and explore other property investment opportunities for enhancing its future development and strengthening its revenue bases. As at the Latest Practicable Date, the Offeror has not identified such investment or business opportunities.

The Offeror intends that, following the close of the Offer, Dan Form’s English name and Chinese name will be changed as soon as practicable. A special resolution will be proposed at an extraordinary general meeting of Dan Form to effect such change in due course. Nevertheless, the Offeror has not determined the proposed new name for Dan Form.

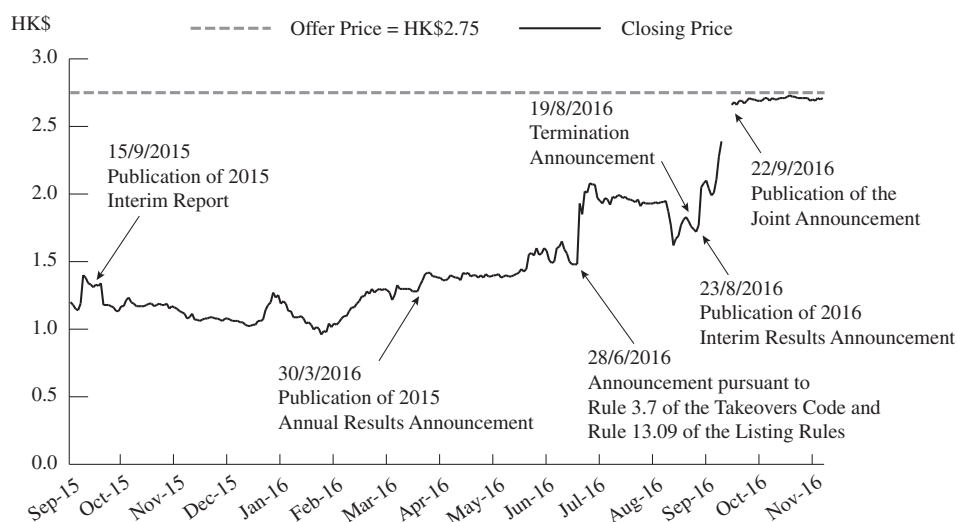
The Offeror has no intention to terminate any employment of the employees of the Dan Form Group or to make significant changes to any employment (except for the proposed change of board composition of Dan Form as detailed in the section headed “Proposed change of board composition of Dan Form” below) or to dispose of or re-allocate the Dan Form Group’s assets which are not in the ordinary and usual course of business of the Dan Form Group.

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5. Analysis on Offer Price

i. Historical price performance of the Dan Form Shares

We have reviewed and analysed the closing prices of the Dan Form Shares over the 12 months period immediately prior to the Last Trading Day commencing on 21 September 2015 (the “**First Review Period**”) and from the date of the Joint Announcement up to and including the Latest Practicable Date (the “**Second Review Period**”) together with the First Review Period, the “**Review Period**”) below:



Source: Bloomberg and Stock Exchange

During the First Review Period, the closing price of the Dan Form Shares fluctuated between the range from HK\$0.96 to HK\$2.39. From the commencement of the First Review Period up to the date of the publication of the annual results announcement on the 30 March 2016 (after trading hours), the closing price of the Dan Form Shares fluctuated between the range from HK\$0.96 to HK\$1.408. On 28 June 2016, Dan Form published an announcement (the “**June Announcement**”) pursuant to, among others, Rule 3.7 of the Takeovers Code, setting out that the Board was informed by Dai Xiaoming, the then controlling Shareholder, that an independent third party has offered to purchase his entire interests (including his interest through his controlled corporations) in Dan Form. The closing price per Dan Form Share on (i) the last trading day immediately prior to the publication of the June Announcement was HK\$1.48; and (ii) the trading day of which the Dan Form Shares resumed trading after the publication of the June Announcement was HK\$1.93. Subsequently on 19 August 2016, Dan Form published an announcement (after trading hours) stating that the negotiation in relation to the aforesaid potential transaction was terminated (the “**Termination Announcement**”). After the publication of the Termination

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Announcement, the closing price per Dan Form Share decreased to HK\$1.62 before increasing to HK\$2.39 on the Last Trading Day. The average closing price of the Dan Form Shares during the First Review Period was approximately HK\$1.41.

Trading in the Dan Form Shares was suspended on 20 September 2016 and resumed trading on 23 September 2016 following the publication of the Joint Announcement on 22 September 2016. The closing price per Dan Form Share increased significantly from HK\$2.39 on the Last Trading Day to HK\$2.66 on the trading day after the publication of the Joint Announcement, representing an increase of approximately 11.3%. During the Second Review Period, the closing price per Dan Form Share ranged from HK\$2.66 to HK\$2.71. The closing price per Dan Form Share as at the Latest Practicable Date was HK\$2.71.

While Dan Form Group's interim results for the six months period ended 30 June 2016 recorded a loss of approximately HK\$10.5 million compared a profit of approximately HK\$122.4 million recorded in the corresponding prior period. The closing price per Dan Form Share increased significantly from HK\$1.179 on 21 September 2015 (i.e. the commencement of the Review Period) to HK\$2.66 on the trading day after the publication of the Joint Announcement, representing notable increase of approximately 125.6%. On this basis, the aforesaid notable increase in the closing price of the Dan Form Shares may be attributable to the market reaction to the publication of the Joint Announcement and therefore, the sustainability of the current price level of the Dan Form Shares is subject to uncertainties. As shown in the chart above, the closing prices of the Dan Form Shares during the First Review Period were always notably below the Offer Price prior to the Joint Announcement, the difference between the Offer Price and the closing Dan Form Share price were even more significant prior to the June Announcement.

The Offer Price represents:

- (a) a premium of approximately 15.1% to the highest closing price of the Dan Form Shares of HK\$2.39 during the First Review Period;
- (b) a premium of approximately 186.5% to the lowest closing price of the Dan Form Shares of HK\$0.96 during the First Review Period;
- (c) a premium of approximately 95.0% to the average Dan Form Share Price of HK\$1.41 during the First Review Period;
- (d) a premium of approximately 1.5% to the closing price of the Dan Form Share of HK\$2.71 as at the Latest Practicable Date.

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ii. Historical liquidity of the Dan Form Shares

The following table sets out the monthly total trading volume, the number of trading days in each month, the highest, lowest and average daily number of Dan Form Shares traded in each month and the percentage of average daily trading volume of Dan Form Shares as compared to the total number of Dan Form Shares in issue during the First Review Period:

Month	Number of trading days	Total trading volume (number of Dan Form Shares)	Average daily trading volume (number of Dan Form Shares)	Approximately percentage of average daily trading volume to total number of Dan Form Shares in issue (%) (Note 1)
2015				
September (Note 2)	7	5,739,020	819,860	0.07
October	20	10,701,833	535,092	0.04
November	21	6,791,450	323,402	0.03
December	22	14,012,513	636,932	0.05
2016				
January	20	8,124,000	406,200	0.03
February	18	17,773,404	987,411	0.08
March	21	31,753,070	1,512,051	0.12
April	20	14,160,756	708,038	0.06
May	21	47,306,590	2,252,698	0.18
June	21	113,222,000	5,391,524	0.43
July	20	64,565,512	3,228,276	0.26
August	22	50,858,032	2,311,729	0.19
September (Note 3)	12	175,558,580	8,611,379	0.79
Average		36,349,715	2,031,389	0.18

Source: Bloomberg

Note 1: Based on issued Dan Form Shares as disclosed in the monthly return of movements in securities of Dan Form

Note 2: Commencing on 21 September 2016 up to and including 30 September 2016.

Note 3: Up to and including the Last Trading Day

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The above table demonstrates that during the Review Period, the average daily trading volume of the Shares as a percentage of the total number of the Dan Form Shares in issue ranged from approximately 0.03% (November 2015 and January 2016) to 0.79% (September 2016) with an average of approximately 0.18%. The above statistics revealed that trading in the Dan Form Shares was relatively thin during the First Review Period and the Dan Form Shares were generally illiquid in the open market. The Offer presents an opportunity for those Independent Shareholders who consider disposing their significant number of Dan Form Shares in the open market, as they can dispose their Dan Form Shares without exerting the downward pressure on the market price of the Dan Form Shares as a result of the disposal.

iii. Historical discount of market price to net asset value

Further to our analysis on the historical price performance and liquidity of the Dan Form Shares, we have also compared the historical closing price of the Dan Form Shares (on the trading day immediately after the publication of the respective results announcement) against the then latest consolidated net asset value of the Dan Form Group. We have assumed that the then latest consolidated net asset value of the Dan Form Group was generally available to the market from the date of publication of the relevant results announcements and the Dan Form Share price has reflected such information thereafter.

	Date of results announcement	Net asset value attributable to the Dan Form Shareholders per Dan Form Share (A) Note 1 HK 'million	Closing price per Dan Form Share on the trading day immediately after the relevant results announcement date (B) Note 2 HK\$	Discount of closing price to net asset value per Dan Form Share (the "Price to NAV Discount") (calculated based on (A - B)/A) %
Interim results for the six months ended 30 June 2015	28/8/2015	5,146.0	1.230	70.2
Annual results for the year ended 31 December 2015	30/3/2016	5,219.7	1.408	66.4
Interim results for the six months ended 30 June 2016	23/8/2016	5,015.1	1.670	58.6
Average discount of closing price to net asset value per Dan Form Share (the "Average Price to NAV Discount")	-	-	-	65.1

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Note 1: Net asset value attributable to the Dan Form Shareholders per Dan Form Share are calculated based on the net assets value extracted from Dan Form's respective annual report or interim report divided by the total number of Dan Form Shares issued as at the corresponding year ended/period ended date.

Note 2: Based on information extracted from the website of Stock Exchange and/or Bloomberg

Based on the analysis set out above, the stated discount of the Offer Price to the unaudited net asset attributable to the Dan Form Shareholders as at 30 June 2016 of approximately 31.9% (the "**Offer Price to NAV Discount**") is considerably less than (i) the lowest discount of approximately 58.6%; and (ii) the Average Price to NAV Discount of approximately 65.1%, as set out above. Dan Form Shareholders should note that the Dan Form Share price had traded at a significant discount well in excess of 50% to the Dan Form Group's net asset value at the relevant time in the above analysis. On this basis, the Offer represents an unique liquidity event for the Dan Form Independent Shareholders to realise their investment in Dan Form at the Offer Price which represents a considerable smaller discount to Dan Form Group's net asset value.

iv. Comparison with comparable companies

In assessing the fairness and reasonableness of the Offer Price, we have considered using the price-to-earnings ratio (the "**P/E ratio(s)**") and the price-to-book ratios (the "**P/B ratio(s)**") of companies which are listed on the Main Board of the Stock Exchange and are engaged in similar businesses to those of the Dan Form Group for comparison purposes.

However, for asset-based companies such as property investment companies listed in Hong Kong, P/B ratio analysis is a more commonly used approach for valuation. On the other hand, earnings of property investment companies are likely to fluctuate substantially depending on the timing of the sales of the property projects as well as fair value movements of the investment properties during the relevant period which may lead to possible distortions on the results of a P/E ratio analysis. Such is evidenced by Dan Form Group's consolidated financial results for the six months period ended 30 June 2016 which recorded a loss of approximately HK\$10.5 million, while its full year consolidated financial results for the year ended 31 December 2015 was a profit of approximately HK\$192.7 million. On this basis, our analysis was primarily focused on comparison of P/B ratios of Comparable Companies (defined hereafter).

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In accordance with to the relevant accounting policies adopted by the Dan Form Group, the Management advised that (i) the associates balance recorded in the consolidated balance sheet of the Dan Form Group has also taken into account revaluation surplus of properties held by the respective associates arising from the historical movement in fair value of the properties held by the associates; and (ii) the investment properties held by the Dan Form Group are being recorded at their respective fair value. Notwithstanding the above, given the valuation date of the Independent Valuation Report is 30 September 2016 and the latest published consolidated financial statements of the Dan Form Group are as at 30 June 2016, when assessing the implied P/B ratio under the Offer based on the adjusted net asset value, we have also taken into consideration the relevant fair value movement between 1 July 2016 and 30 September 2016.

In this connection, the adjusted net asset value after taken into account the aforesaid factors is approximately HK\$5,175.6 million (the “**Adjusted NAV**”), being the net asset value of the Dan Form Group as at 30 June 2016 of approximately HK\$5,015.1 million after taken into account the following adjustments, namely (i) add the fair value uplift from 1 July 2016 to 30 September 2016 (being the valuation date of the Independent Valuation Report) of the investment properties held by the Dan Form Group of approximately HK\$76.7 million¹; and (ii) adjust the difference between the fair value (extracted from the Independent Valuation Report) and book value of owner-occupied properties (which was recorded at lower of cost and fair value historically by Dan Form) of approximately HK\$83.8 million². On this basis, the implied P/B ratio of the Offer, calculated based on the total value of the Offer divided by the Adjusted NAV, would be approximately 0.66 times (the “**Adjusted P/B ratio**”).

For the purpose of our comparable analysis, we have identified the following companies as relevant comparables to Dan Form based on the following criteria: (i) listed on the Main Board of the Stock Exchange and engaging in businesses similar to those of the Dan Form Group; (ii) revenue generated from property development and investment represents over 50% of its total revenue for the latest completed financial year; (iii) revenue primarily generated in Hong Kong and/or the PRC; (iv) net asset value of not less than HK\$2.0 billion as at the latest published balance sheet date; and (v) with a market capitalisation of not less than HK\$2.0 billion and not more than HK\$5.0 billion as at the Latest Practicable Date. Based on the aforementioned criteria, we have identified, to the best of our knowledge, a list of eight comparable companies (the “**Comparable Companies**”). The table below sets out the P/B ratio of each of the Comparable Companies and the Adjusted P/B ratio of Dan Form.

¹ RMB is translated into HKD at the exchange rate of RMB 1:HKD 1.15 for illustration purposes only

² RMB is translated into HKD at the exchange rate of RMB 1:HKD 1.15 for illustration purposes only

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Stock code	Company name	Principal Business	Share Price (Note 1) HK\$	Market capitalisation (Note 1) HK 'million	Net assets attributable to owners (Note 1) HK 'million	P/B ratio (approximately) (Note 2)
131	Cheuk Nang (Holdings) Limited	Property development and investment	5.61	2,812.5	5,152.5	0.51
26	China Motor Bus Company Limited ("China Motor Bus")	Property development and investment	83.85	3,800.0	7,609.2	0.50
194	Liu Chong Hing Investment Limited	Property development and investment	10.64	4,028.1	10,945.6	0.37
158	Melbourne Enterprises Limited	Property investment	171.0	4,275.0	5,964.8	0.72
237	Safety Godown Company Limited	Property investment	18.98	2,562.3	4,528.5	0.57
878	Soundwill Holdings Limited ("Soundwill")	Property development and investment	13.98	3,960.7	16,573.2	0.24
266	Tian Teck Land Limited ("Tian Teck")	Property investment	8.48	4,025.7	7,765.4	0.52
75	Y.T. Realty Group Limited ("Y.T. Realty")	Property investment	3.43	2,742.5 (Note 3)	3,652.4	0.75 (Note 3)
					Minimum Maximum Average	0.24 0.75 0.52
271	The Dan Form Group	Property investment, property rental and estate management	2.75 (Note 4)	3,430.1 (Note 5)	5,015.1 (Note 6)	0.68 (Note 6)/ 0.66 (Note 7)

Source: the website of the Stock Exchange and the respective interim/annual report of the listed company

Note 1: The closing share price and market capitalisation of the Comparable Companies as at the Latest Practicable Date are sourced from the website of Stock Exchange. The market capitalisation of the Comparable Companies is calculated based on their respective closing share prices and number of issued shares as at the Latest Practicable Date. The latest published consolidated net asset value attributable to equity holders are extracted from the respective latest annual/interim reports/announcements of the Comparable Companies.

Note 2: The P/B Ratios of the Comparable Companies are calculated based on their market capitalisation as at the Latest Practicable Date and their latest published consolidated net asset value attributable to equity holders.

Note 3: Subsequent to the announcement of a special dividend in the form of distribution in species dated 29 September 2016, the closing price per Y.T. Realty share (cum-special dividend share price) have been trading notably higher up to 15 November 2016, being the last day for trading in Y.T. Realty shares with entitlements to the distribution in species. Given the above, we consider that Y.T. Realty is an outlier to other Comparable Companies.

Note 4: The Offer Price of HK\$2.75 per Share.

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Note 5: We have taken the Offer Price and the issued share capital of the Dan Form Group of 1,242,424,945 Shares as at the Latest Practicable Date for the purpose of determining the theoretical market capitalisation of the Dan Form Group.

Note 6: The P/B Ratio of the Dan Form Group is calculated based on the implied market capitalisation of Dan Form Group pursuant to the Offer Price of HK\$2.75 per Share divided by its latest published unaudited consolidated net asset value attributable to owners of Dan Form as at 30 June 2016.

Note 7: The Adjusted P/B Ratio of the Dan Form Group is calculated based on the implied market capitalisation of Dan Form Group pursuant to the Offer Price of HK\$2.75 per Share divided by its Adjusted NAV.

As shown in the above table, the historical P/B ratio of the Comparable Companies ranged from approximately 0.24 times to 0.75 times, with an average of approximately 0.52 times. The Adjusted P/B ratio of approximately 0.66 times is within range and above average of the P/B Ratios of the Comparable Companies. Upon closer review, in connection with Y.T. Realty, we noted from its announcement dated 29 September 2016 that its board approved a special dividend in the form of a distribution in specie of 155,254,432 shares of The Cross-Harbour (Holdings) Limited for every 103 Y.T. Realty shares held. The closing share price of Y.T. Realty on the trading day immediately after the aforesaid announcement was HK\$6.22 compared to that of HK\$4.79 per Y.T. Realty share at the previous close, representing an increase of approximately 29.9%. Subsequently, the closing share price of Y.T. Realty (cum-special dividend share price) as of 15 November 2016, being the last day for trading on Y.T. Realty shares with entitlements to the abovementioned distribution in specie, still represented notable increase from its closing price prior to the special dividend announcement. Given the abovementioned background, Y.T. Realty has been trading at a notable higher P/B ratio as compared with that of the other Comparable Companies as at the Latest Practicable Date, which we consider that Y.T. Realty is an outlier to other Comparable Companies and may produce anomalous results to our analysis. In light of the aforesaid, if we exclude Y.T. Realty from our analysis, the P/B ratio of the remaining seven Comparable Companies ranged from approximately 0.24 times to approximately 0.72 times with an average of approximately 0.49 times. On this basis, the Adjusted P/B ratio of approximately 0.66 times is within range and above average of the P/B ratios of the Comparable Companies.

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In addition, we note that, among the Comparable Companies, market capitalisation of China Motor Bus, Soundwill and Tian Teck being approximately HK\$3,799.1 million, HK\$3,960.7 million and HK\$4,025.7 million, respectively, were the three closest to that of Dan Form's implied market capitalisation under the Offer of approximately HK\$3,430.1 million. We further looked into the net asset values among the abovementioned three Comparable Companies and note that China Motor Bus' net asset value of approximately HK\$7,609.2 million as at 30 June 2016 was the closest to that of Dan Form's net asset value of approximately HK\$5,015.1 million as at 30 June 2016. On this basis, we have compared the P/B ratio of China Motor Bus, being approximately 0.50 times, against the Adjusted P/B ratio of approximately 0.66 times and note that the Adjusted P/B ratio is higher than the P/B ratio of China Motor Bus.

Notwithstanding the above, there is no guarantee that the current market price of the Dan Form Shares will sustain and will be higher than the Offer Price during and after the period for the acceptance of the Offer, thus, we are of the view that the Offer Price is fair and reasonable.

RECOMMENDATION

Having considered the factors and reasons set out in this letter, in particular,

- (i) the risks and uncertainties related to the macro-economy and Hong Kong's commercial and residential property sector as set out under section headed "2. Overview of Macro-economy and Hong Kong's commercial and residential property sector";
- (ii) the Management is of the view that no single Zeta Estates JV Partner has control over the operations and business of Zeta Estates, being the largest asset by value recorded under the Dan Form Group's associates balance, as such, the Dan Form Group, on a standalone basis, cannot dictate major business transactions (including material purchases, sales or dividend payouts) in practice as these were transacted on the basis of unanimous agreement among the representatives of the Zeta Estates JV Partners historically;
- (iii) the Offeror's stated intention to maintain the listing of Dan Form Shares on the Stock Exchange and that as at the Latest Practicable Date it has no plan to procure the Dan Form Group to acquire or dispose any assets;
- (iv) the Offer Price represents a notable premium to the closing price of the Dan Form Shares for the entire First Review Period;

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- (v) the Dan Form Shares have been traded at a significant level of discounts to its net asset value that the Dan Form Shares prior to and during the First Review Period and that the Offer Price represents a premium of approximately 15.1% to the closing price of the Dan Form Shares as at the Last Trading Day of approximately HK\$2.39 per Dan Form Share;
- (vi) the average daily trading volume of the Shares has been thin in general during the First Review Period, in particular, prior to the June Announcement and the Dan Form Independent Shareholders may find it difficult to dispose of a significant number of Shares in the open market without causing an adverse impact on the market price level of the Dan Form Shares. The Offer, therefore, represents an opportunity for the Dan Form Independent Shareholders to dispose of their entire holdings at the Offer Price of HK\$2.75 each; and
- (vii) the Adjusted P/B ratio of approximately 0.66 times is higher than the average P/B ratio of the Comparable Companies,

we consider the terms of the Offer to be fair and reasonable so far as the Dan Form Independent Shareholders are concerned. Accordingly, we recommend the Dan Form IBC to advise the Dan Form Independent Shareholders to accept the Offer.

The Dan Form Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuation in the price of the Dan Form Shares. There is no guarantee that the current market price of the Dan Form Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Dan Form Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Dan Form Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Dan Form Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer. They should also note that the Offer is conditional upon Completion and the Offeror having received valid acceptances of the Offer Shares which, together with the Dan Form Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form. Accordingly, the Offer may or may not become unconditional.

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The Dan Form Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the form of acceptance, if they wish to accept the Offer.

Yours faithfully

For and on behalf of

Investec Capital Asia Limited

Lewis Lai

Managing Director

Corporate Finance

Mr. Lewis Lai is a licensed person registered with the SFC and a responsible officer of Investec Capital Asia Limited. He has around ten years of experience in the corporate finance industry.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Dan Form Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed Form of Acceptance together with the relevant Dan Form Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand, to the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in an envelope marked "Dan Form Offer".
- (b) If the Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Dan Form Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Dan Form Shares, you must either:
 - (i) lodge your Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Dan Form Shares to be registered in your name by Dan Form through the Registrar, and send the duly completed Form of Acceptance together with the relevant Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- (iii) if your Dan Form Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the latest date on which acceptances of the Offer must be received by the Registrar). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Dan Form Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the Dan Form Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Dan Form Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Dan Form Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Dan Form Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Dan Form Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (d) If you have lodged transfer(s) of any of your Dan Form Shares for registration in your name and have not yet received your Dan Form Share certificate(s), and you wish to accept the Offer in respect of your Dan Form Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Yu Ming and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant Dan Form Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance to the Takeovers Code and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
 - (i) accompanied by the relevant Dan Form Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the Dan Form Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Dan Form Shares; or
 - (ii) from a registered Dan Form Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Dan Form Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Dan Form Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (g) Seller's ad valorem stamp duty for transfer of Dan Form Shares registered on the Registrar arising in connection with acceptance of the Offer will be payable by relevant Dan Form Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Dan Form Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Dan Form Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance, Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been declared unconditional or extended or revised with the consent of the Executive, the latest time and date for acceptance will be 4:00 p.m. on the First Closing Date, or if the Offer is extended, any subsequent closing date of the Offer that is extended and announced by the Offeror in accordance with the Takeovers Code. The Offer shall be conditional upon the Offeror having received acceptances in respect of the Offer Shares which, together with the Dan Form Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Dan Form.
- (b) The Offeror will make an announcement as and when the Offer becomes unconditional. The Offeror reserves the right to revise the terms of the Offer. If the Offeror revises the terms of the Offer, all Dan Form Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Offer is extended or revised, the announcement of such extension or revision will state the revised date of closing. If the Offer is revised, the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the revised Composite Document to the Dan Form Independent Shareholders. If the closing date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

- (d) The Offeror may introduce new conditions to be attached to the revised Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.
- (e) In order to be valid, the Form of Acceptance for the Offer must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the First Closing Date, unless the Offer becomes or is declared unconditional or extended or revised with the consent of the Executive. In the event that the Offer becomes or is declared unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter.
- (f) If there is (i) a tropical cyclone warning signal number 8 or above; or (ii) a “black” rainstorm warning signal: (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the First Closing Date, the latest time and date for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day; or (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the First Closing Date, the latest time and date for acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. or such other day as the Executive may approve.

3. ANNOUNCEMENT

- (a) By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror must publish an announcement on the Stock Exchange’s website by 7:00 p.m. on the First Closing Date stating whether the Offer has been extended or revised, has expired or has become or been declared unconditional (and, in each case, whether as to acceptance or in all respects).

Such announcement must state the following:

- (i) the total number of Dan Form Shares and rights over Dan Form Shares for which acceptances of the Offer have been received;
- (ii) the total number of Dan Form Shares and rights over Dan Form Shares held, controlled or directed by the Offeror or its concert parties before the Offer Period;

- (iii) the total number of Dan Form Shares and rights over Dan Form Shares acquired or agreed to be acquired by the Offeror or its concert parties during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Dan Form which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
 - (v) the percentages of the relevant classes of share capital of Dan Form and the percentages of voting rights of Dan Form represented by these numbers.
- (b) In computing the total number of Dan Form Shares represented by acceptances, only valid acceptances in complete and good order and which have been received by the Registrar no later than 4:00 p.m. on the First Closing Date, unless the Offer becomes or is declared unconditional, or is extended or revised with the consent of the Executive, shall be included.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Dan Form Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance within 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptance. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this appendix headed “Announcement” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Dan Form Independent Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Dan Form Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Dan Form Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Dan Form Independent Shareholder(s).

5. SETTLEMENT OF THE OFFER

Subject to the Offer becoming or being declared unconditional and provided that the accompanying Form of Acceptance, together with the Dan Form Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code, a cheque for the amount due to each of the accepting Dan Form Independent Shareholders in respect of the Dan Form Shares tendered under the Offer (less seller's ad valorem stamp duty payable by them, as the case maybe) will be despatched to the accepting Dan Form Independent Shareholders by ordinary post at their own risk within 7 Business Days following the later of the date on which the Offer becomes or is declared unconditional and the receipt of all relevant documents which render such acceptance complete and valid by the Registrar in compliance with Note 1 to Rule 30.2 of the Takeovers Code.

Settlement of the consideration to which any accepting Dan Form Independent Shareholders is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this appendix) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Dan Form Independent Shareholders.

No fraction of a cent will be payable and the amount of consideration payable to an Dan Form Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. DAN FORM OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Dan Form Independent Shareholders, including the Dan Form Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in Hong Kong and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions. Dan Form Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Dan Form Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe

relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Dan Form Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions).

7. TAX IMPLICATIONS

Dan Form Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror and parties acting in concert with it, Yu Ming, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title or of indemnity or of any other nature to be delivered by or sent to or from the Dan Form Independent Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror and parties acting in concert with it, Yu Ming, the Registrar or any of their respective directors or any persons involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Dan Form Shares tendered under the Offer are sold by such person or persons free from all liens, charges, claims, equities, Encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the rights to receive dividends if any, declared, made or paid by Dan Form on the posting of this Composite Document.
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Dan Form Shares in respect of which it is indicated in the Form of Acceptance the aggregate number of Dan Form Shares held by such nominee for such beneficial owners who accept the Offer.

- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.
- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) Due execution of Form of Acceptance in compliance with Note 1 to Rule 30.2 of the Takeovers Code, will constitute an authority to the Offeror or its agents to complete and execute on behalf of the person accepting the Offer, and to do any other act that may be necessary or expedient for the purpose of vesting in the Offeror, or such other person as it may direct.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese text.

1. SUMMARY OF FINANCIAL INFORMATION OF THE DAN FORM GROUP

Set out below is a summary of the financial information of the Dan Form Group for the three years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the six months ended 30 June 2016, which is extracted from the audited consolidated financial statements of the Dan Form Group as set forth in the annual reports of the Company for each of the year ended 31 December 2013, 31 December 2014 and 31 December 2015 and the unaudited consolidated financial statements of the Group as set forth in the interim report of Dan Form for the six months ended 30 June 2016.

	For the six months ended	For the year ended 31 December		
	30 June 2016	2015	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue	<u>28,070</u>	<u>50,759</u>	<u>49,745</u>	<u>47,505</u>
Operating profit before change in fair value of investment properties	21,417	4,292	5,722	18,138
Change in fair value of investment properties	<u>5,660</u>	<u>72,215</u>	<u>39,613</u>	<u>51,229</u>
Operating profit	27,077	76,507	45,335	69,367
Share of results of associates	<u>(35,686)</u>	<u>132,062</u>	<u>209,300</u>	<u>175,672</u>
(Loss)/profit before income tax	(8,609)	208,569	254,635	245,039
Income tax expenses	<u>(1,937)</u>	<u>(12,851)</u>	<u>(7,432)</u>	<u>(10,042)</u>
(Loss)/profit for the period/year	<u>(10,546)</u>	<u>195,718</u>	<u>247,203</u>	<u>234,997</u>

	For the six months ended		For the year ended 31 December		
	30 June		2015	2014	2013
	2016		2015	2014	2013
	HK\$'000		HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Audited)	(Audited)	
Other comprehensive (loss)/income:					
<i>Items that may be classified to profit or loss in future</i>					
Surplus on revaluation of building(s)	–	4,439	–	–	149
Change in fair value of available- for-sale financial assets	(936)	2,423	6,346	–	1,709
Exchange differences	<u>(161)</u>	<u>(992)</u>	<u>(555)</u>	–	<u>405</u>
Other comprehensive (loss)/income for the period/year, net of tax	<u>(1,097)</u>	<u>5,870</u>	<u>5,791</u>	–	<u>2,263</u>
Total comprehensive (loss)/income for the period/year	<u><u>(11,643)</u></u>	<u><u>201,588</u></u>	<u><u>252,994</u></u>	–	<u><u>237,260</u></u>
Dividends	<u>–</u>	<u>187,095</u>	<u>24,946</u>	–	<u>–</u>
Dividend per Share (<i>HK cents</i>)	–	0.15	0.02	–	–
(Loss)/earnings per Share					
Basic and diluted (<i>HK cents</i>)	<u>(0.85)</u>	<u>15.69</u>	<u>19.82</u>	–	<u>18.84</u>

The audited consolidated financial statements of the Dan Form Group for each of the year ended 31 December 2013, 2014 and 2015 did not contain any qualified opinion from the auditor of Dan Form. The Dan Form Group had no exceptional items because of size, nature or incidence for each of the year ended 31 December 2013, 2014 and 2015 and for the six months ended 30 June 2016.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE DAN FORM GROUP

Set out below is the reproduction of the text of the audited consolidated financial statements of the Dan Form Group together with the accompanying notes contained in the annual report of Dan Form for the year ended 31 December 2015 (the “Annual Report”). Capitalised terms used in this section have the same meanings as those defined in the Annual Report.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	6	50,759	49,745
Other income	7	3,122	2,722
Other losses, net	8	(3,627)	(2,784)
Rent and rates		(479)	(470)
Building management fees		(5,778)	(5,808)
Staff costs, including Directors' remuneration	9	(20,974)	(18,776)
Depreciation and amortisation		(4,991)	(7,178)
Repairs and maintenance		(3,772)	(1,783)
Administrative expenses		<u>(9,968)</u>	<u>(9,946)</u>
Operating profit before change in fair value of investment properties		4,292	5,722
Change in fair value of investment properties	18	<u>72,215</u>	<u>39,613</u>
Operating profit	10	76,507	45,335
Share of profits of associates	13	<u>132,062</u>	<u>209,300</u>
Profit before income tax		208,569	254,635
Income tax expenses	14	<u>(12,851)</u>	<u>(7,432)</u>
Profit for the year		<u><u>195,718</u></u>	<u><u>247,203</u></u>
Dividends	15		
Interim paid		–	–
Final special proposed		<u>187,095</u>	<u>24,946</u>
		<u><u>187,095</u></u>	<u><u>24,946</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share			
Basic and diluted	16	<u><u>15.69</u></u>	<u><u>19.82</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year		195,718	247,203
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss</i>			
Surplus on revaluation of a building	17	4,439	–
Available-for-sale financial assets:			
Fair value gain arising during the year		2,423	6,346
Exchange differences		(992)	(555)
Other comprehensive income for the year, net of tax		5,870	5,791
Total comprehensive income for the year		201,588	252,994

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	<i>Note</i>	31 December 2015 HK\$'000	31 December 2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	86,050	135,717
Investment properties	18	1,033,090	910,375
Land use rights	19	24,629	25,646
Associates	20	3,193,795	3,558,411
Available-for-sale financial assets	21	<u>46,283</u>	<u>43,925</u>
		<u>4,383,847</u>	<u>4,674,074</u>
Current assets			
Debtors, prepayments, deposits and other receivables	22	8,138	9,796
Amounts due from associates	20	130,815	150,915
Income tax recoverable		628	485
Cash and bank balances	23	<u>875,190</u>	<u>368,887</u>
		<u>1,014,771</u>	<u>530,083</u>
Total assets		<u><u>5,398,618</u></u>	<u><u>5,204,157</u></u>
EQUITY			
Share capital	24	681,899	681,899
Reserves	25	<u>4,537,759</u>	<u>4,361,117</u>
Total equity		<u>5,219,658</u>	<u>5,043,016</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	26	<u>134,997</u>	<u>123,868</u>
Current liabilities			
Creditors and accruals	27	26,976	25,248
Amounts due to associates	20	16,986	11,500
Income tax payable		<u>1</u>	<u>525</u>
		<u>43,963</u>	<u>37,273</u>
Total liabilities		<u>178,960</u>	<u>161,141</u>
Total equity and liabilities		<u><u>5,398,618</u></u>	<u><u>5,204,157</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Special capital reserve <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2014	623,649	58,250	663	20,621	4,086,839	4,790,022
Profit for the year	-	-	-	-	247,203	247,203
Change in fair value of available-for-sale financial assets	-	-	-	6,346	-	6,346
Currency translation differences	-	-	-	(555)	-	(555)
Other comprehensive income for the period	-	-	-	5,791	-	5,791
Total comprehensive income for the year	-	-	-	5,791	247,203	252,994
Transition to no-par value regime on 3 March 2014 (<i>Note 24</i>)	58,250	(58,250)	-	-	-	-
Transfer from special capital reserve to retained profits (<i>Note 25(a)</i>)	-	-	(30)	-	30	-
At 31 December 2014	681,899	-	633	26,412	4,334,072	5,043,016
Profit for the year	-	-	-	-	195,718	195,718
Surplus on revaluation of building	-	-	-	4,439	-	4,439
Change in fair value of available-for-sale financial assets	-	-	-	2,423	-	2,423
Currency translation differences	-	-	-	(992)	-	(992)
Other comprehensive income for the period	-	-	-	5,870	-	5,870
Total comprehensive income for the year	-	-	-	5,870	195,718	201,588
Final dividend paid relating to 2014	-	-	-	-	(24,946)	(24,946)
Transfer from special capital reserve to retained profits (<i>Note 25(a)</i>)	-	-	(633)	-	633	-
At 31 December 2015	681,899	-	-	32,282	4,505,477	5,219,658

CONSOLIDATED CASH FLOW STATEMENT*For the year ended 31 December 2015*

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cash flows from operating activities			
Cash generated from operations	28	10,799	13,154
Hong Kong profits tax paid		<u>(2,389)</u>	<u>(3,461)</u>
Net cash generated from operating activities		<u>8,410</u>	<u>9,693</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(991)	(126)
Interest received		3,016	2,665
Decrease in amounts due from associates		20,100	26,229
Increase in amounts due to associates		5,486	5,976
(Increase)/decrease in non-pledged time deposits with original maturity of over three months		(21,215)	108
Dividends received from available-for-sale financial assets		1,350	1,200
Dividends received from associates		<u>496,679</u>	<u>–</u>
Net cash generated from investing activities		<u>504,425</u>	<u>36,052</u>
Cash flow from an financing activity			
Dividend paid	15	<u>(24,946)</u>	<u>–</u>
Net cash used in an financing activity		<u>(24,946)</u>	<u>–</u>
Increase in cash and cash equivalents		487,889	45,745
Cash and cash equivalents at beginning of the year		330,073	286,984
Effect of foreign exchange rate changes		<u>(2,801)</u>	<u>(2,656)</u>
Cash and cash equivalents at end of the year	23	<u>815,161</u>	<u>330,073</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1 General information**

Dan Form Holdings Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong and is listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (together, the “Group”) are property investment, property rental and estate management.

These consolidated financial statements have been approved for issue by the Board of Directors on 30 March 2016.

These consolidated financial statements are presented in HK dollars, unless otherwise stated.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) 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 HKFRSs 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

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 2014, except as stated otherwise.

*Changes in accounting policies and disclosures**(a) Amended standards*

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 January 2015:

HKAS 19 (2011) (Amendment)	Defined benefit plans: Employee contributions
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010-2012 cycle
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011-2013 cycle

The adoption of these amendments to existing standards does not have significant impact on the Group's reported results and financial position nor any substantial changes in the Group's accounting policies or presentation of the financial statements.

(b) New and amended standards not yet adopted by the Group

The following standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRSs (Amendment)	Annual improvements 2012-2014 cycle	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 1	Disclosure initiative	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application and is not yet in a position to state whether these new and revised HKFRSs will have any significant impact on the Group's result of operations and financial position.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements, which have been consistently applied to all the years presented, are set out below.

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December and the share of post acquisition results and reserves of its associates attributable to the Group.

Results attributable to subsidiaries and associates acquired or disposed of during the financial period are included in the consolidated income statement from the date of acquisition or to the date of disposal, as applicable.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial information of subsidiaries has been adjusted where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business Combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the aggregate fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

(b) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) *Associates*

An associate is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and significant influence is exercised in its management, generally accompanying a shareholding of between 20 to 50% of the voting rights.

Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investments in associates of the Group include goodwill identified on acquisition, net of any accumulated impairment loss. The financial information of associates has been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The share of post-acquisition profits or losses of associates attributable to the Group is recognised in the consolidated income statement, and the share of post-acquisition reserves is recognised in equity. The cumulative post-acquisition reserves are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associate equals or exceeds its interest in the associate, including any other unsecured receivable, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profits of associates' in the income statement.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the interest in the associates held by the Group. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

Goodwill on acquisitions of subsidiaries is recognised separately as an intangible asset. Goodwill on acquisitions of associates is included in investments in associates and is tested for impairment as part of the overall balance. Separately recognised goodwill on acquisitions of subsidiaries is tested for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(e) *Foreign currency translation*

Items included in the financial statements of each of the entities in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). These financial statements are presented in Hong Kong dollars, which is the Company’s functional and the Group’s presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within ‘other gains’.

Translation differences on non-monetary financial assets held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are included in other comprehensive income.

The results and financial positions of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet are translated at the closing rates at the date of that balance sheet;
- (b) income and expenses for each income statement are translated at average exchange rates; and
- (c) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rates at the balance sheet date.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Remaining lease term
Buildings	30 to 50 years
Office equipment	5 years
Furniture and fixtures	5 years
Motor vehicles	4 to 5 years

The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at each balance sheet date. Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its estimated recoverable amount.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised as other gains/(losses), net in the income statement.

(g) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is then accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring or constructing a qualifying asset are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by external valuers. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Where fair value of investment property under construction is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

Changes in fair values are recognised in the income statement. The fair value of investment property reflects, among other things, rentals from current leases and assumptions about rentals from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is added to the carrying amount of the property only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the income statement during the financial period in which they are incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to completed properties held for sale at its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If a self-occupied property becomes an investment property because its use has changed, any difference between the carrying amount and its fair value at the date of transfer is recognised in equity as a revaluation reserve. Any resulting gain is recognised in the income statement to the extent that it reverses a previous impairment loss, with any remaining increase recognised as other comprehensive income. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to income statement.

(h) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rentals payable, net of incentives received from lessors, under operating leases are charged to the income statement on a straight line basis over the period of the leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-currents assets are credited to the income statement on a straight-line basis over the lease terms.

Prepayments of land use rights represent non-refundable rental payments for the lease of land and are stated at cost less accumulated amortisation (*note 3(f)*) and impairment. Amortisation is calculated to write off the prepayments over the period of the lease on a straight-line basis. When there is impairment, the impairment is expensed in the income statement. The amortisation of land use rights is capitalised as part of the costs of the property when the land use rights is under development.

(i) Impairment of associates and other non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(j) *Financial assets*

The Group classifies its investments as loans and receivables, or available-for-sale financial assets. Management determines the classification of its investments at initial recognition according to the purpose for which the investments were acquired.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as noncurrent assets. Loans and receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in the balance sheet under non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. Available-for-sale financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value.

Regular way purchases and sales of investments are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Unrealised gains and losses arising from changes in the fair value of non-monetary available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from available-for-sale financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted investments), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the specific circumstances of the issuer.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the financial assets below its cost is considered as an indicator in determining whether the financial assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in the income statement is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on available-for-sale financial assets (equity instruments only) are not reversed through the income statement.

(k) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the debtor and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of debtors is reduced through the use of an allowance account and the amount of the provision is recognised in the income statement within administrative expenses. When a debtor is uncollectible, it is written off against the allowance account for debtors. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and deposits with banks and financial institutions.

(m) Share capital

Incremental costs directly attributable to the issue of new shares or options are recognised in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(n) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

(o) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) *Employee benefits*

Contributions to publicly or privately administered defined contribution retirement or pension plans on a mandatory, contractual or voluntary basis are recognised as employee benefit expenses in the financial period when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leave and long service payments are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payments as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leave are not recognised until the time of leave.

Provision for bonus plans due are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate can be made.

(r) *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(s) Revenue recognition

Revenue comprises the fair value of the consideration for sales of goods and rendering of services in the normal course of business activities of the Group. Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activity have been resolved. Revenue is shown net of sales tax, returns, rebates and discounts, allowances for credit and other revenue reducing factors.

Rental income net of any incentives given to the lessees is recognised on a straight-line basis over the period of the leases. Revenue from the sale of completed properties is recognised when the relevant sales contracts are concluded and the risk and rewards of the property have been passed to the purchasers. Estate management income is recognised when services are provided. Interest income is recognised on a time proportion basis using the effective interest method, taking into account the principal amounts outstanding and the effective interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified collectively as the executive Directors that make strategic decisions.

(u) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankrupt of the company or the counterparty.

(v) Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the financial statements in the financial period in which the dividends are declared by the Directors in the case of interim dividends or approved by the Company's shareholders in the case of final dividends.

4 Financial risk management

The activities of the Group expose it to a variety of financial risks: market risk (including price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Financial risk management is carried out by the finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as price risk, foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments, and investing excess liquidity.

(a) Price risk

The Group is exposed to price risk arising from unlisted equity securities and club debentures which are classified as available-for-sale financial assets. The Group is not exposed to commodity price risk.

The carrying amount of available-for-sale financial assets of the Group would be an estimate of HK\$2,314,000 (2014: HK\$2,196,000) higher or lower if the year end prices of the above mentioned financial assets were to differ by 5% (2014: 5%).

(b) Foreign exchange risk

The Group operates primarily in Hong Kong and has limited exposure to foreign exchange risk, mainly from certain properties and cash and bank balances denominated in Renminbi (“RMB”). The Group monitors foreign currency risk and considers entering into forward foreign exchange contracts to reduce exposure when necessary.

At 31 December 2015, if Hong Kong dollar had weakened or strengthened by 5% (2014: 5%) against RMB with all other variables held constant, profit before taxation for the year would have been higher or lower by approximately HK\$3,810,000 (2014: HK\$4,294,000), mainly as a result of foreign exchange gains or losses arising from translation of cash and bank balances.

(c) Interest rate risk

The Group has no fixed rate borrowings and is exposed to cash flow interest rate risk principally due to the fluctuation of the prevailing market interest rate on bank deposits.

If interest rates had increased or decreased by 1% (2014: 1%) with all other variables held constant, the profit before taxation for the year would increase or decrease by approximately HK\$7,840,000 (2014: HK\$3,139,000), mainly as a result of higher or lower interest income from bank deposits.

(d) Credit risk

The Group's credit risk is primarily attributable to trade and other debtors, bank deposits and amounts due from associates.

The Group has policies in place to ensure that properties are rented and property management services are provided to customers with appropriate credit histories. The Group reviews the recoverable amount of debtors on a regular basis and an allowance for doubtful debts is made where there is an identified loss.

With regard to credit exposure to customers for rental of properties, the Group also receives rental payments in advance with sufficient initial rental deposits to cover potential default in future rental payments. Amounts due from associates and an investee company are generally supported by the underlying assets and the Group monitors the credibility of associates and the investee company continuously.

At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

The credit risk on liquid funds is limited because 99% of the funds are placed in banks with high credit rankings, ranging from AA to A by reference to Standard and Poor and Moody's credit ratings. Management does not expect any losses from the non-performance of these banks.

(e) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

The Group mainly relies on cash inflows from rental of properties and property management to fund its operations. The Group has sufficient cash on hand and also has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of credit facilities, and the ability to close out market positions. The Group aims to maintain flexibility in funding by keeping credit lines available, if necessary.

The Group does not have any borrowings and all creditors and accruals are due for settlement within one year.

(f) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group does not have any borrowings as at 31 December 2015 and uses equity to finance its operations.

(g) Fair value estimation

The financial instruments that are measured in the balance sheet at fair value are required to disclose their valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following represents the Group's financial assets that are measured at fair value at 31 December 2015. See Note 18 for disclosure of the investment properties that are measured at fair value.

At 31 December 2015, the Group's assets measured at fair value are available-for-sale instruments, of which HK\$10,420,000 (2014: HK\$10,501,000) represents Level 2 instruments and HK\$35,863,000 (2014: HK\$33,424,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the year ended 31 December 2015 was HK\$2,439,000 (2014: HK\$3,761,000).

There were no transfers between level 1, 2 and 3 during the year.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

5 Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities of the Group are discussed below.

(i) Investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, the independent valuers consider information from a variety of sources including:

- current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques.

The principal assumptions underlying the estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. These assumptions are mainly based on market conditions existing at each balance sheet date. The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(ii) Available-for-sale financial assets

The fair value of each asset is reviewed at each accounting date and whenever events or changes in circumstances indicate that the carrying amount of the asset has been affected. The fair value also reflects the market conditions existing at each balance sheet date. For unlisted equity investments, the Group establishes fair value by using valuation techniques, including the use of arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, or the underlying net assets to reflect the specific circumstances.

The significant assumption adopted in the valuation of the unlisted securities was minority discount rate of 20% (2014: 20%).

(iii) Trade and other receivables

Impairment of accounts receivable is established when there is objective evidence on the ultimate recoverability of the amount due according to the original terms. Estimates are made based on the assessments of the financial position of the debtors, probability of the debtor being bankrupt, default or delinquent. The provision takes into account the present value of the estimated future cash flows, discounted at the effective interest rate.

(iv) Taxation

The Group is subject to taxation in Hong Kong and Mainland China. Significant judgement is required in determining the provision for taxation for each entity in the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the taxation payable and deferred taxation in the financial period in which such determination is made.

6 Revenue and segment information

Revenue is shown as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental from investment properties	37,484	36,815
Estate management fees	11,925	11,730
Dividend from unlisted investments	<u>1,350</u>	<u>1,200</u>
	<u><u>50,759</u></u>	<u><u>49,745</u></u>

The chief operating decision-maker has been identified as the executive Director of the Company. The executive Director 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.

The total of non-current assets other than associates and available-for-sale financial assets located in Hong Kong is HK\$1,112,512,000 (2014: HK\$1,039,695,000), and the total of non-current assets located in Mainland China is HK\$31,257,000 (2014: HK\$32,043,000).

7 Other income

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	3,016	2,665
Others	<u>106</u>	<u>57</u>
	<u><u>3,122</u></u>	<u><u>2,722</u></u>

APPENDIX II FINANCIAL INFORMATION OF THE DAN FORM GROUP

8 Other losses, net

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange losses	(3,627)	(2,495)
Loss on disposal of property, plant and equipment	–	(139)
Write off of available-for-sale financial assets	<u>–</u>	<u>(150)</u>
	<u><u>(3,627)</u></u>	<u><u>(2,784)</u></u>

9 Staff costs (including directors' remuneration)

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	19,327	17,696
Social security costs (<i>Note 11</i>)	1,036	523
Provision for long service payments	27	265
Retirement benefit costs		
– Defined contribution plans (<i>Note 11</i>)	<u>584</u>	<u>292</u>
	<u><u>20,974</u></u>	<u><u>18,776</u></u>

10 Operating profit

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is arrived at after charging:		
Direct operating expenses of investment properties that generate rental income	10,193	7,479
Direct operating expenses of investment properties that did not generate rental income	306	227
Loss on disposal of property, plant and equipment	–	139
Auditor's remuneration		
Audit services	1,120	1,050
Non-audit services	<u>248</u>	<u>86</u>

11 Retirement benefit and social security costs

The Group operates a defined contribution provident fund scheme (the “Scheme”), which is available to certain employees who joined the Group before 1 December 2000, and a mandatory provident fund scheme (the “Fund”), which is available to all employees in Hong Kong effective 1 December 2000. The assets of the Scheme and the Fund are held separately from those of the Group in independently administered funds. Contributions to the Scheme and the Fund by the Group and the employees are calculated as a percentage of the monthly salaries of the employees. Contributions to the Scheme are reduced by contributions forfeited by those employees who leave the Scheme prior to vesting fully in the contributions. During the year, no forfeited contributions in respect of the Scheme (2014: Nil) were utilised and there were no forfeited contributions available to reduce future contributions at 31 December 2015 (2014: Nil).

The Group also participates in the employee pension schemes of the municipal governments in Mainland China where the Group operates. The Group is required to make monthly defined contributions at rates calculated as a percentage of the monthly payroll. The respective municipal government will assume the retirement benefit obligations of the PRC existing and future retired employees in Mainland China of the Group.

The cost charged to the consolidated income statement (*Note 9*) represents contributions payable by the Group to the above schemes.

12 Benefits and interests of directors and five highest paid individuals

The following disclosure in respect of benefits and interests of Directors are made pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G):

(a) Directors' emoluments

For the year ended 31 December 2015:

Name	Emoluments paid or receivable in respect of a person's services as a director and in connection with the management of the affairs whether of the company or its subsidiary undertaking						Total HK\$'000
	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Housing allowance HK\$'000	Estimated money value of other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
Mr. DAI Xiaoming (<i>Note</i>)	10	2,515	426	522	-	-	3,473
Mr. Kenneth Hiu King KON	200	-	-	-	-	-	200
Mr. Jesse Nai Chau LEUNG	240	-	-	-	-	-	240
Dr. XIANG Bing	230	-	-	-	-	-	230
Mr. Edward SHEN	240	-	-	-	-	-	240
	<u>920</u>	<u>2,515</u>	<u>426</u>	<u>522</u>	<u>-</u>	<u>-</u>	<u>4,383</u>

For the year ended 31 December 2014 (Restated):

Certain of the comparative information of Directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap. 622).

Name	Emoluments paid or receivable in respect of a person's services as a director and in connection with the management of the affairs whether of the company or its subsidiary undertaking						Total HK\$'000
	Fees HK\$'000	Salary HK\$'000	Discretionary bonuses HK\$'000	Housing allowance HK\$'000	Estimated money value of other benefits HK\$'000	Employer's contribution to a retirement benefit scheme HK\$'000	
Mr. DAI Xiaoming (Note)	10	2,515	200	522	-	-	3,247
Mr. Kenneth Hiu King KON	200	-	-	-	-	-	200
Mr. Jesse Nai Chau LEUNG	240	-	-	-	-	-	240
Dr. XIANG Bing	230	-	-	-	-	-	230
Mr. Edward SHEN	240	-	-	-	-	-	240
	<u>920</u>	<u>2,515</u>	<u>200</u>	<u>522</u>	<u>-</u>	<u>-</u>	<u>4,157</u>

During the year ended 31 December 2015, no remunerations paid or receivable in respect of accepting office as Director (2014: Nil).

None of the Directors of the Company has waived the right to receive their emoluments during the year ended 31 December 2015 (2014: Nil). The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

Note: Mr. DAI Xiaoming is also the Chief Executive of the Group.

(b) Directors' retirement benefits and termination benefits

None of the Directors received or will receive any retirement benefits or termination benefits during the year (2014: Nil).

(c) Consideration provided to or receivable by third parties for making available Directors' services

During the year ended 31 December 2015, the Group did not pay consideration to any third parties for making available Directors' services (2014: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

As at 31 December 2015, there is no loans, quasi-loans and other dealing arrangements in favour of Directors, controlled bodies corporate by and controlled entities with such Directors (2014: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in Note 31 to the consolidated financial statements, no other significant transactions, arrangements and contracts to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(f) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) Directors whose emoluments are reflected in Note (a) above. The emoluments for the remaining four (2014: four) highest paid individuals are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and allowances	3,222	3,034
Discretionary bonuses	393	190
Retirement benefit costs		
– Defined contribution plans	<u>54</u>	<u>50</u>
	<u><u>3,669</u></u>	<u><u>3,274</u></u>

The emoluments of these individuals fell within the following bands:

Emolument bands	Number of individuals	
	2015	2014
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>1</u>
	<u><u>4</u></u>	<u><u>4</u></u>

13 Share of profits of associate

Share of profit of associates include the following:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in fair value of investment properties (<i>Note</i>)	241,348	220,333
Taxation	<u>(39,822)</u>	<u>(36,355)</u>

Note:

The investment properties of the associates were valued by DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, to determine the fair value of the investment properties as at 31 December 2015 and 2014 based on current prices in an active market for the properties.

14 Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
Hong Kong	1,778	2,385
Overprovision in prior year	<u>(56)</u>	<u>(40)</u>
	1,722	2,345
Deferred income tax (<i>Note 26</i>)		
– Origination and reversal of temporary differences	<u>11,129</u>	<u>5,087</u>
	<u>12,851</u>	<u>7,432</u>

The taxation on the profit before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong where the Group principally operates, as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	208,569	254,635
Adjusted for:		
Share of profits of associates	<u>(132,062)</u>	<u>(209,300)</u>
	<u>76,507</u>	<u>45,335</u>
Tax charge at the rate of 16.5% (2014: 16.5%)	12,624	7,480
Effect of different taxation rates	(407)	(338)
Over provision of taxation in prior year	(56)	(40)
Income not subject to taxation	(2,608)	(809)
Expenses not deductible for taxation purposes	2,618	1,750
Utilisation of previously unrecognised tax losses	(192)	(99)
Tax losses not recognised	513	197
Temporary differences not recognised	<u>359</u>	<u>(709)</u>
Income tax expenses	<u>12,851</u>	<u>7,432</u>

15 Dividends

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of HK\$Nil (2014: HK\$Nil) per ordinary share	–	–
Proposed final special dividend of HK\$0.15 (2014: HK\$0.02) per ordinary share	<u>187,095</u>	<u>24,946</u>
	<u>187,095</u>	<u>24,946</u>

The dividend paid in 2015 was HK\$24,946,000 (2014: HK\$Nil).

A final special dividend in respect of the year ended 31 December 2015 of HK\$0.15 per share, amounting to a total final special dividend of HK\$187,095,000, is to be proposed at the annual general meeting of the Company. This final special dividend will be reflected as an appropriation of the retained profits for the year ending 31 December 2016.

Subsequent to the year ended 31 December 2015, and up to the date of this report, the Company repurchased a total of 4,874,000 of its shares in the market. Therefore, if no further repurchases of the Company shares being made before the ex-entitlement dividend date on 3 June 2016, the final special dividend payable, because of the repurchases of 4,874,000 shares of the Company, will be reduced by HK\$731,000 to HK\$186,364,000.

16 Earnings per share

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

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit attributable to equity holders	<u>195,718</u>	<u>247,203</u>
Weighted average number of shares for calculating basic earning per share (<i>'000</i>)	<u>1,247,299</u>	<u>1,247,299</u>
Basic earnings per share (<i>HK cents</i>)	<u>15.69</u>	<u>19.82</u>

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of HK\$195,718,000 (2014: profit of HK\$247,203,000) and the weighted average number of 1,247,298,945 ordinary shares in issue during the year (2014: 1,247,298,945).

The diluted earnings per share equals the basic earnings per share since there were no dilutive potential shares in issue during both years.

17 Property, plant and equipment

	Land and buildings HK\$'000	Office equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January 2014	93,571	2,653	17,097	2,568	115,889
Transfer from investment properties (Note 18)	47,442	-	-	-	47,442
Additions	-	126	-	-	126
Disposals	-	(90)	-	(1,074)	(1,164)
Currency translation differences	(34)	(4)	(17)	-	(55)
At 31 December 2014	140,979	2,685	17,080	1,494	162,238
Revaluation surplus	4,439	-	-	-	4,439
Transfer to investment properties (Note 18)	(51,539)	-	-	-	(51,539)
Additions	-	991	-	-	991
Currency translation differences	(64)	(25)	(7)	-	(96)
At 31 December 2015	<u>93,815</u>	<u>3,651</u>	<u>17,073</u>	<u>1,494</u>	<u>116,033</u>
Accumulated depreciation					
At 1 January 2014	6,429	1,878	10,224	2,317	20,848
Charge for the year	2,975	431	3,219	77	6,702
Disposals	-	(59)	-	(966)	(1,025)
Currency translation differences	(2)	(1)	(1)	-	(4)
At 31 December 2014	9,402	2,249	13,442	1,428	26,521
Charge for the year	2,637	343	1,467	66	4,513
Transfer to investment properties (Note 18)	(1,039)	-	-	-	(1,039)
Currency translation differences	(6)	(3)	(3)	-	(12)
At 31 December 2015	<u>10,994</u>	<u>2,589</u>	<u>14,906</u>	<u>1,494</u>	<u>29,983</u>
Net book value					
At 31 December 2014	<u>131,577</u>	<u>436</u>	<u>3,638</u>	<u>66</u>	<u>135,717</u>
At 31 December 2015	<u>82,821</u>	<u>1,062</u>	<u>2,167</u>	<u>-</u>	<u>86,050</u>

18 Investment properties

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	910,375	919,067
Transfer to property, plant and equipment (<i>Note 17</i>)	–	(47,442)
Transfer to land use rights (<i>Note 19</i>)	–	(848)
Transfer from property, plant and equipment (<i>Note 17</i>)	50,500	–
Changes in fair value	72,215	39,613
Currency translation differences	<u>–</u>	<u>(15)</u>
At end of the year	<u><u>1,033,090</u></u>	<u><u>910,375</u></u>

An independent valuation of the Group's investment properties was performed by the valuer, DTZ Debenham Tie Leung Limited, independent professional qualified surveyors, to determine the fair value of the investment property as at 31 December 2015 and 2014 based on current prices in an active market for the property.

At 31 December 2015, investment properties of the Group in Hong Kong with fair value of HK\$940,940,000 (2014: HK\$872,800,000), were pledged as securities for the banking facilities which expired in November 2010. The Group underwent a discussion with the bank for the renewal of banking facilities and the bank agreed to provide banking facilities if necessary. At 31 December 2014 and 2015, the Group did not have bank borrowings.

Fair value hierarchy

Description	Fair value measurements at 31 December 2015 using		
	Quoted prices in active markets for identical asset (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties:			
– Commercial building			
– Hong Kong	–	985,740	–
– Residential building			
– Hong Kong	–	47,350	–
	<u>–</u>	<u>1,033,090</u>	<u>–</u>

Description	Fair value measurements at 31 December 2014 using		
	Quoted prices in active markets for identical asset (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties:			
– Commercial building			
– Hong Kong	–	864,500	–
– Residential building			
– Hong Kong	–	45,875	–
	<u>–</u>	<u>910,375</u>	<u>–</u>

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the year.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 and 2014 by independent professionally qualified surveyors who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For the investment properties, its current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent surveyors for financial reporting purposes. This team reports directly to the financial controller (FC) and the audit committee (AC). Discussions of valuation processes and results are held between the FC, the valuation team and surveyors at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 December 2015 and 2014, the fair values of the properties have been determined by DTZ Debenham Tie Leung Limited.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent surveyors.

Valuation technique

The valuation was determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

There were no changes to the valuation techniques during the year.

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19 Land use rights

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	25,646	25,570
Transfer from investment properties (<i>Note 18</i>)	–	848
Amortisation	(476)	(476)
Currency translation difference	<u>(541)</u>	<u>(296)</u>
At the end of the year	<u><u>24,629</u></u>	<u><u>25,646</u></u>

20 Associates

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<u><u>3,193,795</u></u>	<u><u>3,558,411</u></u>
Amounts due from associates	228,121	248,221
Less: provisions	<u>(97,306)</u>	<u>(97,306)</u>
	<u><u>130,815</u></u>	<u><u>150,915</u></u>
Amounts due to associates	<u><u>16,986</u></u>	<u><u>11,500</u></u>

The amounts due from/to associates are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due from/to associates approximate their fair values.

The carrying amounts of the amounts due from/to associates are denominated in Hong Kong dollars.

Particulars of the principal associates as at 31 December 2015 are set out in Note 33(b).

Set out below is the associate of the Group as at 31 December 2015, which, in the opinion of the Directors, is material to the Group. This associate has share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also its principal place of business.

Nature of investment in associate as at 31 December 2015 and 2014

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Zeta Estates Limited ("Zeta Estates")	Hong Kong	33 ¹ / ₃	<i>Note 1</i>	Equity

Note 1: Zeta Estates Limited is a property investment company, which invests in industrial and residential properties in Hong Kong.

There are no contingent liabilities relating to the Group's interest in the associates.

Summarised financial information for associates

Set out below are the summarised financial information for Zeta Estates Limited which are accounted for using the equity method.

Summarised balance sheet

	Zeta Estates	
	31 December 2015 HK\$'000	31 December 2014 HK\$'000
Current		
Cash and cash equivalents	121,320	655
Other current assets (excluding cash)	<u>480,640</u>	<u>31,739</u>
Total current assets	<u><u>601,960</u></u>	<u><u>32,394</u></u>
Financial liabilities (excluding trade payables)	(420,294)	(453,242)
Other current liabilities (including trade payables)	<u>(487,916)</u>	<u>(41,979)</u>
Total current liabilities	<u>(908,210)</u>	<u>(495,221)</u>
Non-current		
Assets	10,701,927	12,259,593
Liabilities	<u>(1,706,725)</u>	<u>(1,892,166)</u>
Total non-current assets	<u>8,995,202</u>	<u>10,367,427</u>
Net assets	<u><u>8,688,952</u></u>	<u><u>9,904,600</u></u>

Summarised statement of comprehensive income

	Zeta Estates	
	For the year ended	
	31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,768,065	147,025
Cost of sales	(1,897,769)	–
Other income and gains	8,867	4,203
Change in fair value of investment properties	514,293	607,000
Administrative expenses	<u>(75,503)</u>	<u>(78,195)</u>
Operating profit	317,953	680,033
Income tax expenses	<u>(45,720)</u>	<u>(112,039)</u>
Profit and total comprehensive income for the year	<u>272,233</u>	<u>567,994</u>
Dividends received from associate	<u>15,029</u>	<u>–</u>

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

	Zeta Estates	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Opening net assets at the beginning of the year	9,904,600	9,336,606
Profit for the year	272,233	567,994
Dividend paid	<u>(1,487,881)</u>	<u>–</u>
Closing net assets at the end of the year	<u>8,688,952</u>	<u>9,904,600</u>
Interest in associates (33 ¹ / ₃ %)	<u>2,896,317</u>	<u>3,301,533</u>
Carrying value	<u><u>2,896,317</u></u>	<u><u>3,301,533</u></u>

21 Available-for-sale financial assets

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January	43,925	37,761
Net gains transfer to equity (Note 25)	2,423	6,346
Write off during the year	–	(150)
Currency translation differences	<u>(65)</u>	<u>(32)</u>
At 31 December	<u><u>46,283</u></u>	<u><u>43,925</u></u>

Available-for-sale financial assets are analysed as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity securities	35,863	33,424
Club debentures	<u>10,420</u>	<u>10,501</u>
	<u><u>46,283</u></u>	<u><u>43,925</u></u>

The carrying amounts of the available-for-sale financial assets are denominated in Hong Kong dollars.

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22 Debtors, prepayments, deposits and other receivables

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	876	2,895
Other debtors	4,750	5,346
Prepayments and deposits	<u>2,512</u>	<u>1,555</u>
	<u><u>8,138</u></u>	<u><u>9,796</u></u>

The carrying amounts of the debtors, prepayments, deposits and other receivables are denominated in the following currencies:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	8,013	9,645
Renminbi	118	144
US dollar	<u>7</u>	<u>7</u>
	<u><u>8,138</u></u>	<u><u>9,796</u></u>

Trade debtors of the Group represent rentals and estate management fees receivable and are receivable on presentation of invoices. At 31 December 2015, trade debtors of HK\$876,000 (2014: HK\$2,895,000) 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 of these trade debtors of the Group based on invoices date is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	876	2,697
31 to 60 days	–	195
61 to 90 days	–	–
Over 90 days	<u>–</u>	<u>3</u>
	<u><u>876</u></u>	<u><u>2,895</u></u>

At 31 December 2015 and 2014, no trade debtors were individually determined to be impaired. There is no concentration of credit risk with respect to trade debtors, as the Group has a large number of customers.

Other debtors of the Group represent reimbursable expenses paid on behalf of customers and amounts receivable from investee company, which are held by the Group under available-for-sale financial assets, of HK\$3,601,000 (2014: HK\$3,936,000). The amounts receivable from investee companies are unsecured and have no fixed term of repayment. There is no history of default. At 31 December 2015 and 2014, no other debtor was individually determined to be impaired.

The Group does not hold any collateral as security, except that the Group holds rental deposits from tenants for leasing of properties.

The other classes within trade and other debtors do not contain impaired assets. The maximum exposure to credit risk represents the fair value of each class of receivable.

23 Cash and bank balances

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-pledged time deposits with original maturity of over three months	<u>60,029</u>	<u>38,814</u>
Cash and cash equivalents:		
Cash at bank and in hand	91,165	54,951
Short term bank deposits with original maturity within three months	<u>723,996</u>	<u>275,122</u>
Cash and cash equivalents for cash flow statements analysis	<u>815,161</u>	<u>330,073</u>
	<u><u>875,190</u></u>	<u><u>368,887</u></u>

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	757,848	241,947
Renminbi (“RMB”)	76,200	85,883
United States dollar	41,137	41,057
Others	<u>5</u>	<u>–</u>
	<u><u>875,190</u></u>	<u><u>368,887</u></u>

Note:

As at 31 December 2015, the Group had cash and bank balances denominated in RMB of approximately HK\$25,920,000 (2014: HK\$21,021,000) deposited with the banks in the PRC. RMB is not freely convertible into foreign currencies.

24 Share capital

	2015		2014	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<i>Issued and fully paid:</i>				
At 1 January	1,247,298,945	681,899	1,247,298,945	623,649
Transition to no-par value regime on 3 March 2014 (<i>Note a</i>)	<u>–</u>	<u>–</u>	<u>–</u>	<u>58,250</u>
At 31 December	<u><u>1,247,298,945</u></u>	<u><u>681,899</u></u>	<u><u>1,247,298,945</u></u>	<u><u>681,899</u></u>

Note:

- (a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company’s share capital.

25 Reserves

	Share premium HK\$'000	Special capital reserve HK\$'000 (Note a)	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	58,250	663	23,170	1,954	(4,503)	4,086,839	4,166,373
Profit for the year	-	-	-	-	-	247,203	247,203
Other comprehensive income:							
Change in fair value of available-for-sale financial assets (Note 21)	-	-	6,346	-	-	-	6,346
Currency translation differences	-	-	-	-	(555)	-	(555)
Total comprehensive income	-	-	6,346	-	(555)	247,203	252,994
Transition to no-par value regime on 3 March 2014 (Note 24)	(58,250)	-	-	-	-	-	(58,250)
Transfer from special capital reserve to retained profits (Note a)	-	(30)	-	-	-	30	-
At 31 December 2014	-	633	29,516	1,954	(5,058)	4,334,072	4,361,117
Profit for the year	-	-	-	-	-	195,718	195,718
Other comprehensive income:							
Change in fair value of available-for-sale financial assets (Note 21)	-	-	2,423	-	-	-	2,423
Charge in fair value of property, plant and equipment transfer to investment properties (Note 17)	-	-	-	4,439	-	-	4,439
Dividends relating to 2014	-	-	-	-	-	(24,946)	(24,946)
Currency translation differences	-	-	-	-	(992)	-	(992)
Total comprehensive income	-	-	2,423	4,439	(992)	170,772	176,642
Transfer from special capital reserve to retained profits (Note a)	-	(633)	-	-	-	633	-
At 31 December 2015	-	-	31,939	6,393	(6,050)	4,505,477	4,537,759

Note:

- (a) On 9 December 2011, an extraordinary general meeting was passed by the shareholders of the Company for approving the share premium reduction of the Company. The purpose of the share premium reduction is to reduce the credit standing to the share premium account of the Company to the extent of HK\$579,389,000 and to apply the credit arising from such reduction to eliminate the accumulated losses of the Company by the same amount. 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 at the same time has to transfer sum of HK\$2,655,000 from retained profits to a special capital reserve account which shall not be treated as realised profits and be treated as an undistributable reserve, so long as the debt of or the claim of HK\$2,655,000 against the Company remains outstanding.

During the year ended 31 December 2012, part of the debt on the claim against the Company amounting to HK\$1,992,000 was settled, resulting a transfer from the special capital reserve of HK\$1,992,000 to retained profits which is available for distribution and the sum of HK\$663,000 is remained in the special reserve not available for distribution. There was no further debt settlement during the year ended 31 December 2013. During the year ended 31 December 2014, a further debt of HK\$30,000 was settled, resulting the sum of HK\$30,000 was transferred from the special capital reserve to retained profits, and therefore the sum of HK\$633,000 is remained in the special capital reserve not available for distribution. During the year ended 31 December 2015, the remaining debt of HK\$633,000 was settled, and the sum of HK\$633,000 was transferred from the special capital reserve to retained profits. There was no special capital reserve as at 31 December 2015.

26 Deferred income tax liabilities

The gross movements on the deferred income tax liabilities are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	123,868	118,781
Charged to the income statement (<i>Note 14</i>)	<u>11,129</u>	<u>5,087</u>
At end of the year	<u><u>134,997</u></u>	<u><u>123,868</u></u>

All deferred income tax liabilities are expected to be settled after twelve months.

The movements in deferred income tax liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Fair value change of investment properties		Others		Total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
At beginning of the year	123,667	117,091	201	1,690	123,868	118,781
Charged to the income statement	<u>11,129</u>	<u>6,576</u>	<u>-</u>	<u>(1,489)</u>	<u>11,129</u>	<u>5,087</u>
At end of the year	<u>134,796</u>	<u>123,667</u>	<u>201</u>	<u>201</u>	<u>134,997</u>	<u>123,868</u>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. On that basis, the Group did not recognise deferred tax assets of HK\$4,144,000 (2014: HK\$3,823,000) in respect of unused tax losses amounting to HK\$25,113,000 (2014: HK\$23,170,000) that can be carried forward against future taxable income. These unused tax losses have no expiry date.

27 Creditors and accruals

	2015 HK\$'000	2014 HK\$'000
Trade creditors	56	17
Other creditors and deposits	19,459	18,212
Accrued operating expenses	<u>7,461</u>	<u>7,019</u>
	<u>26,976</u>	<u>25,248</u>

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

	2015 HK\$'000	2014 HK\$'000
Within 30 days	<u>56</u>	<u>17</u>

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The carrying amounts of creditors and accruals are denominated in the following currencies:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	26,806	25,119
Renminbi	<u>170</u>	<u>129</u>
	<u><u>26,976</u></u>	<u><u>25,248</u></u>

The carrying amounts of creditors and accruals approximate their fair values.

28 Notes to the consolidated cash flow statement

Reconciliation of operating profit to net cash generated from operations

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit	76,507	45,335
Depreciation and amortisation	4,991	7,178
Net exchange losses	2,496	2,495
Loss on disposal of property, plant and equipment	–	139
Write off of available-for-sale financial assets	–	150
Change in fair value of investment properties	(72,215)	(39,613)
Dividend income	(1,350)	(1,200)
Interest income	<u>(3,016)</u>	<u>(2,665)</u>
Operating profit before working capital changes	7,413	11,819
Decrease in debtors, prepayments, deposits and other receivables	1,658	1,253
Increase in creditors and accruals	<u>1,728</u>	<u>82</u>
Net cash generated from operations	<u><u>10,799</u></u>	<u><u>13,154</u></u>

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book amount	–	139
Loss on disposal of property, plant and equipment	<u>–</u>	<u>(139)</u>
Proceeds from disposal of property, plant and equipment	<u>–</u>	<u>–</u>

29 Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Available-for-sale financial assets	<u>46,283</u>	<u>43,925</u>
Loans, deposits and Receivables		
Debtors and other receivables	6,713	8,241
Amounts due from associates	130,815	150,915
Cash and bank balances	<u>875,190</u>	<u>368,887</u>
	<u>1,012,718</u>	<u>528,043</u>
Total	<u>1,059,001</u>	<u>571,968</u>

APPENDIX II FINANCIAL INFORMATION OF THE DAN FORM GROUP

Financial liabilities

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial liabilities at amortised cost		
Financial liabilities in accrued liabilities and other payables	25,958	25,248
Amounts due to associates	<u>16,986</u>	<u>11,500</u>
 Total	 <u><u>42,944</u></u>	 <u><u>36,748</u></u>

30 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment properties – repairs and maintenance	–	3,474
Property, plant and equipment	<u>680</u>	<u>–</u>
	<u><u>680</u></u>	<u><u>3,474</u></u>

(b) Operating lease rental receivable

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment properties are receivable in the following periods:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	21,786	30,204
Between one to five years	<u>20,910</u>	<u>29,456</u>
	<u><u>42,696</u></u>	<u><u>59,660</u></u>

31 Related party transactions

The Group received estate management fees income from its associates of HK\$6,866,000 (2014: HK\$6,886,000), which was determined at specified percentages of the gross operating revenues of the relevant companies.

On 21 August, 2015, the Company entered into a transaction with SRT (S&P) Architects Limited (“SRT”) in which the Independent Non-Executive Director Mr. Edward Shen has owned more than 30% equity interest, whereby SRT has provided designing service to the subsidiaries of the Company at a fee HK\$100,000.

The Directors of the Company are regarded as key management of the Group and details of compensation paid to them are disclosed in Note 12 to the consolidated financial statements.

32 Ultimate holding company

The Directors regard Fabulous Investment Limited, a company incorporated in the British Virgin Islands, as being the immediate holding company of the Company.

The Directors regard Harlesden Limited (“Harlesden”), a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company. The Company is ultimately controlled by Mr. Dai Xiaoming, who is the sole shareholder of Harlesden.

33 Principal subsidiaries and associates

(a) *Principal subsidiaries*

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/paid up capital	Percentage of attributable equity		Principal activities and place of operation
			directly held by the Company	held by the Group	
AsiaSec Finance Limited	Hong Kong, limited liability company	1,000 Ordinary shares/ HK dollar 10,000	-	100	Financing, Hong Kong
AsiaSec Property Management Limited	Hong Kong, limited liability company	300,000 Ordinary shares/ HK dollar 300,000	-	100	Property management, Hong Kong
Citigrand Investment Limited	Hong Kong, limited liability company	2 Ordinary shares/ HK dollar 2	-	100	Property investment, Hong Kong
Dan Form (China) Limited	Hong Kong, limited liability company	2 Ordinary shares/ HK dollar 2	100	100	Investment holding, Hong Kong
Dan Form (Hong Kong) Limited	Hong Kong, limited liability company	1,000,000 Ordinary shares/ HK dollar 1,000,000	100	100	Investment holding, Hong Kong
Dawna Range Company Limited	Hong Kong, limited liability company	2 Ordinary shares/ HK dollar 20	-	100	Investment holding, Hong Kong

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/paid up capital	Percentage of attributable equity		Principal activities and place of operation
			directly held by the Company	held by the Group	
Diamond Property Management Company Limited	Hong Kong, limited liability company	1,000 Ordinary shares/ HK dollar 10,000	–	100	Property management, Hong Kong
Harcapc Limited	Hong Kong, limited liability company	10,000 Ordinary shares/ HK dollar 10,000	–	100	Property investment, Hong Kong
Keen Safe Investment Limited	Hong Kong, limited liability company	1,010,000 Ordinary shares/ HK dollar 1,010,000	–	100	Investment holding, Hong Kong
Man Lee Offshore Limited	British Virgin Islands, limited liabilities company	1 Ordinary share/ US dollar 1	–	100	Property Investment, Mainland China
Oriental Dragon Investment Limited	British Virgin Islands, limited liabilities company	1 Ordinary share/ US dollar 1	–	100	Property investment, Mainland China
Smart Golf (International) Company Limited	Hong Kong, limited liabilities company	60,000,000 Ordinary shares/ HK dollar 60,000,000	–	100	Investment holding, Hong Kong
Top Power Development Limited	Hong Kong, limited liabilities company	2 Ordinary shares/ HK dollar 2	–	100	Property investment, Hong Kong
Winshine Properties Limited	British Virgin Islands, limited liabilities company	1 Ordinary share/ US dollar 1	–	100	Property investment, Mainland China
深圳隆運諮詢服務有限公司	Mainland China, limited liabilities company	US dollar 2,150,000 ⁽²⁾	–	100	Business consultant, Mainland China

(b) Principal associates

Name	Place of Incorporation and kind of legal entity	Particular of issued share capital/paid up capital	Percentage of attributable equity		Principal activities and place of operation
			directly held by the Company	held by the Group	
Beijing Jing Yuan Property Development Company, Limited ⁽¹⁾	Mainland China, limited liabilities company	US dollar 61,220,000 ⁽²⁾	–	29.4	Property development, Mainland China
Ho Pok Investment Company Limited	Hong Kong, limited liabilities company	100 Ordinary shares/ HK dollar 10,000	–	50	Investment holding, Hong Kong
Kin Tong Land Investment Company Limited	Hong Kong, limited liabilities company	1,000,000 Ordinary shares/ HK dollar 10,000,000	–	50	Property investment, Hong Kong
Zeta Estates Limited	Hong Kong, limited liabilities company	9,900 Ordinary shares/ HK dollar 990,000	–	33.33	Property investment, Hong Kong

⁽¹⁾ Sino-foreign joint venture companies

⁽²⁾ Paid-up registered capital

34 Balance sheet and reserve movement of the company

Balance sheet

AS AT 31 DECEMBER 2015

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	132	893
Subsidiaries	301,652	347,569
Available-for-sale financial assets	<u>8,870</u>	<u>8,920</u>
	<u>310,654</u>	<u>357,382</u>
Current assets		
Debtors, prepayments, deposits and other receivables	933	511
Amount due from a subsidiary	140,000	140,000
Income tax recoverable	393	471
Cash and bank balances	<u>800,136</u>	<u>285,957</u>
	<u>941,462</u>	<u>426,939</u>
Total assets	<u>1,252,116</u>	<u>784,321</u>
EQUITY		
Share capital	681,899	681,899
Reserves (<i>Note a</i>)	<u>563,240</u>	<u>84,483</u>
Total equity	<u>1,245,139</u>	<u>766,382</u>
LIABILITIES		
Current liabilities		
Creditors and accruals	6,624	6,741
Amounts due to subsidiaries	<u>353</u>	<u>11,198</u>
Total liabilities	<u>6,977</u>	<u>17,939</u>
Total equity and liabilities	<u>1,252,116</u>	<u>784,321</u>

Note (a) Reserve movement of the Company

	Share premium HK\$'000	Special capital reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	58,250	663	2,647	51,045	112,605
Profit for the year	-	-	-	28,019	28,019
Change in fair value of available-for-sale financial assets	-	-	2,109	-	2,109
Transition to no-par value regime on 3 March 2014	(58,250)	-	-	-	(58,250)
Transfer from special capital reserve to retained profits	-	(30)	-	30	-
At 31 December 2014	-	633	4,756	79,094	84,483
Profit for the year	-	-	-	503,753	503,753
Dividends relating to 2014	-	-	-	(24,946)	(24,946)
Change in fair value of available-for-sale financial assets	-	-	(50)	-	(50)
Transfer from special capital reserve to retained profits	-	(633)	-	633	-
At 31 December 2015	-	-	4,706	558,534	563,240

35 Event after the reporting period

Subsequent to the year ended 31 December 2015 and up to the date of this report, the Company repurchased a total of 4,874,000 of its shares in the market at an aggregated consideration of approximately HK\$6,538,000 (including expenses) and all the repurchased shares were cancelled.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE DAN FORM GROUP

Set out below is the reproduction of the text of the unaudited condensed consolidated financial statements of the Dan Form Group for the six months ended 30 June 2016 together with the accompanying notes contained in the interim report of Dan Form for the six months ended 30 June 2016 (the “Interim Report”). Capitalised terms used in this section have the same meanings as those defined in the Interim Report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Note	Unaudited Six months ended 30 June	
		2016 HK\$'000	2015 HK\$'000
Revenue	3	28,070	25,755
Other income		2,499	1,522
Other gains, net	4	15,227	–
Rent and rates		(258)	(265)
Building management fees		(3,058)	(2,897)
Staff costs, including directors' remuneration		(11,616)	(9,210)
Depreciation and amortisation		(2,128)	(2,942)
Repair and maintenance		(361)	(3,143)
Administrative expenses		<u>(6,958)</u>	<u>(4,757)</u>
Operating profit before change in fair value of investment properties		21,417	4,063
Change in fair values of investment properties	11	<u>5,660</u>	<u>41,385</u>
Operating profit	5	27,077	45,448
Share of results of associates	6	<u>(35,686)</u>	<u>83,591</u>
(Loss)/profit before income tax		(8,609)	129,039
Income tax expenses	7	<u>(1,937)</u>	<u>(6,600)</u>
(Loss)/profit for the period		<u><u>(10,546)</u></u>	<u><u>122,439</u></u>
Dividends	8	<u>–</u>	<u>–</u>
		<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share			
Basic and diluted	9	<u><u>(0.85)</u></u>	<u><u>9.82</u></u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME**

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
		2016	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit for the period		<u>(10,546)</u>	<u>122,439</u>
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss in future periods</i>			
Surplus on revaluation of a building	<i>10</i>	–	4,439
Changes in fair value of available-for-sale financial assets		(936)	1,035
Currency translation differences		<u>(161)</u>	<u>–</u>
Other comprehensive (loss)/income for the period, net of tax		<u>(1,097)</u>	<u>5,474</u>
Total comprehensive (loss)/income for the period		<u><u>(11,643)</u></u>	<u><u>127,913</u></u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

		Unaudited 30 June 2016 HK\$'000	Audited 31 December 2015 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	10	85,240	86,050
Investment properties	11	1,038,750	1,033,090
Land use rights		24,267	24,629
Associates	12	3,158,109	3,193,795
Available-for-sale financial assets		<u>45,526</u>	<u>46,283</u>
		<u>4,351,892</u>	<u>4,383,847</u>
Current assets			
Debtors, prepayments, deposits and other receivables	13	8,818	8,138
Amounts due from associates	12	–	130,815
Income tax recoverable		–	628
Cash and bank balances	14	<u>1,104,071</u>	<u>875,190</u>
		<u>1,112,889</u>	<u>1,014,771</u>
Total assets		<u><u>5,464,781</u></u>	<u><u>5,398,618</u></u>
EQUITY			
Share capital	15	681,899	681,899
Reserves	16	<u>4,333,214</u>	<u>4,537,759</u>
Total equity		<u>5,015,113</u>	<u>5,219,658</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		<u>135,535</u>	<u>134,997</u>
Current liabilities			
Creditors and accruals	17	214,706	26,976
Amounts due to associates	12	98,655	16,986
Income tax payable		<u>772</u>	<u>1</u>
		<u>314,133</u>	<u>43,963</u>
Total liabilities		<u>449,668</u>	<u>178,960</u>
Total equity and liabilities		<u><u>5,464,781</u></u>	<u><u>5,398,618</u></u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital <i>HK\$'000</i>	Special capital reserve <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2014 (Audited)	<u>681,899</u>	<u>633</u>	<u>26,412</u>	<u>4,334,072</u>	<u>5,043,016</u>
Profit for the period	–	–	–	122,439	122,439
Surplus on revaluation of buildings	–	–	4,439	–	4,439
Change in fair value of available-for-sale financial assets	–	–	1,035	–	1,035
Other comprehensive income for the period	<u>–</u>	<u>–</u>	<u>5,474</u>	<u>–</u>	<u>5,474</u>
Total comprehensive income for the period	–	–	5,474	122,439	127,913
Final dividend paid relating to 2014	<u>–</u>	<u>–</u>	<u>–</u>	<u>(24,946)</u>	<u>(24,946)</u>
At 30 June 2015 (Unaudited)	<u><u>681,899</u></u>	<u><u>633</u></u>	<u><u>31,886</u></u>	<u><u>4,431,565</u></u>	<u><u>5,145,983</u></u>

APPENDIX II
FINANCIAL INFORMATION OF THE DAN FORM GROUP

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2015 (Audited)	<u>681,899</u>	<u>32,282</u>	<u>4,505,477</u>	<u>5,219,658</u>
Loss for the period	–	–	(10,546)	(10,546)
Change in fair value of available-for-sale financial assets	–	(936)	–	(936)
Currency translation differences	–	(161)	–	(161)
Other comprehensive loss for the period	<u>–</u>	<u>(1,097)</u>	<u>–</u>	<u>(1,097)</u>
Total comprehensive loss for the period	–	(1,097)	(10,546)	(11,643)
Final dividend relating to 2015	–	–	(186,364)	(186,364)
Repurchases of shares (<i>Note 15</i>)	<u>–</u>	<u>–</u>	<u>(6,538)</u>	<u>(6,538)</u>
At 30 June 2016 (Unaudited)	<u><u>681,899</u></u>	<u><u>31,185</u></u>	<u><u>4,302,029</u></u>	<u><u>5,015,113</u></u>

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016

		Unaudited	
		Six months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities			
Cash generated from operations	18	21,152	9,126
Net cash generated from operating activities		21,152	9,126
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,105)	(56)
Proceeds from disposal of property, plant and equipment		82	–
Purchases of available-for-sale financial assets		(190)	–
Interest received		2,499	1,522
Decrease/(increase) in amounts due from associates		130,815	(33,164)
Increase in amounts due to associates		81,669	–
Decrease in non-pledged time deposits with original maturity of more than three months when acquired		19,870	38,814
Dividends received from available-for-sale financial assets		1,500	1,350
Dividend received from an associate		–	100,000
Net cash generated from investing activities		235,140	108,466
Cash flow from financing activity			
Dividend paid	8	–	(24,946)
Repurchase of shares		(6,538)	–
Net cash used in financing activity		(6,538)	(24,946)
Increase in cash and cash equivalents		249,754	92,646
Cash and cash equivalents at beginning of the period		815,161	330,073
Effect of foreign exchange rate changes		(1,003)	–
Cash and cash equivalents at end of the period		1,063,912	422,719
Analysis of cash and cash equivalents			
Cash and bank balances		325,923	68,001
Non-pledged time deposits with original maturity of less than three months when acquired		737,989	354,718
	14	1,063,912	422,719

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**1 General information**

Dan Form Holdings Company Limited (the “Company”) is a limited liability company incorporated in Hong Kong and is listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong.

The principal activities of the Company and its subsidiaries (together, the “Group”) are property investment, property rental and estate management.

The condensed consolidated interim financial information has been approved by the Board of Directors on 23 August 2016.

This condensed consolidated interim financial information is presented in HK dollars, unless otherwise stated.

The condensed consolidated interim financial information has not been audited.

The financial information relating to the year ended 31 December 2015 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2016 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2 Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and comply with the applicable disclosure provision of the listing rules. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies, methods of computation, financial risk management and critical accounting estimates and judgements used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no amendments to standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

The following amendments to standards have been issued, but are not effective for the financial period beginning 1 January 2016 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 16	Leases	1 January 2019

The Group is in the process of making an assessment of the impact of these revised HKFRSs upon initial application and is not yet in a position to state whether these revised HKFRSs will have any significant impact on the Group’s results of operations and financial position.

3 Revenue and segment information

Revenue is shown as follows:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental from investment properties	20,705	18,562
Estate management fees	5,865	5,843
Dividend income from unlisted investments	<u>1,500</u>	<u>1,350</u>
	<u><u>28,070</u></u>	<u><u>25,755</u></u>

The chief operating decision-maker has been identified as the executive director of the Company. The executive director 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.

The total of non-current assets other than associates and available-for-sale financial assets located in Hong Kong is HK\$1,117,508,000 (31 December 2015: HK\$1,112,512,000), and the total of non-current assets located in Mainland China is HK\$30,749,000 (31 December 2015: HK\$31,257,000).

4 Other gains, net

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange losses	(1,000)	–
Gain on disposal of property, plant and equipment	80	–
Write-back of provision for doubtful debt (<i>Note</i>)	<u>16,147</u>	<u>–</u>
	<u><u>15,227</u></u>	<u><u>–</u></u>

Note:

On 30 May 2016, the second cash distribution in respect of the liquidation of a then subsidiary, Beijing Dan Yao Property Company Limited (“Dan Yao”) was received. Accordingly, the provision for doubtful debt on Dan Yao was written back to the consolidated statement of profit or loss, to the extent of the cash received.

5 Operating profit

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is arrived at after charging:		
Outgoings of investment properties that generated rental income	3,763	6,040
Outgoings of investment properties that did not generated rental income	<u>26</u>	<u>140</u>

6 Share of results of associates

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in fair value of investment properties (<i>Note</i>)	(12,751)	161,700
Taxation	<u>2,104</u>	<u>(26,681)</u>

Note:

The investment properties of the associates were valued by DTZ Cushman & Wakefield Limited (formally known as DTZ Debenham Tie Leung Limited), independent professional qualified surveyors. The valuation was determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

7 Income tax expenses

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profit for the period. Taxation on profits generated in Mainland China has been provided at the relevant rates of taxation prevailing in Mainland China.

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
Hong Kong	1,399	646
Deferred income tax	<u>538</u>	<u>5,954</u>
	<u><u>1,937</u></u>	<u><u>6,600</u></u>

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year ending 31 December 2016 is 16.5% (six months ended 30 June 2015: 16.5%).

8 Dividends

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend of HK\$Nil (six months ended 2015: HK\$Nil) per ordinary share	<u><u>—</u></u>	<u><u>—</u></u>

Note:

The Board of Directors do not recommend the payment of interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: nil).

A final special dividend of HK\$186,364,000 for the year ended 31 December 2015 has been approved at the annual general meeting of the Company held on 25 May 2016. The final special dividend was paid on 5 July 2016.

9 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the Group's loss attributable to equity holders of HK\$10,546,000 (six months ended 30 June 2015: profit of HK\$122,439,000) and the weighted average number of 1,243,802,170 (30 June 2015: 1,247,298,945) shares in issue during the period.

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

10 Property, plant and equipment

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book value at 1 January 2016/2015	86,050	135,717
Surplus on revaluation of a building	–	4,439
Additions	1,105	991
Disposals	(2)	–
Transfer to investment properties	–	(50,500)
Exchange realignment	(22)	(84)
Depreciation	<u>(1,891)</u>	<u>(4,513)</u>
Net book value at 30 June 2016/31 December 2015	<u>85,240</u>	<u>86,050</u>

11 Investment properties

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2016/2015	1,033,090	910,375
Transfer from property, plant and equipment	–	50,500
Change in fair values	<u>5,660</u>	<u>72,215</u>
At 30 June 2016/31 December 2015	<u>1,038,750</u>	<u>1,033,090</u>

Fair value hierarchy

Description	Fair value measurements at 30 June 2016 using		
	Quoted prices in active markets for identical asset (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties:			
– Commercial building			
– Hong Kong	–	993,600	–
– Residential building			
– Hong Kong	–	45,150	–
Unaudited	–	1,038,750	–

Description	Fair value measurements at 31 December 2015 using		
	Quoted prices in active markets for identical asset (Level 1) HK\$'000	Significant other observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000
Recurring fair value measurements			
Investment properties:			
– Commercial building			
– Hong Kong	–	985,740	–
– Residential building			
– Hong Kong	–	47,350	–
Audited	–	1,033,090	–

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Levels 1, 2 and 3 during the period.

Valuation processes of the group

The Group's investment properties were valued at 30 June 2016 and 31 December 2015 by independent professionally qualified surveyors who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For the investment properties, its current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent surveyors for financial reporting purposes. This team reports directly to the financial controller (FC) and the audit committee (AC). Discussions of valuation processes and results are held between the FC, the valuation team and surveyors at least once every six months, in line with the Group's interim and annual reporting dates. As at 30 June 2016 and 31 December 2015, the fair values of the properties have been determined DTZ Cushman & Wakefield Limited (formally known as DTZ Debenham Tie Leung Limited).

At each financial period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report; and
- Holds discussions with the independent surveyors.

Valuation technique

The valuation was determined by capitalising the net rental income with due allowance for outgoing and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

There were no changes to the valuation techniques during the period.

12 Associates

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<u>3,158,109</u>	<u>3,193,795</u>
Amounts due from associates	97,306	228,121
Less: provisions	<u>(97,306)</u>	<u>(97,306)</u>
	<u>–</u>	<u>130,815</u>
Amounts due to associates	<u>98,655</u>	<u>16,986</u>

The amounts due from/(to) associates are unsecured, interest free and repayable on demand.

13 Debtors, prepayments, deposits and other receivables

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	1,644	876
Other debtors	5,561	4,750
Prepayments and deposits	<u>1,613</u>	<u>2,512</u>
	<u>8,818</u>	<u>8,138</u>

Trade debtors represent rental income and estate management fees receivables and are receivable on presentation of invoices. The ageing of these trade debtors of the Group, net of provisions and in accordance with the dates of the invoices, is as follows:

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<u>1,644</u>	<u>876</u>
14 Cash and bank balances		
	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-pledged time deposits with original maturity of over three months	<u>40,159</u>	<u>60,029</u>
Cash and cash equivalents:		
Cash at bank and in hand	325,923	91,165
Short term bank deposits with original maturity within 3 months	<u>737,989</u>	<u>723,996</u>
Cash and cash equivalents for cash flow statements analysis	<u>1,063,912</u>	<u>815,161</u>
Total	<u><u>1,104,071</u></u>	<u><u>875,190</u></u>

15 Share capital

	Unaudited 2016		Audited 2015	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Issued and fully paid:				
At 1 January 2016/2015	1,247,298,945	681,899	1,247,298,945	681,899
Repurchases of shares	<u>(4,874,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June 2016/ 31 December 2015	<u>1,242,424,945</u>	<u>681,899</u>	<u>1,247,298,945</u>	<u>681,899</u>

Note:

The Group acquired 4,874,000 of its own shares through purchases on The Stock Exchange of Hong Kong Limited during the period. The total amount paid to acquire the shares was HK\$6,538,000 which has been deducted from retained profits.

16 Reserves

On 9 December 2011, an extraordinary general meeting was passed by the shareholders of the Company for approving the share premium reduction of the Company. The purpose of the share premium reduction is to reduce the credit standing to the share premium account of the Company to the extent of HK\$579,389,000 and to apply the credit arising from such reduction to eliminate the accumulated losses of the Company by the same amount. 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 at the same time has to transfer sum of HK\$2,655,000 from retained profits to a special capital reserve account which shall not be treated as realised profits and be treated as an undistributable reserve, so long as the debt of or the claim of HK\$2,655,000 against the Company remains outstanding.

During the year ended 31 December 2012, part of the debt on the claim against the Company amounting to HK\$1,992,000 was settled, resulting a transfer from the special capital reserve of HK\$1,992,000 to retained profits which is available for distribution and the sum of HK\$663,000 is remained in the special reserve not available for distribution. There was no further debt settlement during the year ended 31 December 2013. During the year ended 31 December 2014, a further debt of HK\$30,000 was settled, resulting the sum of HK\$30,000 was transferred from the special capital reserve to retained profits, and therefore the sum of HK\$633,000 is remained in the special capital reserve not available for distribution. During the year ended 31 December 2015, the remaining debt of HK\$633,000 was settled, and the sum of HK\$633,000 was transferred from the special capital reserve to retained profits. No special capital reserve maintained since 31 December 2015.

17 Creditors and accruals

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	338	56
Other creditors	21,377	19,459
Dividend payable (<i>Note 8</i>)	186,364	–
Accrued operating expenses	<u>6,627</u>	<u>7,461</u>
	<u>214,706</u>	<u>26,976</u>

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

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<u>338</u>	<u>56</u>

18 Notes to the condensed consolidated cash flow statement

Reconciliation of operating profit to net cash generated from operations

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit	27,077	45,448
Depreciation and amortisation	2,128	2,942
Net exchange losses	1,000	–
Gain on disposal of property, plant and equipment	(80)	–
Write-back of provision for doubtful debt	(16,147)	–
Change in fair value of investment properties	(5,660)	(41,385)
Dividend income from available-for-sale financial assets	(1,500)	(1,350)
Interest income	<u>(2,499)</u>	<u>(1,522)</u>
Operating profit before working capital changes	4,319	4,133
Decrease in debtors, prepayments, deposits and other receivables	15,467	1,677
Increase in creditors and accruals	<u>1,366</u>	<u>3,316</u>
Net cash generated from operations	<u><u>21,152</u></u>	<u><u>9,126</u></u>

In the condensed consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net book amount	2	–
Gain on disposal of property, plant and equipment	<u>80</u>	<u>–</u>
Proceeds from disposal of property, plant and equipment	<u><u>82</u></u>	<u><u>–</u></u>

19 Fair value of financial assets and financial liabilities

The financial instruments that are measured in the consolidated balance sheet at fair value are required to disclose their valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following represents the Group's financial assets that are measured at fair value at 30 June 2016. See note 11 for disclosure of the investment properties that are measured at fair value.

At 30 June 2016, the Group's assets measured at fair value are available-for-sale instruments, of which HK\$10,079,000 (31 December 2015: HK\$10,420,000) represents Level 2 instruments and HK\$35,257,000 (31 December 2015: HK\$35,863,000) represents Level 3 instruments. The fair value change in Level 3 instruments for the six ended 30 June 2016 was HK\$606,000 (six months ended 30 June 2015: HK\$2,439,000).

There were no transfers between levels 1, 2 and 3 during the period.

The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

At the period end date, the net book value of the Group's other financial assets and financial liabilities approximated their fair values.

Fair values are determined based on quoted market price, otherwise, with reference to professional valuations and/or estimations that take into account assumptions and estimates on factors affecting the value of the financial instruments and change of such assumptions and estimates to reasonably possible alternatives would not have material effect on the Group's results for the period and financial position at the period end date.

20 Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of the period but not yet incurred is as follows:

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	<u>–</u>	<u>680</u>

(b) Operating lease rental receivable

The future minimum lease rental receipts under non-cancellable operating leases in respect of investment properties are receivable in the following periods:

	Unaudited	Audited
	30 June	31 December
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	38,527	21,786
Between one to five years	<u>44,811</u>	<u>20,910</u>
	<u><u>83,338</u></u>	<u><u>42,696</u></u>

21 Related party transactions

	Unaudited	
	Six months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Estate management fee income from associates	<u>3,187</u>	<u>3,536</u>

The Group received estate management fees income from its associates of HK\$3,187,000 (six months ended 30 June 2015: HK\$3,536,000), which was determined at specified percentages of the gross operating revenues of the relevant companies.

On 18 February, 2016, the Company entered into a transaction with SRT (S&P) Architects Limited (“SRT”) in which the Independent Non-Executive Director Mr. Edward Shen has owned more than 30% equity interest, whereby SRT has provided designing service to the subsidiaries of the Company at a fee HK\$100,000.

4. INDEBTEDNESS STATEMENT

As of the close of business on 31 August 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, Dan Form Group's indebtedness of approximately HK\$131 million represents amounts due to associates which are unsecured.

Save as aforesaid or otherwise disclosed in the Composite Document and apart from intra-group liabilities and normal trade payables, Dan Form Group had no other debt securities issued, outstanding and authorised or otherwise created but unissued, bank overdraft, loans, other borrowings, indebtedness in the nature of borrowing, acceptances, hire purchase commitments, outstanding mortgages and charges, contingent liabilities or guarantees as at the close of business on 31 August 2016.

5. MATERIAL CHANGE

Dan Form Directors confirm that there has been no material change in the financial or trading position or outlook of Dan Form Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Dan Form Group were made up, up to and including the Latest Practicable Date.

6. RECONCILIATION OF CARRYING VALUE DAN FORM GROUP'S PROPERTIES

As at 31 December 2015, being the date to which the latest audited financial statements of Dan Form Group were made up, the properties held by Dan Form Group were valued at HK\$4,850.03 million. Based on the valuation report set out in Appendix III to this Composite Document, the then market value of the properties held by Dan Form Group was approximately HK\$5,002.02 million as at 30 September 2016.

Set out below is the reconciliation of the difference between the carrying value of such properties as at 31 December 2015 and the market value as at 30 September 2016:

	<i>HK\$'000</i>
Book value of the properties held by Dan Form Group as at 31 December 2015	4,850,027
Fair value gain for the period from 31 December 2015 to 30 September 2016	<u>151,990</u>
Market value of the properties held by Dan Form Group as at 30 September 2016	<u><u>5,002,017</u></u>

The following is the text of a letter with the summary of valuations and valuation certificates received from DTZ Cushman & Wakefield Limited, the independent property valuer, prepared for the purpose of inclusion in this Composite Document, in connection with the market values of the properties as at 30 September 2016 of the Group.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

18 November 2016

The Directors
Dan Form Holdings Company Limited
33/F, Tower A, Billion Centre
1 Wang Kwong Road
Kowloon Bay
Kowloon

Dear Sirs,

Re: Portfolio Valuation

Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value the properties held by Dan Form Holdings Company Limited and/or its subsidiaries (hereinafter together referred to as “the Group”) in Hong Kong and the People’s Republic of China (the “PRC”). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of such properties as at 30 September 2016 (the “Valuation Date”).

Basis of Valuation

Our valuation of each property represents its market value which in accordance with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Assumptions

In undertaking our valuation, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, The Codes on Takeovers and Mergers and Share Buy-back of Securities and Futures Commission and the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In respect of the properties in the PRC, in the course of valuation of the properties, we have relied on the information and advice given by the Group and its legal adviser, Commerce & Finance Law Offices (通商律師事務所) regarding the title to each of the property of the Group.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Method of Valuation

We have valued the properties generally by capitalising the net rental income provided to us with due allowance for outgoings and reversionary income potential or where appropriate by direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

According to the information provided by the Group, the potential tax liability which would arise upon disposal of the properties in Hong Kong is profits tax which is calculated at 16.5% of net profit upon disposal, save for deduction of any profit which is capital in nature. Regarding the potential tax liability in respect of sale of the properties in the PRC, it will comprise (a) Value-added Tax, (b) Corporate Income Tax (standard rate of 25%) and (c) Land Appreciation Tax (progressive rates from 30% to 60%). The precise tax implication for the sales of properties will be subject to prevailing rules and regulations at the time of disposal.

As advised by the Group, in respect of property nos. 1 to 6 and 11 to 13 in Group I which are properties held by the Group for investment in Hong Kong, the properties in Group II which are properties held by the Group for owner-occupation in Hong Kong, the properties in Group III and Group IV which are properties held by the Group for investment and owner-occupation in the PRC, the Group has no intention to dispose of or transfer those property interests and it is unlikely that such tax liabilities will be crystalized in the near future. For property nos. 7 to 10 in Group I which are properties held by the Group for investment in Hong Kong, it is likely that the relevant tax liability will be crystalized upon sale. As advised by the Group, the total estimated amount of potential tax liability in respect of property nos. 7 to 10 in Group I is approximately HK\$243.94 million, which has been fully provided for in the accounts of the Group as at 30 June 2016.

Source of Information

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us by the Group on such matters as planning approvals, statutory notices, easement, tenure, lettings, particulars of occupancy, attributable interest to the Group of each property, status of pre-sale, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the attached valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which are material to the valuation. We were also advised by the Group that no material facts have been omitted from the information supplied.

Land Tenure

In valuing the properties in Groups III and IV which are held by the Group in the PRC, we have assumed that transferable land use rights in respect of the properties at nominal land use fees have been granted and that any premium payable has already been fully settled. We have, unless otherwise stated, assumed that the grantees or the users of the respective properties have free and uninterrupted rights to use, occupy, underlet or assign the properties for the whole of the respective unexpired terms as granted.

Title Investigation

We have caused searches to be made at the relevant Land Registries for the properties in Hong Kong. However, we have not scrutinised the original documents to verify ownership or any amendments to any documents. All documents and leases have been used as reference only and all dimensions, measurements and areas are approximate. We have not caused title searches for the properties in the PRC but we have made reference to the copies of the title documents which have been made available to us.

Site Inspection

Our valuers in Hong Kong Office, Savannah Li and Stephanie Chong (both of them are holders of Bachelor degree in Estate Management and have over three years' experience in property valuation) and our valuers in the PRC, Xing-chan Zhen (holder of Bachelor degree in Engineering and has over 12 years' experience in property valuation) and Eric Liu (holder of Master degree in Urban Planning and has over 5 years' experience in property valuation) inspected the exterior and wherever possible the interior of the properties in October 2016. No structural survey has been made, but in the course of our inspection, we did not note any serious defect. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, the market values are stated in Hong Kong dollars (“HK\$”) for properties in Groups I to II and in Renminbi (“RMB”) for properties in Groups III to IV.

We enclose herewith a summary of valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Cushman & Wakefield Limited
K. B. Wong
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MHKIS
Senior Director, Valuation & Advisory Services

Note: Mr. K B Wong is a Registered Professional Surveyor (General Practice) who has over 30 years’ experience in valuation of properties in Hong Kong and The PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 30 September 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2016
Group I – Properties held by the Group for investment in Hong Kong			
1. Flat F on 5th Floor, Tower 22 (Mei Wah Court), South Horizons, No. 22 South Horizon Drive, Ap Lei Chau, Hong Kong	HK\$9,900,000	100%	HK\$9,900,000
2. The whole of Basement, Lower Ground Floor, Shop Nos. 1-5, 10-49, 50-57, 59-66 on Ground Floor, Shop Nos. 1B, 2-7, 10-22, 24, 25, 29-32, 33-42, 43, 44, 48 and 56 on 1st Floor, the whole of 2nd Floor and 3rd Floor, 4th (Garage) Floor with the Entrance and Car Lift Shaft (including car lift therein) leading from Ground Floor to Garage and 2 Car Parking Spaces on Ground Floor and Reserved Areas (including roof and external walls), Harbour Crystal Centre, No. 100 Granville Road, Tsimshatsui East, Kowloon	Portion A: HK\$1,119,300,000	80%	HK\$895,440,000
	Portion B: HK\$210,700,000	40%	HK\$84,280,000
	Portion C: HK\$30,000,000	100%	HK\$30,000,000
3. Basement Level, Units A, B, C, D and F on Ground Floor; 1st Floor; Units C and D on 2nd Floor; Units A, B, C and D on 3rd Floor; Units B and C on 5th Floor; Units A, B and C on 7th Floor; Units A, B and C on 8th Floor; Units A and C on 9th Floor; Unit C on 10th Floor; Units A, B and C on 11th Floor; Unit A on 16th Floor; Units A and B on 19th Floor; and the whole of 21st Floor, Queen's Centre, Nos. 58-64 Queen's Road East, Wanchai, Hong Kong	HK\$352,000,000	50%	HK\$176,000,000
4. Units A, B and Storeroom on Lower Ground Floor, Units C1, C2, C3 and D on Ground Floor and Units A1, A3, A4, A5, A6, B, C, D1, D2, D3 and E on Upper Ground Floor, Flat Roof on 2nd Floor and Roof Top and 11 Car Parking Spaces on Lower Ground Floor, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong	HK\$1,136,000,000	5%	HK\$56,800,000

Property	Market value in existing state as at 30 September 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2016
5. The whole of Lower Ground Floor and Ground Floor, Units D and E on 1st Floor, Units A, B and G on 3rd Floor, Units E & Flat Roof thereof and G & Flat Roof on 4th Floor, Units B, C, E, G and P on 5th Floor, Units C, F and G on 6th Floor, Units A, C, D, G and H on 8th Floor and Roofs thereabove, Private Car Parking Space Nos. P4 and P5, Lorry Car Parking Space Nos. L2, L3, L7, L12, L13 and Container Car Parking Space No. C15 on 1st Floor and Lorry Car Parking Space Nos. L14 and L15 on Lower Ground Floor, Wah Shun Industrial Building, No. 4 Cho Yuen Street, Yau Tong, Kowloon	HK\$350,000,000	50%	HK\$175,000,000
6. Various units of Harbour Industrial Centre (Phase I), No. 10 Lee Hing Street and various units of Oceanic Industrial Centre (Phase II), No. 2 Lee Lok Street, Ap Lei Chau, Hong Kong	HK\$5,194,000,000	$\frac{1}{3}$ share	HK\$1,731,333,000
7. House Nos. 60, 62, 68, 70, 76, 78, 97, 99, 105, 107, 113, 115, 121 and 123 at Palm Drive and House Nos. 108, 110 and 134 at Cedar Drive, The Redhill Peninsula-Site C (Phase 2), No. 18 Pak Pat Shan Road, Island South, Hong Kong	HK\$1,380,000,000	$\frac{1}{3}$ share	HK\$460,000,000
8. House Nos. 129, 131, 137, 139, 145, 147 and 153 at Palm Drive and House Nos. 63, 65, 71, 73, 79, 81, 87, 89, 95, 97, 101, 140, 142, 148, 150, 158, 164, 166, 172, 174 and 178 at Cedar Drive, The Redhill Peninsula-Site B (Phase 3), No. 18 Pak Pat Shan Road, Island South, Hong Kong	HK\$2,369,400,000	$\frac{1}{3}$ share	HK\$789,800,000
9. 27 residential units in Towers 1, 3, 6, 7 and 10 and 143 Car Parking Spaces at Phase 4 of The Redhill Peninsula, No. 18 Pak Pat Shan Road, Island South, Hong Kong	HK\$777,600,000	$\frac{1}{3}$ share	HK\$259,200,000
10. House Nos. 1 and 69 at Palm Drive, The Redhill Peninsula-Site D (Phase 1), No. 18 Pak Pat Shan Road, Island South, Hong Kong	HK\$146,000,000	$\frac{1}{3}$ share	HK\$48,667,000
11. Car Parking Space Nos. 95 and 97 on Level 2, Waldorf Garden, No. 1 Tuen Lee Street, Tuen Mun, New Territories	HK\$1,500,000	50%	HK\$750,000

Property	Market value in existing state as at 30 September 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2016
12. Units D and E on 33rd Floor, Tower A, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon	HK\$58,000,000	100%	HK\$58,000,000
13. Flat B on 21st Floor and Car Parking Space No. C56 on 3rd Floor, Forfar, No. 2 Forfar Road, Ho Man Tin, Kowloon	HK\$35,200,000	100%	HK\$35,200,000
Total of Group I:	<u>HK\$13,169,600,000</u>		<u>HK\$4,810,370,000</u>
Group II – Properties held by the Group for owner-occupation in Hong Kong			
14. Workshop No. 13 on 9th Floor, Harbour Industrial Centre, No. 10 Lee Hing Street, Ap Lei Chau, Hong Kong	HK\$5,060,000	100%	HK\$5,060,000
15. Units A, B and C on 33rd Floor, Tower A and Car Parking Spaces Nos. P24 and P57 on 2nd Floor, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon	HK\$96,000,000	100%	HK\$96,000,000
16. Flat C on 45th Floor (including Flat Roof(s)), Tower 1 and Car Parking Spaces Nos. R151 and R152, The Wings, No. 9 Tong Yin Street, Tseung Kwan O, Sai Kung, New Territories	HK\$43,000,000	100%	HK\$43,000,000
Total of Group II:	<u>HK\$144,060,000</u>		<u>HK\$144,060,000</u>
Group III – Property held by the Group for investment in the PRC			
17. Unit B712 on Level 7, Wangfujing Century Square, No. 99 Wangfujing Avenue, Dongcheng District, Beijing, the PRC	RMB2,660,000	100%	RMB2,660,000
Total of Group III:	<u>RMB2,660,000</u>		<u>RMB2,660,000</u>

Property	Market value in existing state as at 30 September 2016	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2016
Group IV – Properties held by the Group for owner-occupation in the PRC			
18. Unit A505 on Level 5, Wangfujing Century Square, No. 99 Wangfujing Avenue, Dongcheng District, Beijing, the PRC	RMB6,820,000	100%	RMB6,820,000
19. Unit B902 on Level 9, Wangfujing Century Square, No. 99 Wangfujing Avenue, Dongcheng District, Beijing, the PRC	No Commercial Value	100%	No Commercial Value
20. Units 1802 and 1809 on Level 15, Tower A, Yintai Center, No. 4 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC	RMB18,900,000	100%	RMB18,900,000
21. Unit B102 on Level 1, Block No. 1 of Juning Villa (1), Xili Golf Course, Nanshan District, Shenzhen, Guangdong Province, the PRC	RMB13,000,000	100%	RMB13,000,000
Total of Group IV:	RMB38,720,000		RMB38,720,000

VALUATION CERTIFICATE

Group I – Properties held by the Group for investment in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
1. Flat F on 5th Floor, Tower 22 (Mei Wah Court), South Horizons, No. 22 South Horizon Drive, Ap Lei Chau, Hong Kong	The property comprises a domestic unit on the 5th floor of a 37-storey (including the ground floor) residential tower in a large scale residential development. The property was completed in 1994.	As at the Valuation Date, the property was vacant.	HK\$9,900,000
Sundry shares of and in the Remaining Portion of Aplichau Inland Lot No. 121	The gross floor area of the property is approximately 1,100 sq.ft. (102.19 sq.m).		(100% attributable interest to the Group: HK\$9,900,000)
	The locality of the property is served by public transport services and characterised by residential developments of various ages.		
	The property is held from the Government under Conditions of Exchange No. UB11998 for a term of years from 28 January 1988 to 31 March 2040. The Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.		

Notes:

- (1) The registered owner of the property is Citigrand Investment Limited, a wholly owned subsidiary of the Group.
- (2) The property is zoned for “Residential (Group A)” use under Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H5/30 dated 24 December 2015.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
<p>2. The whole of Basement, Lower Ground Floor, Shop Nos. 1-5, 10-49, 50-57, 59-66 on Ground Floor, Shop Nos. 1B, 2-7, 10-22, 24, 25, 29-32, 33-42, 43, 44, 48 and 56 on 1st Floor, the whole of 2nd Floor and 3rd Floor, 4th (Garage) Floor with the Entrance and Car Lift Shaft (including car lift therein) leading from Ground Floor to Garage and 2 Car Parking Spaces on Ground Floor and Reserved Areas (including roof and external walls), Harbour Crystal Centre, No. 100 Granville Road, Tsimshatsui East, Kowloon</p> <p>Sundry shares of and in Kowloon Inland Lot No. 10600</p>	<p>The property comprises various shops on the ground and 1st floors, the whole of basement, lower ground floor, 2nd and 3rd floors, the garage floor on the 4th floor together with various ancillary areas, reserved area as well as the external walls of a 16-storey (including 2 basement levels) commercial building completed in 1982.</p> <p>The total gross floor area of the property (excluding the areas of car parking spaces) is approximately 147,544 sq.ft. (13,707.17 sq.m.).</p> <p>The locality of the property is served by public transport services and characterised by commercial developments of various ages.</p> <p>The property is held from the Government under Conditions of Sale No. 11281 for a term of 75 years from 11 December 1978 renewable for a further term of 75 years. The Government rent payable for the whole lot is HK\$1,000 per annum.</p>	<p>As at the Valuation Date, except for a portion of the property with a total gross floor area of approximately 1,075 sq.ft. (99.87 sq.m.) which were currently vacant, the remaining portions were leased to various tenants for terms of mainly 2 to 9 years with the latest tenancy due to expire in March 2022 and the total monthly rent receivable was about HK\$3,946,000 per month, most of the rents are exclusive of rates and management fees.</p>	<p>Portion A HK\$1,119,300,000</p> <p>(80% attributable interest to the Group: HK\$895,440,000)</p> <p>Portion B HK\$210,700,000</p> <p>(40% attributable interest to the Group: HK\$84,280,000)</p> <p>Portion C HK\$30,000,000</p> <p>(100% attributable interest to the Group: HK\$30,000,000)</p> <p>(see Note (1) below)</p>

Notes:

- (1) Details of different portions of the property and their respective registered owners are as follows:-

Portion A:	Registered Owner
Shop Nos. 7 on 1st Floor	Tenants in Common:- Asia Empire Investment Limited (80%) Yau Fook Hong Company Limited (20%)
Shop No. 10 on 1st Floor	Tenants in Common:- Asiawell Investment Limited (80%) Yau Fook Hong Company Limited (20%)
Shop No. 11 on 1st Floor	Tenants in Common:- Gold Asia Investment Limited (80%) Yau Fook Hong Company Limited (20%)
Shop No. 12 on 1st Floor	Tenants in Common:- Wide Asia Investment Limited (80%) Yau Fook Hong Company Limited (20%)
The Basement and Lower Ground Floor, Shop Nos. 1-5, 10-49, 59-66 on Ground Floor, Shop Nos. 1B, 2-6, 13-22, 24, 25, 29-32, 43, 44, 48 and 56 on 1st Floor, 2nd floor and 3rd Floor and the Reserved Areas (including the roof and the external walls)	Tenants in Common:- Harcap Limited (80%) and Yau Fook Hong Company Limited (20%)
Portion B:	
Shop Nos. 50-57 on Ground Floor and Shop Nos. 33-42 on 1st Floor	Tenants in Common:- Harcap Limited (40%) and Rococo Estate Limited (60%)
Portion C:	
Fourth (Garage) Floor with the Entrance and Car Lift Shaft (including car lift herein) leading from Ground Floor to the Garage and 2 car parking spaces on Ground Floor	Harcap Limited

- (2) The Group has 80%, 50% and 100% attributable interest in Portion A, Portion B and Portion C of the property respectively.
- (3) The property is zoned for "Commercial" use under Tsimshatsui Outline Zoning Plan No. S/K1/28 dated 3 December 2013.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
<p>3. Basement Level, Units A, B, C, D and F on Ground Floor; 1st Floor; Units C and D on 2nd Floor; Units A, B, C and D on 3rd Floor; Units B and C on 5th Floor; Units A, B and C on 7th Floor; Units A, B and C on 8th Floor; Units A and C on 9th Floor; Unit C on 10th Floor; Units A, B and C on 11th Floor; Unit A on 16th Floor; Units A and B on 19th Floor; and the whole of 21st Floor, Queen's Centre, Nos. 58-64 Queen's Road East, Wanchai, Hong Kong</p> <p>Sundry shares of and in the Remaining Portion of Inland Lot No. 2243</p>	<p>The property comprises various commercial units on basement and ground floor and various office units on various floors of a 22-storey (including a basement) commercial building. The building was completed in 1982.</p> <p>The total gross floor area of the property is approximately 27,457 sq.ft. (2,550.81 sq.m.).</p> <p>The locality of the property is served by public transport services and characterised by commercial and residential developments of various ages.</p> <p>The property is held from the Government under a Government lease for a term of 999 years from 9 July 1844. The Government rent payable for the lot is HK\$30 per annum.</p>	<p>As at the Valuation Date, except for a portion of the property with a total gross floor area of approximately 1,811 sq.ft. (168.25 sq.m.) which were vacant, the property was subject to various tenancies with terms of mainly 2 to 3 years with the latest tenancy due to expire in March 2019 and the total monthly rent receivable was about HK\$754,000 exclusive of rates and management fees.</p>	<p>HK\$352,000,000</p> <p>(50% attributable interest to the Group: HK\$176,000,000)</p>

Notes:

- (1) The registered owner of the property is Kin Tong Land Investment Company Limited which the Group holds an attributable interest of 50%.
- (2) The property is zoned for "Residential (Group A)" use under Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
4. Units A, B and Storeroom on Lower Ground Floor, Units C1, C2, C3 and D on Ground Floor and Units A1, A3, A4, A5, A6, B, C, D1, D2, D3 and E on Upper Ground Floor, Flat Roof on 2nd Floor and Roof Top and 11 Car Parking Spaces on Lower Ground Floor, Far East Finance Centre, No. 16 Harcourt Road, Admiralty, Hong Kong	The property comprises various commercial units and storeroom on the lower ground floor level, commercial units on the ground and upper ground floors, flat roof area on the 2nd floor and roof top together with 11 car parking spaces on the lower ground floor in the Far East Finance Centre. The building was completed in 1982.	As at the Valuation Date, the property was fully let and subject to various tenancies for terms of mainly 1 to 3 years with the latest tenancy due to expire in March 2020. The total monthly rent receivable was about HK\$3,175,000 exclusive of rates and management fees.	HK\$1,136,000,000 (5% attributable interest to the Group: HK\$56,800,000)
Sundry shares of and in Inland Lot No. 8466	The total gross floor area of the property (excluding the areas of car parking spaces, flat roof and store) is approximately 52,409 sq.ft. (4,868.91 sq.m.).	The total licence fee receivable for the flat roof, roof and store room on lower ground floor was about HK\$517,000 per month.	
	The property has a flat roof area of approximately 19,700 sq.ft. (1,830.19 sq.m.).	The parking spaces were licenced on monthly basis and the total income receivable in September 2016 was about HK\$82,200.	
	The locality of the property is served by public transport services and characterised by commercial developments of various ages.		
	The property is held from the Government under Conditions of Sale No. 11418 for a term of 75 years from 23 July 1980 renewable for a further term of 75 years. The Government rent payable for the whole lot is HK\$1,000 per annum.		

Notes:

- (1) The registered owner of the property is Green Palm Estates Limited which the Group holds an attributable interest of 5%.
- (2) The property is zoned for "Commercial" use under Central District Outline Zoning Plan No. S/H4/15 dated 11 December 2015.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
<p>5. The whole of Lower Ground Floor and Ground Floor, Units D and E on 1st Floor, Units A, B and G on 3rd Floor, Units E & Flat Roof thereof and G & Flat Roof on 4th Floor, Units B, C, E, G and P on 5th Floor, Units C, F and G on 6th Floor, Units A, C, D, G and H on 8th Floor and Roofs thereabove, Private Car Parking Space Nos. P4 and P5, Lorry Car Parking Space Nos. L2, L3, L7, L12, L13 and Container Car Parking Space No. C15 on 1st Floor and Lorry Car Parking Space Nos. L14 and L15 on Lower Ground Floor, Wah Shun Industrial Building, No. 4 Cho Yuen Street, Yau Tong, Kowloon</p> <p>Sundry shares of and in Yau Tong Inland Lot No. 29</p>	<p>The property comprises various industrial units on the lower ground floor, ground floor, 1st, 3rd, 4th, 5th, 6th and 8th floors respectively together with 2 lorry parking spaces on the lower ground floor, 5 lorry parking spaces, 1 container parking space and 2 private car parking spaces on the 1st floor of a 10-storey industrial building completed in 1979.</p> <p>The total gross floor area of the industrial units (excluding the car parking spaces) is approximately 134,236 sq.ft. (12,470.83 sq.m.) and the flat roof area and roof area are 2,112 sq.ft. (196.21 sq.m.) and 14,611 sq.ft. (1,357.40 sq.m.) respectively.</p> <p>The locality of the property is served by public transport services and characterised by industrial and residential developments of various ages.</p> <p>The property is held from the Government under Conditions of Sales No. 10916 for a term of 99 years from 1 July 1898 less the last three days which was statutorily extended until 30 June 2047. The Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>As at the Valuation Date, except a portion of the property with a gross floor area of approximately 1,800 sq.ft. (167.22 sq.m.) which were vacant, the property was subject to various tenancies with the latest tenancy due to expire in July 2018 at a monthly rent of about HK\$929,000.</p> <p>The car parking spaces were subject to various tenancies at a total monthly rent of about HK\$23,200.</p>	<p>HK\$350,000,000</p> <p>(50% attributable interest to the Group: HK\$175,000,000)</p>

Notes:

- (1) The registered owner of the property is Kin Tong Land Investment Company Limited which the Group holds an attributable interest of 50%.
- (2) The property is zoned for "Residential (Group E)" use under Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/24 dated 24 June 2016.

Property	Description and tenure	Particulars of occupancy		Market value in existing state as at 30 September 2016
6. Various units of Harbour Industrial Centre (Phase I), No. 10 Lee Hing Street and various units of Oceanic Industrial Centre (Phase II), No. 2 Lee Lok Street, Ap Lei Chau, Hong Kong	The property comprises various industrial units and 133 car parking spaces on various floors of two blocks of 24-storey industrial buildings. The development was completed in about 1991. The gross floor area of the property (excluding the area of car parking spaces) is approximately as follows:-	As at the Valuation Date, except for a portion of the property with a total gross floor area of 170,464 sq.ft. (15,836.49 sq.m.) which were vacant, the property was subject to various tenancies with the latest tenancy due to expire in March 2019 at a total monthly rent of about HK\$7,955,000.		HK\$5,194,000,000
Sundry shares of and in Ap Lei Chau Inland Lot No. 116		Gross Floor Area		
		sq.ft.	sq.m.	
	Various units of Harbour Industrial Centre plus Roof	242,931 23,195	22,568.84 2,154.87	The car parking spaces were subject to various tenancies at a total monthly rent of about HK\$346,700.
	Various units of Oceanic Industrial Centre plus Roof	704,152 37,554	65,417.32 3,488.85	
	The locality of the property is served by public transport services and characterised by industrial developments of various ages.			
	The property is held from the Government under Conditions of Exchange No. 11820 for a term of 75 years from 1 October 1980 renewable for a further term of 75 years. The Government rent payable for the whole lot is HK\$1,000 per annum.			

Notes:

- (1) The property comprises the following units:-

Harbour Industrial Centre

Floor(s)	Unit(s)
2nd	1-12
3rd	5, 6, 8, 9, 11
4th-6th	1-12
7th	2, 9, 10-14, 16-19
8th	7
9th	2, 10-12, 14, 16-20
10th	11-14, 16-19
11th	7, 9-11, 13-14, 16-19
12th	5, 16
13th	5, 11, 14, 19
14th	5, 7, 16-18
16th	5
17th	16
20th	16
21st	16, 21
22nd	7, 16, 21
23rd	1-3, 5-21

Carpark Space Nos. 1 to 30 and Lorry Space Nos. L1 to L29

Oceanic Industrial Centre

Floor(s)	Unit(s)
Ground	1-3
2nd	1-10, 12-32
3rd	16-26
4th-11th	1-26
12th-13th	1-27
14th	6-27
15th	8-15, 17, 19-27
16th-23rd	1-27

Carpark Space Nos. P1 to P3 on Ground Floor and P1 to P34 on 1st Floor

Lorry Space Nos. L1 to L7 on Ground Floor and L1 to L30 on 1st Floor

- (2) The registered owner of the property is Zeta Estates Limited which the Group holds an attributable interest of 1/3 share.
- (3) The property is zoned for "Other Specified Uses (Business(3))" use under Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/30 dated 24 December 2015.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
<p>9. 27 residential units in Towers 1, 3, 6, 7 and 10 and 143 Car Parking Spaces at Phase 4 of The Redhill Peninsula, No. 18 Pak Pat Shan Road, Island South, Hong Kong</p> <p>Sundry shares of and in the Remaining Portion of Rural Building Lot No. 1050</p>	<p>The property comprises a total of 27 apartment units including 3 units in tower 1, 10 units in tower 3, 8 units in tower 6, 3 units in tower 7 and 3 units in tower 10 as well as 143 car parking spaces in Phase 4 of a residential development completed in about 1992.</p> <p>The saleable area of the domestic units is approximately 31,514 sq.ft. (2,927.72 sq.m.) excluding the area of car parking spaces.</p> <p>The locality of the property is served by public transport services and characterised by residential developments of various ages.</p> <p>The property is held from the Government under Conditions of Sale No. 11461 for a term of 75 years from 2 January 1981 renewable for a further term of 75 years. The Government rent payable for the whole of lot is HK\$1,000 per annum.</p>	<p>As at the Valuation Date, except a car parking space was let for a term of 2 years from November 2014 to November 2016 at a monthly rent of HK\$2,000, the remaining residential units and car parking spaces were vacant.</p>	<p>HK\$777,600,000</p> <p>(¹/₃ share to the Group: HK\$259,200,000)</p>

Notes:

- (1) The property comprises the following units:-

Tower	Units
1	Flats A on 1st and 6th Floors
1	Flats B on 16th to 17th Floors
3	Flats A on 4th, 7th and 14th to 16th Floors
3	Flats B on 4th, 7th to 9th and 15th Floors
6	Flats A on 4th to 7th and 10th Floors
6	Flats B on 5th, 7th and 9th Floors
7	Flats A on 6th, 8th and 10th Floors
10	Flats A on 4th and 5th Floor
10	Flat B on 3rd Floor

Car Parking Spaces Nos. 4, 34, 37-40, 57-59, 61-62, 65, 70, 74, 76-77, 81, 105-106, 108, 115, 117, 120, 134-139, 172, 212-217, 234, 257, 260, 263-264 on Carpark Level 1 and Car Parking Spaces Nos. 1-6, 9-15, 28-44, 58-67, 71-78, 83-87, 108-109, 118-119, 124-127, 141, 143-144, 146-147, 174, 180-189, 211-228, 247-249 and 269-272 on Carpark Level 2 in Phase 4

- (2) The registered owner of the property is Zeta Estates Limited which the Group holds an attributable interest of 1/3 share.
- (3) At the time of our recent title searches, we noticed that each of the following units were respectively subject to provisional sales and purchase agreement or agreement for sales and purchases. The units are as follows:-

Tower	Units
1	Flats A on 1st and 6th Floors
3	Flats A on 4th, 7th, 14th, 15th and 16th Floors
3	Flats B on 9th and 15th Floors
6	Flats B on 5th and 9th Floors
7	Flats A on 6th, 8th and 10th Floors
10	Flat A on 5th Floor
10	Flat B on 3rd Floor

- (4) The property is zoned for "Residential (Group C)" use under Tai Tam & Shek O Outline Zoning Plan No. S/H8/10 dated 6 May 2008.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
10. House Nos. 1 and 69 at Palm Drive, The Redhill Peninsula-Site D (Phase 1), No. 18 Pak Pat Shan Road, Island South, Hong Kong	The property comprises 2 semi-detached houses in Phase 1 of a residential development consisting of ten apartment towers and various houses. The property was completed in about 1990.	As at the Valuation Date, the property was vacant.	HK\$146,000,000
Sundry shares of and in Section A of Rural Building Lot No. 1050	The total area of the property is approximately as follows:-		($\frac{1}{3}$ share to the Group: HK\$48,667,000)
		sq.ft. sq.m.	
	Saleable Area	5,859	544.31
	Garden	1,493	138.70
	Flat Roof	1,617	150.22
	Carport/Entrance	<u>2,032</u>	<u>188.78</u>
		<u>11,001</u>	<u>1,022.01</u>

The locality of the property is served by public transport services and characterised by residential developments of various ages.

The property is held from the Government under Conditions of Sale No. 11461 for a term of 75 years from 2 January 1981 renewable for a further term of 75 years. The Government rent payable for the whole lot is HK\$1,000 per annum.

Notes:

- (1) The registered owner of the property is Zeta Estates Limited which the Group holds an attributable interest of 1/3 share.
- (2) The property is zoned for "Residential (Group C)" use under Tai Tam & Shek O Outline Zoning Plan No. S/H8/10 dated 6 May 2008.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
11. Car Parking Space Nos. 95 and 97 on Level 2, Waldorf Garden, No. 1 Tuen Lee Street, Tuen Mun, New Territories	The property comprises 2 car parking spaces on the level 2 of a residential development with five apartment towers completed in 1982.	As at the Valuation Date, the property was let on monthly basis at a total monthly rent of HK\$2,600.	HK\$1,500,000 (50% attributable interest to the Group: HK\$750,000)
Sundry shares of and in Tuen Mun Twon Lot No. 194	The locality of the property is served by public transport services and characterised by residential developments of various ages.	The property is held from the Government under New Grant No. 2344 for a term of 99 years less the last 3 days from 1 July 1898 which was statutorily extended until 30 June 2047. The Government rent payable for the property is amount equal to 3% of the rateable value for the time being of the property per annum.	

Notes:

- (1) The registered owners of the property are AsiaSec Project Management Limited (formerly known as Terrian Limited)(½ share) and Bevercourt Limited (½ share) (Tenants in Common). The Group holds an attributable interest of 50%.
- (2) The property is zoned for “Residential (Group A)” use under Tuen Mun Outline Zoning Plan No. S/TM/33 dated 10 February 2015.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
12. Units D and E on 33rd Floor, Tower A, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon Sundry shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5925	<p>The property comprises 2 office units on 33rd floor of a 31-storey commercial building with car parking spaces provided on ground to 3rd floors of the property which was completed in 2009.</p> <p>The gross floor area of the property is approximately 5,425 sq.ft. (503.99 sq.m.).</p> <p>The locality of the property is served by public transport services and characterised by commercial and industrial developments of various ages.</p> <p>The property is held from the Government under Conditions of Sale No. UB11579 for a term of 99 years from 1 July 1898 and had been statutorily renewed to 30 June 2047. The Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	As at the Valuation Date, the property was let for a term of 3 years from 16 June 2015 to 15 June 2018 at a monthly rent of HK\$108,500.	HK\$58,000,000 (100% attributable interest to the Group: HK\$58,000,000)

Notes:

- (1) The registered owner of the property is Top Power Development Limited, a wholly owned subsidiary of the Group.
- (2) The property is zoned for "Other Specified Use (Business)" use under Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No. S/K13/28 dated 11 April 2014.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
13. Flat B on 21st Floor and Car Parking Space No. C56 on 3rd Floor, Forfar, No. 2 Forfar Road, Ho Man Tin, Kowloon Sundry shares of and in the Remaining Portion of Kowloon Inland Lot No. 4022	<p>The property comprises a residential unit on the 21st floor and a car parking space on the 3rd floor of a 23-storey residential building erected upon an 8-storey entrance/car park/recreation facilities/sky garden podium completed in 2010.</p> <p>The gross floor area of the property is approximately 2,342 sq.ft. (217.58 sq.m.).</p> <p>The locality of the property is served by public transport services and characterised by residential developments of various ages.</p> <p>The property is held from the Government under Conditions of Sale No. UB3807 for a term of 75 years from 20 June 1938 renewable for a further term of 75 years. The Government rent payable for the whole lot is HK\$210 per annum.</p>	As at the Valuation Date, the property was let for a term of 2 years from 1 May 2016 to 30 April 2018 at a monthly rent of HK\$66,000, inclusive of rates and management fees.	HK\$35,200,000 (100% attributable interest to the Group: HK\$35,200,000)

Notes:

- (1) The registered owner of the property is Citigrand Investment Limited, a wholly owned subsidiary of the Group.
- (2) The property is zoned for "Residential (Group B)" use under Ma Tau Kok Outline Zoning Plan No. S/K10/22 dated 5 April 2016.

Group II – Properties held by the Group for owner-occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
14. Workshop No. 13 on 9th Floor, Harbour Industrial Centre, No. 10 Lee Hing Street, Ap Lei Chau, Hong Kong	The property comprises an industrial unit on the 9th floor of a 24-storey industrial building. The development was completed in about 1991.	As at the Valuation Date, the property was occupied by the Group.	HK\$5,060,000 (100% attributable interest to the Group; HK\$5,060,000)
Sundry shares of and in Ap Lei Chau Inland Lot No. 116	<p>The gross floor area of the property is approximately 1,010 sq.ft. (93.83 sq.m.).</p> <p>The locality of the property is served by public transport services and characterised by industrial developments of various ages.</p> <p>The property is held from the Government under Conditions of Exchange No. 11820 for a term of 75 years from 1 October 1980 renewable for a further term of 75 years. The Government rent payable for the whole lot is HK\$1,000 per annum.</p>		

Notes:

- (1) The registered owner of the property is Dun Man Enterprises Limited, a wholly owned subsidiary of the Group.
- (2) The property is zoned for “Other Specified Uses (Business(3))” use under Aberdeen & Ap Lei Chau Outline Zoning Plan No. S/H15/30 dated 24 December 2015.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
15. Units A, B and C on 33rd Floor, Tower A and Car Parking Spaces Nos. P24 and P57 on 2nd Floor, Billion Centre, No. 1 Wang Kwong Road, Kowloon Bay, Kowloon Sundry shares of and in the Remaining Portion of New Kowloon Inland Lot No. 5925	<p>The property comprises 3 office units on 33rd floor and two car parking spaces on 2nd floor of a 31-storey commercial building with car parking spaces provided on ground to 3rd floors of the property which was completed in 2009.</p> <p>The gross floor area of the property is approximately 8,426 sq.ft. (782.79 sq.m.) excluding the area of car parking spaces.</p> <p>The locality of the property is served by public transport services and characterised by commercial and industrial developments of various ages.</p> <p>The property is held from the Government under Conditions of Sale No. UB11579 for a term of 99 years from 1 July 1898 and had been statutorily renewed to 30 June 2047. The Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property per annum.</p>	<p>As at the Valuation Date, the property was occupied by the Group.</p>	<p>HK\$96,000,000 (100% attributable interest to the Group: HK\$96,000,000)</p>

Notes:

- (1) The registered owner of the property is Top Power Development Limited, a wholly owned subsidiary of the Group.
- (2) The property is zoned for “Other Specified Use (Business)” use under Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No. S/K13/28 dated 11 April 2014.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
16. Flat C on 45th Floor (including Flat Roof(s)), Tower 1 and Car Parking Spaces Nos. R151 and R152, The Wings, No. 9 Tong Yin Street, Tseung Kwan O, Sai Kung, New Territories	The property comprises a residential unit on the 45th floor of a 38-storey residential building and two car parking spaces within the development completed in 2011.	As at the Valuation Date, the property was occupied by the Group.	HK\$43,000,000 (100% attributable interest to the Group: HK\$43,000,000)
Sundry shares of and in Tseung Kwan O Town Lot No. 72	The gross floor area of the property is approximately 2,276 sq.ft. (211.45 sq.m.). The total flat roofs area is approximately 570 sq.ft. (52.95 sq.m.).	The property is held from the Government under New Grant No. 20379 for a term of 50 years from 18 May 2007. The Government rent payable for the lot is an amount equal to 3% of the rateable value for the time being of the lot per annum.	

Notes:

- (1) The registered owner of the property is Citigrand Investment Limited, a wholly owned subsidiary of the Group.
- (2) The property is zoned for “Other Specified Use (Commercial Development with Public Transport Interchange)” use under Tseung Kwan O Outline Zoning Plan No. S/TKO/23 dated 24 June 2016.

Group III – Property held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
17. Unit B712 on Level 7, Wangfujing Century Square, No. 99 Wangfujing Avenue, Dongcheng District, Beijing, the PRC	<p>Completed in 1996, Wangfujing Century Square comprises a 6-storey apartment/office block built over a 4-level shopping mall complex with car parks erected on a parcel of land with a total site area of approximately 7,745.10 sq.m.</p> <p>The property comprises an apartment unit on the Level 7 of the apartment block of Wangfujing Century Square with a gross floor area of approximately 52.03 sq.m.</p> <p>The property is held with land use rights for a term due to expire on 24 December 2063 for apartment use.</p>	As the Valuation Date, the property was leased at a prevailing monthly rent of RMB7,000 and the expiry date of tenancy is 28 February 2017.	<p>RMB2,660,000</p> <p>(100% attributable interest to the Group; RMB2,660,000)</p>

Notes:

- (1) According to State-owned Land Use Rights Certificate No. (2007) 6014214 issued by People's Government of Beijing on 30 March 2007, the land use rights of the property with an apportioned site area of 6.83 sq.m. have been vested in 東龍投資有限公司 (Oriental Dragon Investment Ltd.) with a term due to expire on 24 December 2063 for apartment use.
- (2) According to Building Ownership Certificate No. 0310498 issued by 北京市建設委員會 (Beijing Construction Commission) on 15 February 2007, the building ownership of the property, comprising a gross floor area of approximately 52.03 sq.m., has been vested in 東龍投資有限公司 (Oriental Dragon Investment Ltd.).
- (3) According to Certificate of Incorporation No. 1047806 dated 21 July 2006, 東龍投資有限公司 (Oriental Dragon Investment Ltd.) is incorporated in the British Virgin Islands as an International Business Company on 18 February 1994.

- (4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Commerce & Finance Law Offices (通商律師事務所) which contains, *inter alia*, the following information:
- (i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;
 - (ii) 東龍投資有限公司 (Oriental Dragon Investment Ltd.) is the sole legal land user of the property; and
 - (iii) 東龍投資有限公司 (Oriental Dragon Investment Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 東龍投資有限公司 (Oriental Dragon Investment Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.
- (5) The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Certificate of Incorporation	Yes

Group IV – Properties held by the Group for owner-occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
18. Unit A505 on Level 5, Wangfujing Century Square, No. 99 Wangfujing Avenue, Dongcheng District, Beijing, the PRC	<p>Completed in 1996, Wangfujing Century Square comprises a 6-storey apartment/office block built over a 4-level shopping mall complex with car parks erected on a parcel of land with a total site area of approximately 7,745.10 sq.m.</p> <p>The property comprises an office unit on Level 5 of the office block of Wangfujing Century Square with a gross floor area of approximately 206.76 sq.m.</p> <p>The property is held with land use rights for a term due to expire on 24 December 2043 for office use.</p>	As at the Valuation Date, the property was occupied by the Group as office.	<p>RMB6,820,000</p> <p>(100% attributable interest to the Group: RMB6,820,000)</p>

Notes:

- (1) According to State-owned Land Use Rights Certificate No. (2007) 6014213 issued by People's Government of Beijing on 30 March 2007, the land use rights of the property with an apportioned site area of 27.14 sq.m. have been vested in 榮陽房地產有限公司 (Winshine Properties Ltd.) with a term due to expire on 24 December 2043 for office use.
- (2) According to Building Ownership Certificate No. 0310497 issued by 北京市建設委員會 (Beijing Construction Commission) on 15 February 2007, the building ownership of the property, comprising a gross floor area of approximately 206.76 sq.m., has been vested in 榮陽房地產有限公司 (Winshine Properties Ltd.).
- (3) According to Certificate of Incorporation No. 1044579 dated on 4 August 2006, 榮陽房地產有限公司 (Winshine Properties Ltd.) is incorporated in the British Virgin Islands as an International Business Company on 8 February 1994.

- (4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Commerce & Finance Law Offices (通商律師事務所) which contains, *inter alia*, the following information:
- (i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;
 - (ii) 榮陽房地產有限公司 (Winshine Properties Ltd.) is the sole legal land user of the property; and
 - (iii) 榮陽房地產有限公司 (Winshine Properties Ltd.) has the rights to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 榮陽房地產有限公司 (Winshine Properties Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.
- (5) The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Certificate of Incorporation	Yes

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
19. Unit B902 on Level 9, Wangfujing Century Square, No. 99 Wangfujing Avenue, Dongcheng District, Beijing, the PRC	<p>Completed in 1996, Wangfujing Century Square comprises a 6-storey apartment/office block built over a 4-level shopping mall complex with car parks erected on a parcel of land with a total site area of approximately 7,745.10 sq.m.</p> <p>The property comprises an apartment unit on Level 9 of the apartment block of Wangfujing Century Square with a gross floor area of approximately 90.10 sq.m.</p> <p>The property is held with land use rights for a term due to expire on 24 December 2063 for apartment use.</p>	As at the Valuation Date, the property was occupied by the Group as staff dormitory.	No Commercial Value

Notes:

- (1) According to the Agreement for Sale and Purchase entered into between 世紀實業有限公司 (Long Age Industrial Ltd.) ("Party A") and 朗欣投資有限公司 (Landfine Investment Limited) on 18 June 1997, a wholly-owned subsidiary of the Group ("Party B"), Party B agreed to purchase the property for a consideration of US\$280,752.
- (2) We have ascribed no commercial value to the property as valid State-owned Land Use Rights Certificate and Building Ownership Certificate have not been obtained by the Group. For illustrative purpose, had the Group obtained valid State-owned Land Use Rights Certificate and Building Ownership Certificate for the property, the market value of the property as at Valuation Date would be RMB4,630,000.
- (3) According to Hong Kong Certificate of Incorporation No. 508609 dated 21 March 1995, 朗欣投資有限公司 (Landfine Investment Limited) was established on 21 March 1995 as a limited company.

- (4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Commerce & Finance Law Offices (通商律師事務所) which contains, *inter alia*, the following information:
- (i) The Agreement for Sale and Purchase of the property is valid and legal under the PRC laws;
 - (ii) 朗欣投資有限公司 (Landfine Investment Limited) has not obtained State-owned Land Use Rights Certificate and Building Ownership Certificate of the property and is not the legal owner of the property.
- (5) The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Agreement for Sale and Purchase	Yes
State-owned Land Use Rights Certificate	No
Building Ownership Certificate	No
Hong Kong Certificate of Incorporation	Yes

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
20. Units 1802 and 1809 on Level 15, Tower A, Yintai Center, No. 4 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC	<p>Completed in 2008, Yintai Center comprises 3 blocks of buildings, namely Towers A, B and C.</p> <p>Tower A is a 63-storey apartment building, whilst Towers B and C are 42-storey office buildings.</p> <p>The property comprises two apartment units on Level 15 of Tower A.</p> <p>The gross floor area of Unit 1802 and unit 1809 are approximately 137.40 sq.m. and 133.20 sq.m. respectively.</p> <p>The property is held with land use rights for a term due to expire on 30 August 2074 for residential use.</p>	As at the Valuation Date, the property was vacant.	RMB18,900,000 (100% attributable interest to the Group: RMB18,900,000)

Notes:

- (1) According to Building Ownership Certificate No. 1016660 issued by 北京市住房和城乡建设委员会 (Beijing Housing Urban and Rural Construction Commission) on 9 July 2011, the building ownership of Unit 1802 on 15th floor of Tower A, comprising a gross floor area of approximately 137.40 sq.m., has been vested in 萬利海外有限公司 (Man Lee Offshore Limited) for apartment use.

According to Building Ownership Certificate No. 1016661 issued by 北京市住房和城乡建设委员会 (Beijing Housing Urban and Rural Construction Commission) on 9 July 2011, the building ownership of Unit 1809 on 15th floor of Tower A, comprising a gross floor area of approximately 133.20 sq.m., has been vested in 萬利海外有限公司 (Man Lee Offshore Limited) for apartment use.

- (2) According to Certificate of Incorporation No. 167149 dated 28 February 2011, 萬利海外有限公司 (Man Lee Offshore Limited) is incorporated in the British Virgin Islands as an International Business Company on 24 November 1995.

- (3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Commerce & Finance Law Offices (通商律師事務所) which contains, *inter alia*, the following information:
- (i) The Building Ownership Certificates of the property are valid, legal and enforceable under the PRC laws;
 - (ii) Although a State-owned Land Use Rights Certificate of the property has not yet been obtained by the Group, this does not affect 萬利海外有限公司 (Man Lee Offshore Limited)'s legal title of the property according to a Notice issued by Beijing Municipal Bureau of Land and Resources, as the Building Ownership Certificate of the property has already been obtained;
 - (iii) 萬利海外有限公司 (Man Lee Offshore Limited) is the sole legal user of the property; and
 - (iv) 萬利海外有限公司 (Man Lee Offshore Limited) has the rights to freely lease, transfer, mortgage and dispose of the building ownership of the property provided that where any of the property has been mortgaged, 萬利海外有限公司 (Man Lee Offshore Limited) has to discharge the mortgage or obtain the mortgagee's consent in advance.
- (4) The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Building Ownership Certificates	Yes
Certificate of Incorporation	Yes

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2016
21. Unit B102 on Level 1, Block No. 1 of Juning Villa (1), Xili Golf Course, Nanshan District, Shenzhen, Guangdong Province, the PRC	<p>Completed in 2012, Juning Villa (1) comprises various 5-storey residential terrace buildings with basement, car parking spaces and ancillary facilities erected on a parcel of land with a total site area of approximately 4,309.50 sq.m.</p> <p>The property comprises an apartment unit on Level 1 of Block No. 1 of Juning Villa (1) with a gross floor area of approximately 172.87 sq.m.</p> <p>The property is held with land use rights for a term due to expire on 13 March 2071 for residential use.</p>	As at the Valuation Date, the property was vacant.	<p>RMB13,000,000</p> <p>(100% attributable interest to the Group: RMB13,000,000)</p>

Notes:

- (1) According to Shenzhen Property Sale and Purchase Agreement No. (2012) 13540 entered into between 深圳西麗高爾夫球俱樂部有限公司 (Shenzhen Xili Golf Club Co. Ltd.) (“Party A”) and 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consultancy Service Co. Ltd.) on 12 December 2012, a wholly-owned subsidiary of the Group (“Party B”), Party B agreed to purchase the property for a consideration of RMB10,200,000.
- (2) According to Real Estate Title Certificate No. 4000562827 issued by 深圳市房地產權登記中心 (Shenzhen Real Estate Title Registration Center) on 20 May 2013, the land use rights and building ownership of the property, comprising a total site area of 4,309.50 sq.m. with a gross floor area of approximately 172.87 sq.m., has been vested in 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consultancy Service Co. Ltd.) with a term of 70 years due to expire on 13 March 2071 for residential use.

According to the Real Estate Title Certificate, buyers of the property are restricted to be members of Shenzhen Xili Golf Club.

State-owned Land Use Rights Certificate and Building Ownership Certificate of the property have been combined into one certificate known as Real Estate Title Certificate, which has been disclosed above.

- (3) According to Business License No. 91440300597753207L dated 6 July 2016, 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consultancy Service Co. Ltd.) was established on 24 July 2012 as a limited company.

- (4) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, Commerce & Finance Law Offices (通商律師事務所) which contains, *inter alia*, the following information:
- (i) The Real Estate Title Certificate of the property is valid, legal and enforceable under the PRC laws;
 - (ii) According to the Real Estate Title Certificate, buyers of the property are restricted to be members of Shenzhen Xili Golf Club;
 - (iii) 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consultancy Service Co. Ltd.) is the sole legal land user of the property; and
 - (iv) 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consultancy Service Co. Ltd.) has the rights to lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, 深圳隆運諮詢服務有限公司 (Shenzhen Longyun Consultancy Service Co. Ltd.) has to discharge the mortgage or obtain the mortgagee's consent in advance.
- (5) The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shenzhen Property Sale and Purchase Agreement	Yes
Real Estate Title Certificate	Yes
Business Licence	Yes

1. RESPONSIBILITY STATEMENT

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Vendors, Dan Form Group and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those relating to the Vendors, Dan Form Group and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

The directors of Tian An jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Vendors, Dan Form Group and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those relating to the Vendors, Dan Form Group and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below sets out the closing prices of the Dan Form Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Dan Form Share HK\$
2016	
31 March	1.417
29 April	1.381
31 May	1.563
30 June	2.02
29 July	1.94
31 August	1.76
19 September (Last Trading Day)	2.39
30 September	2.67
31 October	2.72
Latest Practicable Date	2.71

During the Relevant Period:

- (a) the highest closing price of the Dan Form Shares as quoted on the Stock Exchange was HK\$2.73 per Dan Form Share on 28 October 2016; and
- (b) the lowest closing price of the Dan Form Shares as quoted on the Stock Exchange was HK\$1.28 per Dan Form Share on 23 March 2016.

3. DISCLOSURE OF INTEREST

The Offeror is a wholly-owned subsidiary of Tian An. Tian An Group is principally engaged in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC.

As at the Latest Practicable Date, save for the 452,892,969 Sale Shares and 11,740,000 Dan Form Shares acquired on market by the Offeror as set out below, the Offeror and parties acting in concert with it are not interested in any other shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Dan Form.

Date of transaction on the Stock Exchange	No. of Dan Form Shares purchased	Unit price per Dan Form Share HK\$
11 October 2016	131,000	2.69
11 October 2016	576,000	2.70
12 October 2016	2,360,000	2.69
13 October 2016	500,000	2.69
18 October 2016	222,000	2.70
26 October 2016	1,241,000	2.70
9 November 2016	2,000,000	2.70
10 November 2016	382,000	2.70
11 November 2016	2,000,000	2.70
14 November 2016	2,172,000	2.70
15 November 2016	<u>156,000</u>	2.70
	<u><u>11,740,000</u></u>	

Save for disclosed above, the Offeror confirms that:

- (i) none of the Offeror, its ultimate beneficial owner, the directors of the Offeror and/or parties acting in concert with any of them owned or controlled or was interested in any Dan Form Share as at the Latest Practicable Date;
- (ii) none of the Offeror, its ultimate beneficial owner, the directors of the Offeror and/or parties acting in concert with any of them had dealt for value in any Dan Form Share during the Relevant Period;
- (iii) there was no Dan Form Share which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them had borrowed or lent as at the Latest Practicable Date and during the Relevant Period;
- (iv) save for that the Offeror irrevocably undertakes to SHK Investment that it will not withdraw, sell, transfer, dispose of or otherwise deal with or create any security interest or encumbrance over, in or in connection with all and any Sale Shares and any Offer Shares validly tendered for acceptance under the Offer deposited into the securities account designated by SHK Investment, the Offeror had no intention to enter into nor had entered into any agreement, arrangement or understanding to transfer, charge or pledge the Sale Shares and any Offer Shares validly tendered for acceptance under the Offer to any other persons as at the Latest Practicable Date; and
- (v) as at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror and parties acting in concert with it and its associates, and any other person.

4. OTHER ARRANGEMENTS IN RELATION TO THE OFFER

The Offeror confirmed that as at the Latest Practicable Date:

- (i) the Offeror had not received any irrevocable commitment to accept or reject the Offer;
- (ii) save as disclosed under the section headed “Proposed change of composition of the Dan Form Board” set out in the letter from Yu Ming contained in this Composite Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between any of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them, and any Dan Form Director, recent Dan Form Director, Dan Form Shareholder or recent Dan Form Shareholder which had any connection with or was dependent on the Offer;

- (iii) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Dan Form Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (iv) save for the Sale and Purchase Agreement and the undertaking made by APL that it will vote all its Tian An Shares in favour of approving the Sale and Purchase Agreement and the transactions contemplated thereunder, there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or any party acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

5. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose letter is contained in this Composite Document:

Name	Qualification
Yu Ming	a licensed corporation permitted to carry out Types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO

Yu Ming has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter and/or the references to its name in the form and context in which they appear.

6. GENERAL

- (i) The Offeror is wholly-owned by Tian An. The principal members of the Offeror's concert group are the Offeror and Tian An.
- (ii) The board of directors of the Offeror comprises Mr. Patrick Lee Seng Wei, Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang.
- (iii) the Tian An Board comprises Mr. Song Zengbin, Mr. Patrick Lee Seng Wei, Mr. Ma Sun, Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang as executive directors; Mr. Lee Seng Hui, Dr. Moses Cheng Mo Chi and Mr. Lee Shu Yin as non-executive directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum as independent non-executive directors.

- (iv) As at the Latest Practicable Date, Tian An is owned as to approximately 48.66% by APL. The board of directors of APL comprises Mr. Lee Seng Hui, Mr. Li Chi Kong and Mr. Mark Wong Tai Chun as executive directors; Mr. Arthur George Dew as non-executive director; and Mr. Steven Samuel Zoellner, Mr. Alan Stephen Jones and Mr. David Craig Bartlett as independent non-executive directors.
- (v) As at the Latest Practicable Date, APL is owned as to approximately 74.99% by AGL. The board of directors of AGL comprises Mr. Lee Seng Hui, Mr. Edwin Lo King Yau and Mr. Mak Pak Hung as executive directors; Mr. Arthur George Dew and Ms. Lee Su Hwei as non-executive directors; and Mr. David Craig Bartlett, Mr. Alan Stephen Jones and Ms. Lisa Yang Lai Sum as independent non-executive directors.
- (vi) As at the Latest Practicable Date, Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together, through Lee and Lee Trust, own approximately 74.49% of the total issued shares of AGL (inclusive of Mr. Lee Seng Hui's personal interest).
- (vii) The registered office of the Offeror is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.
- (viii) The correspondence address of the Offeror's concert group is at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (ix) The registered office of Yu Ming is at Room 1801, 18th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (x) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the SFC's website at <http://www.sfc.hk> and the website of Tian An at <http://www.tiananchina.com> from the date of despatch of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the Facility letter;
- (iii) the letter from Yu Ming as set out on pages 8 to 18 to this Composite Document; and
- (iv) the written consent from the expert referred to under the paragraph headed "Expert's Qualification and Consent" in this appendix.

1. RESPONSIBILITY STATEMENT

The Dan Form Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Offeror, Tian An Group and parties acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those relating to the Offeror, Tian An Group and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the number of Dan Form Shares was 1,242,424,945.

The number of Dan Form Shares in issue at the end of the last financial year of (being 31 December 2015) was 1,247,298,945. Dan Form had not issued any Shares since the end of the last financial year (i.e. 31 December 2015) of Dan Form until the Latest Practicable Date. 4,874,000 Dan Form Shares has been repurchased by Dan Form since 31 December 2015, being the end of the last financial year of Dan Form.

All of Dan Form Shares as at the Latest Practicable Date in issue rank *pari passu* in all respects with each other, including all rights in respect of dividends, voting and interest in capital.

As at the Latest Practicable Date, other than the Dan Form Shares, there were no outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Dan Form Shares.

4. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests or short positions in the Dan Form Shares, underlying Dan Form Shares and debentures of Dan Form and its associated corporations

As at the Latest Practicable Date, none of the chief executive of Dan Form, Dan Form Directors or their respective associates had any interests or short positions, whether beneficial or non-beneficial, in the shares, underlying shares and debentures of Dan Form or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to Dan Form and the Stock Exchange pursuant to the Model Code.

5. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR AND TIAN AN

As at the Latest Practicable Date, none of Dan Form nor any of Dan Form Directors had any interest in the shares of the Offeror and Tian An, and no such person had dealt in the shares of the Offeror and Tian An during the Relevant Period.

6. SHAREHOLDING AND DEALINGS IN SECURITIES OF DAN FORM

Save for the Sale Shares by the Vendors to the Offeror pursuant to the Sale and Purchase Agreement, none of the Dan Form Directors have dealt for value in any Dan Form Share or any convertible securities, warrants, option or derivatives issued by Dan Form during the Relevant Period.

As at the Latest Practicable Date,

- (a) no Dan Form Share or any convertible securities, warrants, option or derivatives issued by Dan Form was owned or controlled by a subsidiary of Dan Form or by a pension fund (if any) of any member of the Dan Form Group or by an adviser to Dan Form as specified in class (2) of the definition of associate under the Takeovers Code or by the Independent Financial Adviser, and no such person had dealt in Dan Form Shares or any convertible securities, warrants, options or derivatives issued by Dan Form during the Relevant Period;

- (b) no Dan Form Shares or any convertible securities, warrants, option or derivatives issued by Dan Form was managed on a discretionary basis by fund managers (other than exempt fund managers) (if any) connected with Dan Form, and no such person had dealt in Dan Form Share or any convertible securities, warrants, options or derivatives issued by Dan Form during the Relevant Period;
- (c) no Dan Form Shares or any convertible securities, warrants, option or derivatives issued by Dan Form was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with Dan Form or any person who is an associate of Dan Form by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code, and no such person had dealt in Dan Form Shares or any convertible securities, warrants, options or derivatives issued by Dan Form during the Relevant Period;
- (d) other than Mr. Dai who had sold all of his Dan Form Shares pursuant to the Sale and Purchase Agreement, the remaining Dan Form Directors have no interest in any Dan Form Shares; and
- (e) none of Dan Form or any of its Dan Form Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by Dan Form during the Relevant Period.

7. ARRANGEMENTS AFFECTING DAN FORM DIRECTORS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been or would be given to any Dan Form Directors as compensation for loss of office or otherwise in connection with the Offer;
- (b) save and except for the Sale and Purchase Agreement, there was no agreement or arrangement between any Dan Form Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save and except for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Dan Form Director has a material personal interest.

8. DIRECTORS' SERVICE CONTRACTS

Mr. Kenneth Hiu King Kon (“Mr. Kon”), a non-executive director of Dan Form, is appointed under his service agreement dated 27 March 2015 made with Dan Form. Mr. Kon’s current appointment with Dan Form under the said agreement is due to expire on 26 March 2018. During the three-year term of the said agreement, Mr. Kon would be entitled to an annual director’s fee of HK\$200,000 and there is no variable remuneration payable under the said agreement.

Dr. Xiang Bing (“Dr. Xiang”), an independent non-executive director of Dan Form, is appointed under his service agreement dated 10 March 2016 made with Dan Form. Dr. Xiang’s current appointment with Dan Form under the said agreement is due to expire on 9 March 2019. During the three-year term of the said agreement, Dr. Xiang would be entitled to an annual director’s fee of HK\$230,000 and there is no variable remuneration payable under the said agreement.

Save as disclosed above, as at the Latest Practicable Date, there was no service contract with Dan Form or any of its subsidiaries or associated companies in force for Dan Form Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date on which the Offer Period commenced; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

9. LITIGATION

As at the Latest Practicable Date, no member of the Dan Form Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claim of material importance was known to the Dan Form Directors to be pending or threatened by or against any member of the Dan Form Group.

10. MATERIAL CONTRACTS

The Dan Form Group did not enter into any contract which are or may be material (other than those entered into in the ordinary course of business) within the two years immediately preceding the date on which the Offer Period commenced and up to the Latest Practicable Date.

11. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinions or advice which are contained in this Composite Document:

Name	Qualification
DTZ Cushman & Wakefield Limited (“DTZ”)	Independent professional valuer
Investec	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

Each of DTZ and Investec has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the websites of the SFC (www.sfc.hk) and Dan Form (www.danform.com.hk) during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of Dan Form;
- (b) the annual reports of Dan Form for the two years ended 31 December 2014 and 31 December 2015 respectively;
- (c) the interim report of Dan Form for the six months ended 30 June 2016;
- (d) the letter from the Dan Form Board, the text of which is set out on pages 19 to 23 of this Composite Document;
- (e) the letter from the Dan Form IBC, the text of which is set out on pages 24 to 25 of this Composite Document;
- (f) the letter from the Dan Form IFA, the text of which is set out on pages 26 to 51 of this Composite Document;
- (g) the valuation report from DTZ; and
- (h) the written consents from Investec and DTZ referred to in the section headed “Experts and Consents” in this appendix.