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DAN FORM HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 271)

PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT

The Board intends to put forward for approval by the Shareholders a proposal at the EGM to reduce the credit standing to the share premium account of the Company to the extent of HK\$576,734,000, and to apply the credit arising from such reduction to eliminate the Accumulated Losses by the same amount.

A circular containing further details of the Reduction of Share Premium Account together with a notice convening the EGM will be despatched to the Shareholders on or around 14 November 2011.

A. REDUCTION OF SHARE PREMIUM ACCOUNT

The Board intends to put forward for approval by the Shareholders a proposal at the EGM to reduce the credit standing to the share premium account of the Company to the extent of HK\$576,734,000, and to apply the credit arising from such reduction to eliminate the Accumulated Losses by the same amount.

B. EFFECTS OF THE REDUCTION OF SHARE PREMIUM ACCOUNT

According to the unaudited financial statements of the Company for the six months ended 30 June 2011, the Company had accumulated losses of HK\$590,734,606 as at 30 June 2011. As at the same date, the amount standing to the credit of the share premium account of the Company was HK\$637,639,000. As a result of the Reduction of Share Premium Account, the credit standing to the share premium account of the Company will be reduced by an amount of HK\$576,734,000, and the credit arising therefrom will be applied towards eliminating the Accumulated Losses by the same amount.

Other than the expenses incurred by the Company in relation to the Reduction of Share Premium Account, the implementation of the Reduction of Share Premium Account will not, of itself, alter the underlying assets, liabilities, business operations, management or financial positions of the Company or affect the interests of the Shareholders. The Directors also believe that the Reduction of Share Premium Account will not have any adverse effect on the financial position of the Group.

Further, the Reduction of Share Premium Account does not involve (i) any reduction of the issued share capital of the Company; or (ii) the diminution of any liability in respect of any unpaid capital of the Company; or (iii) the repayment to the Shareholders of any paid-up share capital of the Company. Accordingly, the Shares held by the Shareholders will not be affected.

C. CONDITIONS FOR THE REDUCTION OF SHARE PREMIUM ACCOUNT

The Reduction of Share Premium Account will be conditional upon, inter alia, the following:-

- (i) the passing of a special resolution by the Shareholders approving the Reduction of Share Premium Account at the EGM;
- (ii) the Court making an order confirming the Reduction of Share Premium Account;
- (iii) the registration by the Registrar of Companies in Hong Kong of a copy of the order of the Court confirming the Reduction of Share Premium Account; and
- (iv) the compliance with any conditions as may be imposed by the Court in relation to the Reduction of Share Premium Account.

Assuming that all the conditions are fulfilled, the Reduction of Share Premium Account will become effective upon the registration of the Court order set out in (iii) of this section C.

D. REASONS FOR THE REDUCTION OF SHARE PREMIUM ACCOUNT

According to the unaudited financial statements of the Company for the six months ended 30 June 2011, the Company had accumulated losses of HK\$590,734,606 as at 30 June 2011. The Reduction of Share Premium Account will enable the Company to eliminate a large part of the Accumulated Losses, cancel part of the share premium account of the Company which is lost or unrepresented by available assets, and it will also enable the financial statements of the Company to better reflect the financial position and business operations of the Group in the future. When the Reduction of Share Premium Account becomes effective, the Company will have a greater flexibility to make decision on its dividend policy, subject to the Company's performance and when the Directors consider it appropriate in the future.

Based on the reasons and effects of the Reduction of Share Premium Account as set out above, the Directors consider that the Reduction of Share Premium Account is in the interests of the Company and the Shareholders as a whole.

E. GENERAL

A circular containing, among other things, further details of the Reduction of Share Premium Account together with a notice convening the EGM will be despatched to the Shareholders on or around 14 November 2011.

Shareholders and potential investors should also be aware of and take note that the Reduction of Share Premium Account is conditional upon satisfaction of the conditions set out under section C above in this announcement. Therefore, the Reduction of Share Premium Account may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and other securities of the Company.

F. DEFINITIONS

Unless the context requires otherwise, the following words shall have the following meanings:-

“Accumulated Losses”	the entire balance in the accumulated losses account of the Company as at 30 June 2011 of HK\$590,734,606
“Board”	the board of Directors
“Company”	Dan Form Holdings Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 271)
“Court”	the High Court of Hong Kong
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company expected to be held at the registered office of the Company at 33/F., Tower A, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Hong Kong on Friday, 9 December 2011 at 10:00a.m. to approve the Reduction of Share Premium Account
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Reduction of Share Premium Account”	the proposed reduction of the share premium account of the Company as set out in this announcement
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholders”	registered holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Dan Form Holdings Company Limited
Dai Xiaoming
Chairman

Hong Kong, 8 November 2011

As at the date of this announcement, the Directors are: Mr. Dai Xiaoming (*Chairman and Chief Executive*), Mr. Kenneth Hiu King Kon (*Deputy Chief Executive*), Mr. Jesse Nai Chau Leung (*Independent Non-Executive Director*), Mr. Xiang Bing (*Independent Non-Executive Director*) and Mr. Edward Shen (*Independent Non-Executive Director*).