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Da Sen Holdings Group Limited
大森控股集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1580)

**ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR
DEBT CAPITALISATION;
INSIDE INFORMATION – SETTLEMENT OF STATUTORY DEMAND;
AND
COMPLETION OF THE DEBT RESTRUCTURING**

Debt Capitalisation

On 20 January 2023, the Company entered into the Settlement Deed with the Creditor, pursuant to which, among others, the Company has conditionally agreed to capitalise the Indebted Amount owed to the Creditor by the Company, the Creditor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 73,104,116 Capitalisation Shares at the Issue Price of HK\$0.060 per Capitalisation Share under the General Mandate.

The Capitalisation Shares represent (i) approximately 4.52% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares, assuming there will be no change in the number of issued share capital of the Company from the date of the Settlement Deed up to the Closing Date.

The issue of the Capitalisation Shares is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Capitalisation Shares.

The Closing is conditional upon the fulfilment of the Conditions Precedent set out in the section headed “Principal terms of the Settlement Deed – Conditions Precedent” in this announcement, which may or may not be fulfilled. Accordingly, the Debt Capitalisation and the issue of the Capitalisation Shares may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Settlement of the Statutory Demand

The Company has completely repaid the Outstanding Fees to the relevant creditor and the Statutory Demand has been withdrawn by such creditor on 6 January 2023. In addition, such relevant creditor has discharged the Company from any past, present or future liability in relation to all claims, suits, demands, actions, or proceedings arising out of the Outstanding Fees.

Completion of the Debt Restructuring

The Debt Restructuring was completed on 6 January 2023. All Scheme claims against the Company have been released and discharged in full by virtue of the implementation of the Scheme.

On 20 January 2023, the Company entered into the Settlement Deed with the Creditor, pursuant to which, among others, the Company has conditionally agreed to capitalise the Indebted Amount owed to the Creditor by the Company, the Creditor has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 73,104,116 Capitalisation Shares at the Issue Price of HK\$0.060 per Capitalisation Share.

PRINCIPAL TERMS OF THE SETTLEMENT DEED

Date:	20 January 2023
Parties:	(i) the Company, as issuer; and (ii) the Creditor, as subscriber
Capitalisation Shares:	73,104,116 Capitalisation Shares
Issue Price:	HK\$0.060 per Capitalisation Share
Funds to be raised:	Nil

Debt Capitalisation

The Company is in debt to the Creditor in the sum of the Indebted Amount. The Company will issue to the Creditor the Capitalisation Shares at the Issue Price as settlement of the debt owed to the Creditor.

Capitalisation Shares

An aggregate of 73,104,116 new Shares will be issued under the Debt Capitalisation.

Assuming there will be no change in the issued share capital of the Company from the date of the Settlement Deed up to the Closing Date, save for the allotment and issue of the Capitalisation Shares, the Capitalisation Shares represent:

- (i) approximately 4.52% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.32% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalisation Shares.

The Capitalisation Shares have an aggregate nominal value of HK\$731,041.16.

Issue Price

The Issue Price of HK\$0.060 per Capitalisation Share represents:

- (i) a discount of approximately 11.76% to the closing price of HK\$0.068 per Share as quoted on the Stock Exchange on the date of the Settlement Deed;
- (ii) a discount of approximately 12.54% to the average closing price of approximately HK\$0.0686 per Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the date of the Settlement Deed; and
- (iii) a premium of approximately 140.96% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.0249 per Share as at 30 June 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately RMB34,354,000 (equivalent to approximately HK\$40,242,276 based on the exchange rate of RMB1: HK\$1.1714 as at 30 June 2022 as extracted from Bloomberg) as at 30 June 2022 by 1,618,254,977 Shares in issue as at the date of this announcement.

The Issue Price was determined after arm's length negotiation between the Company and the Creditor after taking into account the prevailing market price and trading volume of the Shares as well as the current market conditions. The Directors consider that the terms of the Settlement Deed are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The amount of the total Issue Price shall be satisfied by way of capitalising the Indebted Amount owed to the Creditor by the Company. In addition, the Group will use its internal resources to settle the professional fees and all related expenses which may be borne by the Company in connection with the relevant debt capitalisation.

Ranking

The Capitalisation Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Capitalisation Shares.

Conditions Precedent

Closing of the Settlement Deed is conditional upon the satisfaction of the following Conditions Precedent:

- (i) the Stock Exchange granting the listing of, and permission to deal in, the Capitalisation Shares;
- (ii) the Creditor having obtained all the relevant approvals for the transactions;
- (iii) the Company having obtained all the relevant approvals for the transactions; and
- (iv) the representations and warranties given by the parties are true and accurate in all material respects from the date of the Settlement Deed to the Closing Date.

All the above Conditions Precedent are not waivable. As at the date of this announcement, none of the Conditions Precedent have been fulfilled.

If the above Conditions Precedent are not satisfied by 11:59 p.m. on the Long Stop Date, the Settlement Deed shall be automatically terminated with immediate effect.

Closing

Subject to the Conditions Precedent being satisfied and the relevant terms under the Settlement Deed, Closing shall occur on the date that is ten (10) business days after the date (not being later than the Long Stop Date) on which the last Condition Precedent is satisfied, or at such other date, time and venue as the parties may agree in writing.

General Mandate

Pursuant to a general mandate (the “**General Mandate**”) granted by the Shareholders at the annual general meeting of the Company held on 22 June 2022, the Directors may exercise all powers of the Company to allot, issue and otherwise deal with Shares not exceeding 194,880,000 Shares, representing 20% of the number of the issued Shares of the Company as at the date of that annual general meeting. As at the date of this announcement, save for 49,194,476 Scheme Shares and 10,020,501 Consent Fee Shares being issued on 11 November 2022 pursuant to the Scheme, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, 135,665,023 Shares remains available for allotment and issuance under the General Mandate which is sufficient for the issue of the Capitalisation Shares. As a result, the issue of the Capitalisation Shares is not subject to separate Shareholders’ approval.

Listing Application

An application shall be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Capitalisation Shares on the Stock Exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE DEBT CAPITALISATION

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Capitalisation Shares (assuming there are no other changes to the issued share capital of the Company between the date of this announcement and the Closing Date save for the allotment and issue of the Capitalisation Shares and the Creditor will not hold any other Shares save for the Capitalisation Shares on the Closing Date):

	As at the date of this announcement		Immediately after the allotment and issue of Capitalisation Shares	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage (%)</i>
The Creditor	–	–	73,104,116	4.32
Major Shareholder				
Mr. Wong Tseng Hon	864,686,442	53.43	864,686,442	51.12
Mr. Chai Kaw Sing and his spouse (<i>Note 1</i>)	120,203,045	7.43	120,203,045	7.11
Other Shareholders	633,365,490	39.14	633,365,490	37.45
Total	1,618,254,977	100.00	1,691,359,093	100.00

Note:

- As at the date of this announcement, Mr. Chai Kaw Sing, an executive Director, was the legal owner of 94,123,045 Shares and Ms. Chang Yu Chen, the spouse of Mr. Chai Kaw Sing, was the legal owner of 26,080,000 Shares. Mr. Chai Kaw Sing is deemed to be interested in all the Shares in which his spouse is interested by virtue of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).*

REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION

As disclosed in the interim report of the Company for the six months ended 30 June 2022, the cash and cash equivalents of the Group as at 30 June 2022 was approximately RMB1.3 million and the gearing ratio of the Group, calculated based on total interest-bearing debts divided by total equity of the Company, was approximately 185.2%. Capitalisation of the Indebted Amount enables the Group to settle its outstanding indebtedness without utilising existing financial resources of the Company and avoid cash outflows. The Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to preserve as much liquidity as possible in order to strengthen the Group's financial and liquidity position for its business development.

Although the allotment and issue of the Capitalisation Shares will have a dilution effect to the existing Shareholders, having considered (i) the capitalisation of the Indebted Amount can alleviate the repayment and settlement pressure of the Group; and (ii) the Capitalisation Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Group, the Directors are of the view that the dilution effect arising from the allotment and issue of the Capitalisation Shares is justifiable in this regard.

In view of the above, the Directors consider that the terms of the Settlement Deed are fair and reasonable based on the current market conditions and are on normal commercial terms. Accordingly, the Directors consider the Debt Capitalisation is in the interest of the Company and the Shareholders as a whole.

EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company completed the Open Offer on 25 July 2022 and all the proceeds of approximately HK\$23.4 million raised have been utilised for settlement of the payment obligations under the Scheme and as working capital of the Group. For details of the Open Offer, please refer to the prospectus of the Company dated 30 June 2022 and the announcement of the Company dated 22 July 2022.

Save as disclosed above, the Company had not conducted any equity fundraising activity in the past twelve months immediately preceding the date of this announcement.

INFORMATION ON THE COMPANY

The Company is an investment holding company. The Group is principally engaged in manufacturing and sales of plywood products and leasing activities. The Group's plywood products consist of furniture board (家具板), ecological plywood (生態板), and hardwood multi-layered board (實木多層板). Customers of the Group are mainly end users including furniture manufacturers, equipment manufacturers, decoration or renovation companies and packing material producers.

INFORMATION ON THE CREDITOR

The Creditor is Chung Kwok Keung a retired businessman. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, other than being a creditor of the Group, the Creditor is an Independent Third Party.

The Closing is conditional upon the fulfilment of the Conditions Precedent set out in the section headed “Principal terms of the Settlement Deed – Conditions Precedent” in this announcement, which may or may not be fulfilled. Accordingly, the Debt Capitalisation and the issue of the Capitalisation Shares may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

SETTLEMENT OF THE STATUTORY DEMAND

Reference is made the announcement of the Company dated 6 October 2022 (the “**SD Announcement**”). As disclosed in the SD Announcement, the Company has received the Statutory Demand from a creditor of the Company, demanding the Company to pay the amount of HK\$1,691,800 (the “**Outstanding Fees**”), being the unpaid advisory fees and disbursements, within 21 days from the date of service of the Statutory Demand, failing which the relevant creditor may present a winding-up petition against the Company.

The Board wishes to provide the Shareholders and potential investors of the Company with the latest development in respect of the Statutory Demand. The Company has completely repaid the Outstanding Fees to the relevant creditor and the Statutory Demand was withdrawn by such creditor on 6 January 2023. In addition, such relevant creditor has discharged the Company from any past, present or future liability in relation to all claims, suits, demands, actions, or proceedings arising out of the Outstanding Fees.

COMPLETION OF THE DEBT RESTRUCTURING

Reference is made to the circular of the Company dated 20 May 2022 in respect of the Debt Restructuring.

The Board wishes to provide the shareholders and potential investors of the Company with the latest development in respect of the Debt Restructuring. The Debt Restructuring was completed on 6 January 2023. The scheme administrators have distributed the cash consideration and Scheme Shares to the scheme creditors on a pro rata basis based on the amounts of their admitted claims under the Scheme. Accordingly, all Scheme claims against the Company have been released and discharged in full by virtue of the implementation of the Scheme.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings.

“Board”	the board of directors of the Company;
“Capitalisation Share(s)”	an aggregate of 73,104,116 new Shares to be allotted and issued by the Company to the Creditor pursuant to the terms and conditions of the Settlement Deed;
“Closing”	completion of the Debt Capitalisation;
“Closing Date”	date of Closing;
“Company”	Da Sen Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange (Stock code: 1580);
“Conditions Precedent”	the conditions precedent set out in the section headed “Principal terms of the Settlement Deed – Conditions Precedent” in this announcement;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Consent Fee Shares”	an aggregate of 10,020,501 Shares issued and allotted under the general mandate to consenting creditors pursuant to the terms of the restructuring support agreement in relation to the Scheme;
“Creditor”	Mr. Chung Kwok Keung, an Independent Third Party;
“Debt Capitalisation”	the capitalisation of the debt owed by the Group to the Creditor;
“Debt Restructuring”	the debt restructuring of the Group involving, among other things, the Scheme and the Open Offer;
“Director(s)”	member(s) of the Board of the Company;
“Indebted Amount”	the amount owing by the Company to the Creditor in an aggregate amount of approximately HK\$4,386,247, which shall be capitalised upon Closing according to the Settlement Deed;

“Independent Third Party”	third party(ies) who to the best of the Directors’ knowledge information and belief having made all reasonable enquiry are independent of the Company and its connected persons;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issue Price”	HK\$0.060 per Capitalisation Share;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 March 2023 (or such later date as the Company and the Creditor may agree in writing);
“Open Offer”	the issue of 584,640,000 Shares at HK\$0.04 per Share, which was completed on 25 July 2022;
“Scheme”	the scheme of arrangement between the Company and the scheme creditors pursuant to Sections 666 to 675 of the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), which was approved by the requisite majorities of the scheme creditors at the scheme meeting on 9 December 2021 and was subsequently sanctioned without modification by the High Court of Hong Kong Special Administrative Region at the sanction hearing held on 11 January 2022;
“Scheme Shares”	an aggregate of 49,194,476 Shares allotted and issued under the general mandate pursuant to the Scheme;
“Settlement Deed”	the settlement deed dated 20 January 2023 entered into between the Company as the issuer and the Creditor as the subscriber in relation to the subscription of 73,104,116 Capitalisation Shares at the Issue Price;
“Statutory Demand”	a statutory demand dated 30 September 2022 from a creditor of the Company pursuant to section 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of Laws of Hong Kong);
“Share(s)”	ordinary share of HK\$0.01 each in the share capital of the Company;

“Shareholder(s)” holder(s) of Share(s);

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“%” per cent.

By order of the Board
Da Sen Holdings Group Limited
SUN Yongtao
Chairman and non-executive Director

Hong Kong, 20 January 2023

As at the date of this announcement, the executive Directors are Mr. CHAI Kaw Sing, Mr. WONG Ben and Mr. ZHANG Ayang (duties suspended); the non-executive Director is Mr. SUN Yongtao; and the independent non-executive Directors are Mr. CHAN Shiu Yuen Sammy, Mr. KWOK Yiu Tong and Ms. LO Yuk Yee.