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Wong Tseng Hon
黃振漢

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)

JOINT ANNOUNCEMENT

**(1) THE SALE AND PURCHASE AGREEMENT IN RELATION TO
THE ACQUISITION OF THE SALE SHARES IN
DA SEN HOLDINGS GROUP LIMITED BY THE OFFEROR; AND
(2) POSSIBLE CONDITIONAL MANDATORY CASH OFFER BY
RAINBOW CAPITAL (HK) LIMITED
FOR AND ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES OF
DA SEN HOLDINGS GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED AND/OR
AGREED TO BE ACQUIRED BY THE OFFEROR)**

Financial adviser to the Offeror



Independent Financial adviser to the Independent Board Committee



THE SALE AND PURCHASE AGREEMENT

On 21 September 2022 (after trading hours), the Vendors (as vendors) and the Offeror (as purchaser) entered into the Sale and Purchase Agreement pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares (being 96,840,000 Shares), representing approximately 6.21% of the entire issued share capital of the Company as at the date of this joint announcement, for a total cash Consideration of HK\$4,357,800.00 (equivalent to HK\$0.045 per Sale Share). Upon Completion, the Company shall be held as to approximately 31.73% by the Offeror. Completion is expected to take place on or before 28 September 2022. An announcement will be made upon Completion in relation to the Offer in accordance with Rule 3.6 of the Takeovers Code.

POSSIBLE CONDITIONAL MANDATORY CASH OFFER

As at the date of this joint announcement, the Offeror held 397,875,050 Shares, representing approximately 25.52% of the entire issued share capital of the Company. Immediately following Completion, the Offeror shall own 494,715,050 Shares, representing approximately 31.73% of the entire issued share capital of the Company. As at the date of this joint announcement, the Offeror and parties acting in concert with him held 518,078,095 Shares, representing approximately 33.23% of the entire issued share capital of the Company. Immediately following Completion, the Offeror and parties acting in concert with him shall own 614,918,095 Shares, representing approximately 39.44% of the entire issued share capital of the Company. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make a conditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror).

Rainbow Capital will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.045 in cash

As at the date of this joint announcement, 1,559,040,000 Shares were in issue and the Company does not have any outstanding options, warrants or derivatives or other securities which are convertible or exchangeable into Shares.

The Scheme, 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, will involve, among other things, the issue and allotment of up to 65,592,635 Scheme Shares under the general mandate to the Scheme Creditors. As at the date of this joint announcement, no Scheme Shares have been allotted and issued. The Scheme Shares will be subject to the Offer, if they have been issued and allotted to the Scheme Creditors before the close of the Offer.

Principal terms of the Offer are set out in the section headed “**POSSIBLE CONDITIONAL MANDATORY CASH OFFER**” in this joint announcement. The Offeror intends to finance the consideration payable under the Acquisition and the Offer by his personal savings.

Rainbow Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for the Acquisition and full acceptance of the Offer.

Assuming that (i) 65,592,635 Scheme Shares will be issued and allotted to Scheme Creditors before the close of the Offer; and (ii) there is no other change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, the enlarged share capital of the Company would be 1,624,632,635 Shares. Based on the Offer Price of HK\$0.045 per Offer Share, the enlarged issued share capital of the Company would be valued at approximately HK\$73.1 million. The Offer will be extended to all Shareholders other than the Offeror in accordance with the Takeovers Code.

As at the date of this joint announcement, (i) Mr. Chai, an executive Director, and Ms. Chang Yu Chen, the spouse of Mr. Chai, held in aggregate 120,203,045 Shares, representing approximately 7.71% of the total issued share capital of the Company as at the date of this joint announcement; (ii) Ms. Tsen Yi Yun, an independent third party, held 50,177,688 Shares, representing approximately 3.22% of the total issued share capital of the Company as at the date of this joint announcement; and (iii) Mr. Ku Yun Po, an independent third party, held 74,166,090 Shares, representing approximately 4.76% of the total issued share capital of the Company as at the date of this joint announcement. On 21 September 2022, Mr. Chai and his spouse, Ms. Tsen Yi Yun and Mr. Ku Yun Po gave the Irrevocable Undertakings to the Offeror that in respect of a total of 244,546,823 Undertaken Shares held by them (representing approximately 15.69% of the total issued share capital of the Company as at the date of this joint announcement), (i) they will not accept the Offer or sell any of the Undertaken Shares to the Offeror or the parties acting in concert with it under the Offer; (ii) they will not take any other action to make the Undertaken Shares available for acceptance under the Offer; and (iii) they will hold the Undertaken Shares until, and shall not sell, transfer, dispose of or create or agree to create any Encumbrance of or otherwise create any interests on the Undertaken Shares before the close of the Offer. The Irrevocable Undertakings will cease only upon the close or lapse of the Offer.

Excluding (i) the 494,715,050 Shares to be held by the Offeror upon Completion; and (ii) the 244,546,823 Undertaken Shares held by Mr. Chai and his spouse, Ms. Tsen Yi Yun and Mr. Ku Yun Po which are subject to the Irrevocable Undertakings, and assuming that (i) 65,592,635 Scheme Shares will be issued and allotted to the Scheme Creditors before the close of the Offer and will therefore be subject to the Offer; and (ii) there is no other change in the issued share capital of the Company up to the close of the Offer, a total of 885,370,762 issued Shares will be subject to the Offer. Based on the Offer Price of HK\$0.045 per Offer Share and on the basis of full acceptance of the Offer, the maximum consideration for the Offer would be HK\$39,841,684.29. The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree's response document in the Composite Document to be posted. Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer; and (iv) the relevant form(s) of acceptance and transfer, should be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. Further announcement(s) will be made when the Composite Document is despatched.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising the sole non-executive Director and all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Sun Yongtao, Mr. Chan Shiu Yuen Sammy, Mr. Kwok Yiu Tong and Ms. Lo Yuk Yee, has been established to advise the Independent Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Euto Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of Euto Capital has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

WARNING

The Offer will only be made if Completion takes place and is conditional upon the fulfillment of the condition set out in the section headed “Condition of the Offer”. If the total number of Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. on the closing date of the Offer (or such later time, or date as the Offeror may, subject to the Takeovers Code, decide) under the Offer, together with the Shares acquired before or during the Offer, does not result in the Offeror and parties acting in concert with him holding more than 50% of the voting rights of the Company, the Offer will not become unconditional and will lapse.

The Directors make no recommendation as to the fairness or reasonableness of the terms of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser in respect of the Offer.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

INTRODUCTION

The Company was informed by the Offeror that on 21 September 2022 (after trading hours), the Offeror as the purchaser entered into the Sale and Purchase Agreement with the Vendors, pursuant to which (i) the Offeror has agreed to acquire, and the Vendors agreed to dispose of, 96,840,000 Sale Shares, representing approximately 6.21% of the total issued share capital of the Company as at the date of this joint announcement, for the Consideration of HK\$4,357,800.00 (equivalent to HK\$0.045 per Sale Share).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 21 September 2022 (after trading hours)

Parties : (1) the Offeror; and

(2) Mr. Hsi Yung Thung Tom and Mr. Liu Weimin, as the Vendors

Mr. Hsi Yung Thung Tom and Mr. Liu Weimin are independent third parties, except that (i) they are Shareholders immediately before Completion; and (ii) Mr. Hsi Yung Thung Tom is the brother of the son-in-law of the Offeror.

Subject matter

The Vendors conditionally agreed to sell and the Offeror conditionally agreed to purchase an aggregate of 96,840,000 Sale Shares, representing approximately 6.21% of the entire issued share capital of the Company as at the date of this joint announcement.

The Sale Shares sold by the Vendors are set out below:

Vendors	Number of Sale Shares	Shareholding
Mr. Hsi Yung Thung Tom	76,800,000	4.93%
Mr. Liu Weimin	20,040,000	1.28%

The Sale Shares have been acquired by the Offeror free from all Encumbrances and together with all rights and interests attached and accrued to them as at the date of Completion including all rights to any dividend or other distribution declared to be made or paid on or after Completion.

Immediately after Completion, (i) Mr. Hsi Yung Thung Tom will not hold any Share; and (ii) Mr. Liu Weimin will hold 26,499,463 Shares (the “**Retained Shares**”), representing approximately 1.70% of the issued share capital of the Company as at the date of this joint announcement. It is the intention of Mr. Liu Weimin to hold the Retained Shares as a long-term investment following the closing of the Offer.

As at the date of this joint announcement, the Company has not declared any dividend which remains unpaid, and the Company has no intention to declare, make or pay any dividend or other distributions prior to the close of the Offer.

Consideration

The total Consideration is HK\$4,357,800.00, being HK\$0.045 per Sale Share. The amount of consideration paid to each Vendor is set out below:

Vendors	Consideration (HK\$)
Mr. Hsi Yung Thung Tom	3,456,000.00
Mr. Liu Weimin	901,800.00

The Consideration of HK\$4,357,800.00 (equivalent to HK\$0.045 per Sale Share) was determined after arm's length negotiations between the Offeror and the Vendors taking into account, among other things, (i) the historical operating and financial performance of the Group; (ii) the financial position of the Group; (iii) the historical liquidity and market prices of the Shares; and (iv) the current market conditions. The Consideration will be financed by the Offeror's personal savings.

Completion

Completion is expected to take place on or before 28 September 2022. An announcement will be made upon Completion in relation to the Offer in accordance with Rule 3.6 of the Takeovers Code.

POSSIBLE CONDITIONAL MANDATORY CASH OFFER

The Offer

As at the date of this joint announcement, the Offeror held 397,875,050 Shares, representing approximately 25.52% of the entire issued share capital of the Company. Immediately following Completion, the Offeror shall own 494,715,050 Shares, representing approximately 31.73% of the entire issued share capital of the Company. As at the date of this joint announcement, the Offeror and parties acting in concert with him held 518,078,095 Shares, representing approximately 33.23% of the entire issued share capital of the Company. Immediately following Completion, the Offeror and parties acting in concert with him shall own 614,918,095 Shares, representing approximately 39.44% of the entire issued share capital of the Company. Accordingly, the Offeror is required under Rule 26.1 of the Takeovers Code to make a conditional mandatory cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror).

Rainbow Capital will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.045 in cash

The Offer Price of HK\$0.045 per Offer Share under the Offer is equal to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the date of this joint announcement, 1,559,040,000 Shares were in issue and the Company does not have any outstanding options, warrants or derivatives or other securities which are convertible or exchangeable into Shares.

Total value of the Offer

On 30 November 2020, the Company announced a proposed restructuring of the debts in Hong Kong, including the bond payables and the interests accrued and other liabilities, by way of implementing the Scheme. The Scheme was approved by the requisite majorities of the scheme creditors (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. All Scheme Creditors are independent third parties. The Scheme will involve, among other things, the issue and allotment of up to 65,592,635 Scheme Shares under the general mandate to the Scheme Creditors. As at the date of this joint announcement, no Scheme Shares have been allotted and issued. The Scheme Shares will be subject to the Offer, if they have been issued and allotted to the Scheme Creditors before the close of the Offer.

Assuming that (i) 65,592,635 Scheme Shares will be issued and allotted to the Scheme Creditors before the close of the Offer; and (ii) there is no other change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, the enlarged share capital of the Company would be 1,624,632,635 Shares. Based on the Offer Price of HK\$0.045 per Offer Share, the enlarged issued share capital of the Company would be valued at approximately HK\$73.1 million. The Offer will be extended to all Shareholders other than the Offeror in accordance with the Takeovers Code.

Excluding (i) the 494,715,050 Shares to be held by the Offeror upon Completion; and (ii) the 244,546,823 Undertaken Shares held by Mr. Chai and his spouse, Ms. Tsen Yi Yun and Mr. Ku Yun Po which are subject to the Irrevocable Undertakings, and assuming that (i) 65,592,635 Scheme Shares will be issued and allotted to the Scheme Creditors before the close of the Offer and will therefore be subject to the Offer; and (ii) there is no other change in the issued share capital of the Company up to the close of the Offer, a total of 885,370,762 issued Shares will be subject to the Offer. Based on the Offer Price of HK\$0.045 per Offer Share and on the basis of full acceptance of the Offer, the maximum consideration for the Offer would be HK\$39,841,684.29. The Offeror intends to finance the consideration payable under the Acquisition and the Offer by his personal savings.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and interests attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document. As at the date of this joint announcement, the Company has not declared any dividend which remains unpaid, and the Company has no intention to declare, make or pay any dividend or other distributions prior to the close of the Offer.

Irrevocable Undertakings for not accepting the Offer

As at the date of this joint announcement, (i) Mr. Chai, an executive Director, and Ms. Chang Yu Chen, the spouse of Mr. Chai, held in aggregate 120,203,045 Shares, representing approximately 7.71% of the total issued share capital of the Company as at the date of this joint announcement; (ii) Ms. Tsen Yi Yun, an independent third party, held 50,177,688 Shares, representing approximately 3.22% of the total issued share capital of the Company as at the date of this joint announcement; and (iii) Mr. Ku Yun Po, an independent third party, held 74,166,090 Shares, representing approximately 4.76% of the total issued share capital of the Company as at the date of this joint announcement.

On 21 September 2022, Mr. Chai and his spouse, Ms. Tsen Yi Yun and Mr. Ku Yun Po gave the Irrevocable Undertakings to the Offeror that in respect of a total of 244,546,823 Undertaken Shares held by them (representing approximately 15.69% of the total issued share capital of the Company as at the date of this joint announcement), (i) they will not accept the Offer or sell any of the Undertaken Shares to the Offeror or the parties acting in concert with it under the Offer; (ii) they will not take any other action to make the Undertaken Shares available for acceptance under the Offer; and (iii) they will hold the Undertaken Shares until, and shall not sell, transfer, dispose of or create or agree to create any Encumbrance of or otherwise create any interests on the Undertaken Shares before the close of the Offer. The Irrevocable Undertakings will cease only upon the close or lapse of the Offer.

Offer Price

The Offer Price of HK\$0.045 per Offer Share represents:

- (i) a discount of approximately 29.69% to the closing price of HK\$0.0640 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.50% to the average closing price of approximately HK\$0.0604 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 25.00% to the average closing price of approximately HK\$0.0600 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 25.25% to the average closing price of approximately HK\$0.0602 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

- (v) a discount of approximately 51.40% to the average closing price of approximately HK\$0.0926 per Share as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 51.09% to the average closing price of approximately HK\$0.0920 per Share as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a premium of approximately 14.21% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.0394 per Share as at 31 December 2021, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB50,120,000 (equivalent to approximately HK\$61,497,240 based on the exchange rate of RMB1: HK\$1.2270 as at 31 December 2021 as extracted from Bloomberg) as at 31 December 2021 by 1,559,040,000 Shares in issue as at the date of this joint announcement; and
- (viii) a premium of approximately 74.42% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.0258 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 1,559,040,000 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

During the six-month period immediately preceding and including the Last Trading Day:

- (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.163 per Share on 24 June 2022; and
- (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.057 per Share on 31 August 2022 and 1 September 2022.

Financial resources available to the Offeror

The Consideration for the Acquisition is HK\$4,357,800.00.

As at the date of this joint announcement, 1,559,040,000 Shares were in issue. Excluding (i) the 494,715,050 Shares to be held by the Offeror upon Completion; and (ii) the 244,546,823 Undertaken Shares held by Mr. Chai and his spouse, Ms. Tsen Yi Yun and Mr. Ku Yun Po which are subject to the Irrevocable Undertakings, and assuming that (i) 65,592,635 Scheme Shares will be issued and allotted to the Scheme Creditors before the close of the Offer; and (ii) there is no other change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, a total of 885,370,762 issued Shares will be subject to the Offer. Based on the Offer Price of HK\$0.045 per Offer Share and on the basis of full acceptance of the Offer, the maximum amount of cash payable by the Offeror in respect of full acceptance of the Offer is HK\$39,841,684.29. The Offeror intends to finance the consideration payable under the Acquisition and the Offer by his personal savings.

Rainbow Capital, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for the Acquisition and full acceptance of the Offer.

Condition of the Offer

The Offer will only be made if Completion takes place and is conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the closing date of the Offer (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired before or during the Offer, will result in the Offeror and parties acting in concert with him holding more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

The Offer may or may not become unconditional. Shareholders and investors should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

Effect of accepting the Offer

Subject to the Offer becoming unconditional, acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all Encumbrances and with all rights and interests at any time accruing and attaching to them, including without limitation the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document.

Subject to the Offer becoming unconditional, acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in respect of the Offer which will be included in the Composite Document.

Payment

Subject to the Offer becoming unconditional, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven Business Days (as defined in the Takeovers Code) following the later of the date on which (i) the Offer becomes, or is declared unconditional; and (ii) the duly completed acceptance form of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.13% of (i) the market value of the 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 amount payable to the relevant Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance 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).

Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek professional advice in respect of the Offer. It is the sole responsibility of the 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 which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in respect of such jurisdictions).

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, the Vendors, Rainbow Capital, the Independent Financial Adviser and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interests in securities of the Company

The Offeror confirms that, as at the date of this joint announcement:

- (i) save for (a) 397,875,050 Shares held by the Offeror; (b) 96,840,000 Sale Shares to be acquired by the Offeror under the Sale and Purchase Agreement; and (c) 120,203,045 Shares held by Mr. Chai and his spouse as at the date of this joint announcement, none of the Offeror and the parties acting in concert with him owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (ii) save for (a) 180,490,050 Shares acquired by the Offeror at HK\$0.04 per Share by participating in the open offer carried out by the Company which was completed in July 2022; (b) 96,840,000 Sale Shares to be acquired by the Offeror under the Sale and Purchase Agreement; and (c) 46,703,045 Shares acquired by Mr. Chai and his spouse at HK\$0.04 per Share by participating in the open offer carried out by the Company which was completed in July 2022, none of the Offeror and any person acting in concert with him had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to and including the date of this joint announcement;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares and which might be material to the Offer;
- (iv) there was no agreement or arrangement to which the Offeror or any person acting in concert with him, was a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;

- (v) none of the Offeror and any person acting in concert with him had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) save for the Irrevocable Undertakings, none of the Offeror and any person acting in concert with him had received any irrevocable commitment to accept or reject the Offer;
- (vii) there was no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror and any person acting in concert with him;
- (viii) other than the Consideration, there was no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with him to the Vendors or any party acting in concert with them in connection with the sale and purchase of the Sale Shares under the Sale and Purchase Agreement;
- (ix) save for the Sale and Purchase Agreement, there was no understanding, arrangement, or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendors and any parties acting in concert with them on the one hand, and the Offeror and any parties acting in concert with him on the other hand; and
- (x) save for the Sale and Purchase Agreement, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder (including the Vendors); and (b) the Offeror and any parties acting in concert with him. The Company also confirms that, as at the date of this joint announcement, there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholder (including the Vendors); and (b) the Company, its subsidiaries or associated companies.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately before Completion and as at the date of this joint announcement; and (ii) immediately after Completion is set out below:

	Immediately before Completion and as at the date of this joint announcement		Immediately after Completion but before the commencement of the Offer	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
The Offeror	397,875,050	25.52%	494,715,050	31.73%
Mr. Chai and his spouse (<i>Note 1</i>)	120,203,045	7.71%	120,203,045	7.71%
The Offeror and parties acting in concert with him	518,078,095	33.23%	614,918,095	39.44%
The Vendors				
Mr. Hsi Yung Thung Tom	76,800,000	4.93%	–	–
Mr. Liu Weimin	46,539,463	2.98%	26,499,463	1.70%
Sub-total	123,339,463	7.91%	26,499,463	1.70%
Shares under receivership (<i>Note 2</i>)	190,000,000	12.19%	190,000,000	12.19%
Mr. Wang Songmao, Mr. Wu Shican, Mr. Lin Qingxiong and Ms. Wu Haiyan (<i>Note 3</i>)	107,844,800	6.92%	107,844,800	6.92%
Other Shareholders	619,777,642	39.75%	619,777,642	39.75%
Total	1,559,040,000	100.00%	1,559,040,000	100.00%

Notes:

- As at the date of this joint announcement, Mr. Chai was the legal owner of 94,123,045 Shares and Ms. Chang Yu Chen, the spouse of Mr. Chai, was the legal owner of 26,080,000 Shares. Mr. Chai 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). Mr. Chai is an executive Director and together with his spouse, are subject to the Irrevocable Undertakings.

2. Ms. Leung Leung Wing Yee Winnie was appointed on 2 July 2021 as receiver over the relevant Shares pursuant to the disclosure of interest filed on 14 July 2021. Prior to transferring to the receiver, such Shares were beneficially owned by Mr. Ke Mingcai who was declared bankrupt on 29 April 2021 due to failure to repay loans as a guarantor. All other properties and assets of Mr. Ke Mingcai were held under Ms. Chan Pui Sze and Ms. Mak Hau Yin who have consented to act as joint and several trustees on 2 July 2021.
3. Among these 107,844,800 Shares, (i) 40,465,600 Shares are held by Mr. Wang Songmao; (ii) 19,680,000 Shares are held by Mr. Wu Shican; (iii) 160,000 Shares are held by Mr. Lin Qingxiong; and (iv) 47,539,200 Shares are held by Ms. Wu Haiyan. Pursuant to the concert party agreement dated 3 March 2016 and entered into among Mr. Ke Mingcai, Mr. Cai Jinxi, Mr. Wang Songmao, Mr. Lin Qingxiong, Mr. Wu Shican and Ms. Wu Haiyan, they have agreed on certain arrangements pertaining to their shareholdings in the Company. Ms. Wu Haiyan is the spouse of Mr. Zhang Ayang, an executive Director (duties suspended).

INFORMATION ON THE GROUP

The Group was principally engaged in the 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.

Set out below is a summary of (i) the audited financial information of the Group for the two financial years ended 31 December 2021 as extracted from the annual report of the Company for the year ended 31 December 2021; and (ii) the unaudited financial information of the Group for each of the six months ended 30 June 2021 and 2022 as extracted from the interim results announcement of the Company for the six months ended 30 June 2022:

	For the six months ended 30 June 2022 RMB'000 (unaudited)	For the six months ended 30 June 2021 RMB'000 (unaudited)	For the year ended 31 December 2021 2020 RMB'000 RMB'000 (audited) (audited)	
Continuing operations				
Revenue	34,879	82,113	172,748	175,281
Loss before tax	(15,683)	(32,695)	(119,110)	(205,028)
Loss for the period or year	<u>(15,766)</u>	<u>(32,695)</u>	<u>(119,151)</u>	<u>(211,274)</u>
 Total equity	 <u>34,354</u>	 <u>136,576</u>	 <u>50,120</u>	 <u>169,271</u>

INFORMATION ON THE OFFEROR

The Offeror is Mr. Wong Tseng Hon who is a substantial shareholder of the Company, holding approximately 25.52% of the entire issued share capital of the Company as at the date of this joint announcement. Mr. Wong Tseng Hon is also the father of Mr. Wong Ben, an executive Director. Mr. Wong Tseng Hon is a merchant engaged in property development business in the PRC and Hong Kong.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

The Offeror intended to continue the existing principal businesses of the Group and had no intention to discontinue the employment of the employees (save for changes in the composition of the Board) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

The Offeror will, following the close of the Offer, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view to enhancing the Group's business growth and asset base as well as broadening its income stream. As at the date of this joint announcement, the Offeror had no definitive plan, and had not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

Proposed change of board composition of the Company

As at the date of this joint announcement, the Board is currently made up of three executive Directors, being Mr. Chai Kaw Sing, Mr. Wong Ben and Mr. Zhang Ayang (duties suspended), one non-executive Director, being Mr. Sun Yongtao, and three independent non-executive Directors, being Mr. Chan Shiu Yuen Sammy, Mr. Kwok Yiu Tong and Ms. Lo Yuk Yee.

The Offeror intends to nominate new directors to the Board with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the date of this joint announcement, the Offeror has not reached any final decision as to the identity of (i) candidates to be nominated as new directors to the Board; and/or (ii) existing Directors who shall resign or be removed from the Board after the close of the Offer. Any changes to the members of the Board will be made in compliance with the Takeovers Code and/or the Listing Rules and the articles of association of the Company and further announcement(s) will be made as and when appropriate in accordance with the Listing Rules.

Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. Therefore, upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The directors of the Offeror and any new Directors to be appointed by the Offeror to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, i.e. at least 25% of the entire issued share capital of the Company will be held by the public at all times following the close of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising the sole non-executive Director and all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Sun Yongtao, Mr. Chan Shiu Yuen Sammy, Mr. Kwok Yiu Tong and Ms. Lo Yuk Yee, has been established to advise the Independent Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

Euto Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The appointment of Euto Capital has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree's response document in the Composite Document to be posted.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document setting out, among others, (i) further details of the Offer; (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer; and (iv) the relevant form(s) of acceptance and transfer, should

be despatched to the Shareholders within 21 days after the date of this joint announcement or such later date as the Executive may approve. Further announcement(s) will be made when the Composite Document is despatched.

The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror, including persons who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company, are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Offer will only be made if Completion takes place and is conditional upon the fulfillment of the condition set out in the section headed “Condition of the Offer”. If the total number of Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. on the closing date of the Offer (or such later time, or date as the Offeror may, subject to the Takeovers Code, decide) under the Offer, together with the Shares acquired before or during the Offer, does not result in the Offeror and parties acting in concert with him holding more than 50% of the voting rights of the Company, the Offer will not become unconditional and will lapse. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the relevant securities of the Company.

The Directors make no recommendation as to the fairness or reasonableness of the terms of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser in respect of the Offer.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Sale Shares by the Offeror from the Vendors in accordance with the terms and conditions of the Sale and Purchase Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Days”	a day on which the Stock Exchange is open for business to deal in securities

“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)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the forms of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Consideration”	HK\$4,357,800.00, being the consideration paid by the Offeror to the Vendors for the Sale Shares under the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Encumbrance(s)”	any mortgage, charge, pledge, lien, option, right of first refusal, third party right or interest, assignment, deed of trust, encumbrance or security interest of any other type, or another type of preferential arrangement of similar effect (including but not limited to assignment of title or retention arrangements), any representation, power of attorney, proxy arrangement, interest, right of first refusal or any claim against title, possession or use
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“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 PRC

“Independent Board Committee”	an independent committee of the Board, comprising the non-executive Director and all the independent non-executive Directors who have no direct or indirect interest in the Offer, established for the purpose of advising the Independent Shareholders in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Financial Adviser” or “Euto Capital”	Euto Capital Partners Limited, a corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity, the independent financial adviser appointed for the purpose of advising the Independent Board Committee in connection with the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Shareholder(s)”	holder(s) of the Shares, other than the Offeror and parties acting in concert with him
“Irrevocable Undertakings”	the irrevocable undertakings dated 21 September 2022 given by Mr. Chai and his spouse, Ms. Tsen Yi Yun and Mr. Ku Yun Po to the Offeror for, among other things, not accepting the Offer in respect of the Undertaken Shares
“Last Trading Day”	21 September 2022, being the last trading day of the Shares immediately prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chai”	Mr. Chai Kaw Sing, an executive Director and a party acting in concert with the Offeror
“Offer”	the conditional mandatory cash offer to be made by Rainbow Capital for and on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror in accordance with the Takeovers Code
“Offer Price”	HK\$0.045 per Offer Share

“Offer Share(s)”	a maximum of 1,129,917,585 Shares that are subject to the Offer, comprising 1,064,324,950 existing issued Shares and 65,592,635 Scheme Shares that may be allotted and issued to Scheme Creditors pursuant to the Scheme under the general mandate before the close of the Offer, subject to the Irrevocable Undertakings
“Offeror”	Mr. Wong Tseng Hon, a substantial shareholder of the Company and the father of Mr. Wong Ben, an executive Director
“Overseas Shareholders”	the Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Offeror in respect of the Acquisition and the Offer
“Sale and Purchase Agreement”	the agreement for the sale and purchase of the Sale Shares dated 21 September 2022 and entered into between the Vendors and the Offeror in relation to the acquisition of the Sale Shares
“Sale Share(s)”	96,840,000 Shares to be acquired by the Offeror from the Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement, representing approximately 6.21% of the entire issued share capital of the Company as at the date of this joint announcement
“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 Creditors”	the creditors of the Company who have a claim against the Company under the Scheme and are entitled to the Scheme Shares

“Scheme Shares”	up to 65,592,635 new Shares to be allotted and issued pursuant to the Scheme under the general mandate
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers published by the SFC
“Undertaken Shares”	an aggregate of 244,546,823 Undertaken Shares (representing approximately 15.69% of the total issued share capital of the Company as at the date of this joint announcement) held by Mr. Chai and Ms. Chang Yu Chen, the spouse of Mr. Chai, Ms. Tsen Yi Yun and Mr. Ku Yun Po, which are subject to the Irrevocable Undertakings
“Vendor(s)”	Mr. Hsi Yung Thung Tom and Mr. Liu Weimin
“%”	per cent.

Wong Tseng Hon

By order of the Board of
Da Sen Holdings Group Limited
Sun Yongtao
Non-Executive Chairman and Non-Executive Director

Hong Kong, 21 September 2022

As at the date of this joint 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror and his concert parties but excluding Mr. Wong Ben and Mr. Chai) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

The Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.