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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)

SECOND SUPPLEMENTAL PLACING AGREEMENT IN RELATION TO PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF PLACING

Placing Agent



凱基證券
KGI ASIA

SECOND SUPPLEMENTAL PLACING AGREEMENT

Reference is made to the announcements (the “**Announcements**”) of the Company dated 8 May 2019 and 22 May 2019 in relation to the placing of new shares under general mandate. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcements.

In view of the recent fluctuation in market prices of the Shares as quoted on the Stock Exchange, the Company and the Placing Agent entered into the second supplemental placing agreement on 23 May 2019 (the “**Second Supplemental Placing Agreement**”), pursuant to which, the Placing Agent agreed to place, on a best effort basis, up to 179,280,000 Placing Shares at the new Placing Price of HK\$0.41 per Placing Share (the “**New Placing Price**”) to not less than six Places.

The New Placing Price of HK\$0.41 per Placing Share represents (i) a discount of approximately 17.17% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the date of the Second Supplemental Placing Agreement; and (ii) a discount of approximately 18.81% to the average closing price of HK\$0.505 per Share in the last five trading days prior to the date of the Second Supplemental Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) 20.00% of the existing issued share capital of the Company of 896,400,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$73.50 million and HK\$73.14 million respectively. On such basis, the net issue price will be approximately HK\$0.408 per Placing Share.

TRADING RESUMPTION

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 23 May 2019 pending release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. 24 May 2019.

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Reference is made to the Announcements. In view of the recent fluctuation in market prices of the Shares as quoted on the Stock Exchange, the Company and the Placing Agent entered into the Second Supplemental Placing Agreement on 23 May 2019, pursuant to which, the Placing Agent agreed to place, on a best effort basis, up to 179,280,000 Placing Shares at the new Placing Price of HK\$0.41 per Placing Share to not less than six places.

SECOND SUPPLEMENTAL PLACING AGREEMENT

Date

23 May 2019 (after trading hours)

Issuer

The Company

Placing Agent

KGI Asia Limited

Pursuant to the Second Supplemental Placing Agreement, it is agreed that the definition of the “Placing Price” shall be revised to the price of HK\$0.41 per Placing Share.

Save as disclosed above, there are no other material changes to the Placing Agreement and all other terms and conditions of the Placing Agreement (as amended, varied and supplemented by the Supplemental Agreement) remain in full force and effect.

The Board considers that the amendments made in the Second Supplemental Placing Agreement are in compliance with the Listing Rules and are appropriate given the circumstances and would be in the interests of the Company and the Shareholders as a whole.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 896,400,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon allotment and issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

New Placing Price

The New Placing Price of HK\$0.41 per Placing Share represents (i) a discount of approximately 17.17% to the closing price of HK\$0.495 per Share as quoted on the Stock Exchange on the date of the Second Supplemental Placing Agreement; and (ii) a discount of approximately 18.81% to the average closing price of HK\$0.505 per Share in the last five trading days prior to the date of the Second Supplemental Placing Agreement.

The New Placing Price of the Placing were determined with reference to the prevailing market prices of the Shares and were negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Placing is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be approximately HK\$73.50 million and HK\$73.14 million respectively. On such basis, the net issue price will be approximately HK\$0.408 per Placing Share.

The Company intends to utilise (a) approximately HK\$30 million for repayment of existing secured fixed-interest bank borrowings; (b) approximately HK\$21 million for purchasing additional production machineries to be installed at our new production facilities situated in Heze city, Shandong Province, the PRC for production of plywood products and biomass wood pellets; and (c) approximately HK\$22 million as general working capital of

the Group and/or potential investments to be identified. In the event that the Placing Shares are not fully placed, up to HK\$30 million and HK\$21 million of the actual net proceeds raised will be used for repaying the Group's debts and purchasing additional production machineries for the Group's production capacity expansion respectively, and the remaining balance of the proceeds will be utilised as the Group's general working capital.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of issued Shares</i>	<i>Approximate percentage</i>	<i>Number of issued Shares</i>	<i>Approximate percentage</i>
Mr. Ke Mingcai (<i>note</i>)	232,380,800	25.92%	232,380,800	21.60%
Mr. Wong Tseng Hon	141,040,000	15.73%	141,040,000	13.11%
Mr. Wang Songmao (<i>note</i>)	52,056,000	5.81%	52,056,000	4.84%
Ms. Wu Haiyan (<i>note</i>)	31,212,000	3.48%	31,212,000	2.90%
Mr. Wu Shican (<i>note</i>)	24,300,000	2.71%	24,300,000	2.26%
Mr. Lin Qingxiong (<i>note</i>)	<u>100,000</u>	<u>0.01%</u>	<u>100,000</u>	<u>0.01%</u>
Sub total:	481,088,800	53.67%	481,088,800	44.72%
<i>Public Shareholders</i>				
The Placees	—	—	179,280,000	16.67%
Other Shareholders	<u>415,311,200</u>	<u>46.33%</u>	<u>415,311,200</u>	<u>38.61%</u>
Total:	<u>896,400,000</u>	<u>100.00%</u>	<u>1,075,680,000</u>	<u>100.00%</u>

Note: Mr. Ke Mingcai, Mr. Wang Songmao, Mr. Lin Qingxiong, Ms. Wu Haiyan and Mr. Wu Shican are concert party pursuant to the concert party agreement dated 3 March 2016.

TRADING RESUMPTION

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Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

By order of the Board
Da Sen Holdings Group Limited
Ke Mingcai
Chairman and Executive Director

Hong Kong, 23 May 2019

As at the date of this announcement, the executive Directors are Mr. KE Mingcai, Mr. WANG Songmao, Mr. ZHANG Ayang and Mr. WU Shican; and the independent non-executive Directors are Mr. SHAO Wanlei, Mr. LIN Triomphe Zheng and Mr. WANG Yuzhao.