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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)

PROFIT WARNING

This announcement is made by Da Sen Holdings Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated financial information of the Group for the year ended 31 December 2019 (the “**Period**”), the Group is expected to record a gross loss and net loss of not less than RMB28.1 million and RMB59.8 million respectively for the Period, as compared to a gross profit and net profit of approximately RMB55.5 million and RMB19.3 million respectively for the year ended 31 December 2018.

The Board considers that the expected gross loss and net loss for the Period is mainly due to (i) the decrease in the sales prices of the Group’s plywood products in the Period as a result of the Sino-US trade war and economic downturn in the People’s Republic of China (the “**PRC**”); (ii) the significant increase in the purchase costs of poplar plywood cores and wood residue, which are the major raw materials utilised for the Group’s production of plywood products and biomass wood pellets respectively, in the Period due to a number of environmental protection measures being implemented by the Central People’s Government of the PRC resulting in the increased production costs being transferred to the Group by its suppliers; (iii) the loss attributable to the write-off of some of the Group’s inventories of plywood products for the Period due to the damage caused by flooding in July 2019 (details of which were set out in the Company’s voluntary announcement dated 12 August 2019); (iv) the impairment loss of the Group’s property, plant and equipment for the production lines of biomass wood pellets as a result of the declining market of biomass wood pellets during the Period; and (v) the loss on write-down of the Group’s inventories of plywood products to their net realisable values as a result of the decrease in their sales prices during the Period.

The information contained in this announcement is only based on a preliminary assessment performed by the Board with reference to the information currently available to the Board, including the latest version of the Group's unaudited consolidated financial information, and is not based on any data or information which has been audited by the external auditor of the Company. The Company and the external auditor of the Company are in the process of finalising the Group's audited consolidated financial statements for the year ended 31 December 2019 and the audited financial results may be different from what is disclosed in this announcement.

The annual results of the Group for the year ended 31 December 2019 is expected to be published on 31 March 2020 (the “**Annual Results Announcement**”). Shareholders and potential investors are advised to refer to the Annual Results Announcement for more detailed information.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 March 2020

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