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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)

DISCLOSEABLE TRANSACTION
PROVISION OF FINANCIAL ASSISTANCE
AND
PROPOSED TERMINATION OF THE PLEDGE ARRANGEMENT

PROVISION OF FINANCIAL ASSISTANCE

On 10 March 2021, Meisen (Shandong), an indirect wholly-owned subsidiary of the Company, entered into the Pledge Arrangement Agreement with the Borrower, pursuant to which Meisen (Shandong) agreed to pledge its assets as security in favour of the Lender to facilitate the Borrower in obtaining the Loan Facility of an aggregate amount of RMB9,500,000.

On the same day, Meisen (Shandong) entered into the Pledge Agreement with the Lender while the Borrower entered into the Loan Agreement with the Lender to obtain the Loan Facility in the amount of RMB9,500,000 with the Pledged Assets as security in favour of the Lender.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Pledged Assets exceeds 5% but is less than 25%, the pledge of the Pledged Assets constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

References are made to the Company's announcements dated 25 November 2021 and 10 December 2021 in relation to the discovery of the unrecorded pledge of assets.

It has come to the attention of the Directors that on 10 March 2021, Meisen (Shandong), an indirect wholly-owned subsidiary of the Company, entered into the Pledge Arrangement Agreement with the Borrower, pursuant to which Meisen (Shandong) agreed to pledge the Pledged Assets as security in favour of the Lender to facilitate the Borrower in obtaining the Loan Facility of an aggregate amount of

RMB9,500,000. Pursuant to the Pledge Arrangement Agreement, Meisen (Shandong) is entitled to receive a service fee for the pledging of the Pledged Assets, being 1% of the amount of the Loan Facility, upon maturity of the Loan Facility from the Borrower.

On the same day, Meisen (Shandong) entered into the Pledge Agreement with the Lender while the Borrower entered into the Loan Agreement with the Lender to obtain the Loan Facility in the amount of RMB9,500,000 with the Pledged Assets as security in favour of the Lender.

The Loan Agreement

Principal terms of the Loan Agreement are set out below:

Date	:	10 March 2021
Lender	:	The Lender
Borrower	:	The Borrower
Maximum principal amount of the Loan Facility	:	RMB9,500,000
Interest rate	:	8.4% per annum
Maturity date	:	5 March 2022
Pledged Assets	:	A property with an aggregate floor area of approximately 22,827 square meters and land use right of the Group for certain land parcels with an aggregate floor area of approximately 46,077 square meters held by Meisen (Shandong), with a book value of approximately RMB28.18 million and a fair value of approximately RMB17.35 million as at 31 October 2021

INFORMATION OF THE COMPANY AND THE GROUP

The Company is incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the manufacturing and sales of wooden products and leasing activities.

INFORMATION OF THE BORROWER

The Borrower is an independent third party which principally engages in the operations of a distribution centre for agricultural products in the PRC and beneficially owned by Mr. Zhang Huocan.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Borrower and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION OF THE LENDER

The Lender is a branch of Rural Commercial Bank of Shandong Chengwu, a financial institution established in the PRC and is principally engaged in the provision of financial and banking services.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Lender and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR THE ENTERING INTO OF THE PLEDGE ARRANGEMENT AGREEMENT AND THE PLEDGE AGREEMENT

As disclosed in the announcements of the Company dated 25 November 2021 and 10 December 2021, it has come to the attention of the Board that the Pledged Assets have been pledged to the Lender in relation to the Loan Facility provided to the Borrower by the Lender, without the knowledge and prior approval of the Board. Based on the preliminary findings of the Audit Committee, it transpired that the pledge of the Pledged Assets was an attempt by the management of a subsidiary of the Group to obtain financing indirectly from the Lender through the Borrower in order to renew a defaulted bank loan of the same financial institution (i.e. the Lender).

Based on the current information available to the Board, the Borrower has drawn down a total amount of RMB9,500,000 under the Loan Facility for its own use. The entire sum of which had been subsequently provided to another subsidiary of the Company by way of loan between June 2021 and September 2021 before the terms of the renewal of the Meisen (Shandong) defaulted loan was agreed with the Lender.

PROPOSED TERMINATION OF THE PLEDGE ARRANGEMENT

After due and careful review on the findings of the Audit Committee on the Pledged Assets, the Board is of the view that the pledge of Pledged Assets to obtain the Loan Facility is not appropriate and resolved to terminate the Pledge Arrangement Agreement and the Group is currently in negotiation with the Lender in this respect.

Further announcement(s) will be made by the Company in relation to the proposed termination of the Loan Facility as and when appropriate.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Pledged Assets exceeds 5% but is less than 25%, the pledge of the Pledged Assets constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

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

DEFINITIONS

In this announcement, the following expressions have the same meanings:

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Borrower”	荷澤中眾合市場開發有限公司, an Independent Third Party established in the PRC
“Company”	Da Sen Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on Main Board of the Stock Exchange (stock code: 1580)
“Directors”	the directors of the Company
“Group”	the Company, together with its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company or its connected persons
“Lender”	a branch of Rural Commercial Bank of Shandong Chengwu (山東成武農村商業銀行), a PRC bank institution
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender on 10 March 2021 in respect of the Loan Facility

“Loan Facility”	a loan facility in a maximum principal amount of RMB9,500,000 to the Borrower by the Lender pursuant to the Loan Agreement
“Meisen (Shandong)”	Meisen (Shandong) Wood Limited (美森(山東)木業有限公司), a company established in the PRC on 19 April 2004, and is an indirect wholly-owned subsidiary of the Company
“Pledge Agreement”	a pledge agreement entered into between Meisen (Shandong) and the Lender on 10 March 2021 in respect of the Pledged Assets
“Pledge Arrangement Agreement”	a pledge arrangement agreement entered into between Meisen (Shandong) and the Borrower on 10 March 2021
“Pledged Assets”	a property with an aggregate floor area of approximately 22,827 square meters and land use right of the Group for certain land parcels with an aggregate floor area of approximately 46,077 square meters held by Meisen (Shandong)
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board of
Da Sen Holdings Group Limited
WONG Wai Keung Frederick
Executive Director

Hong Kong, 4 January 2022

As at the date of this announcement, the executive Directors are Mr. CHAI Kaw Sing, Mr. SUN Yongtao, Mr. WONG Ben, Mr. WONG Wai Keung Frederick and Mr. ZHANG Ayang (duties suspended); and the independent non-executive Directors are Mr. LO Kam Cheung Patrick, Ms. LO Yuk Yee and Mr. TSO Siu Lun Alan.