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DA YU FINANCIAL HOLDINGS LIMITED

大禹金融控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1073)

## **PROPOSED SHARE PREMIUM REDUCTION**

The Board intends to put forward a proposal to the Shareholders at the AGM to reduce the share premium of the Company in accordance with applicable laws of the Cayman Islands and the articles of association of the Company.

A circular containing, among other things, further details of the Share Premium Reduction together with a notice convening the AGM will be despatched to the Shareholders as soon as practicable.

## **PROPOSED SHARE PREMIUM REDUCTION**

The board of directors (the “Board”) of Da Yu Financial Holdings Limited (the “Company”) intends to put forward a proposal to the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting of the Company (the “AGM”) to reduce the share premium of the Company in accordance with applicable laws of the Cayman Islands and the articles of association of the Company (the “Share Premium Reduction”).

The amount standing to the credit of the share premium account of the Company (the “Share Premium Account”) as at 31 December 2020 was approximately HK\$431,023,000. It is proposed that (i) all amount of approximately HK\$431,023,000 standing to the credit of the Share Premium Account be reduced and cancelled and that approximately HK\$152,200,000 of the credit arising from the Share Premium Reduction be applied to offset the entire amount of the accumulated losses of the Company as at 31 December 2020; and (ii) the remaining balance of approximately HK\$278,823,000 of the credit arising from the Share Premium Reduction be transferred to the retained profit account of the Company.

## **Reasons for the Share Premium Reduction**

As at 31 December 2020, the Company recorded accumulated losses of approximately HK\$152,200,000. The Board is of the view that the Share Premium Reduction will allow the Company to eliminate its accumulated losses, thus enabling the Shareholders and investors of the Company to have a better appreciation of the financial position of the Company and its current businesses. Furthermore, this would also give the Company the flexibility to declare dividends to the Shareholders at the earliest opportunity in the future when the Board considers appropriate. The Board believes that the Share Premium Reduction is in the best interests of the Company and the Shareholders as a whole. At this stage, the Company does not have any present intention to declare any dividends to the Shareholders despite the Share Premium Reduction.

## **Effect of the Share Premium Reduction**

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the shares of the Company or the trading arrangements concerning the shares of the Company. Save for the expenses incurred by the Company in relation to the Share Premium Reduction, the implementation of the Share Premium Reduction will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of the Shareholders as a whole.

## **Conditions of the Share Premium Reduction**

The Share Premium Reduction is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Premium Reduction at the AGM; and
- (ii) compliance with section 34(2) of the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands, the Board being satisfied that on the date on which the Share Premium Reduction shall become effective, subject to the fulfilment of the above condition (i), there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the above conditions, it is expected that the Share Premium Reduction shall become effective on the date of the AGM.

## **General**

A circular containing, among other things, further details of the Share Premium Reduction together with a notice convening the AGM will be despatched to the Shareholders as soon as practicable. No Shareholder is required to abstain from voting on the resolution proposed to consider and approve the Share Premium Reduction.

**Shareholders and potential investors of the Company should note that the Share Premium Reduction is conditional upon satisfaction of the conditions set out in this announcement and may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.**

By Order of the Board  
**DA YU FINANCIAL HOLDINGS LIMITED**  
**Lee Wa Lun, Warren**  
*Managing Director*

Hong Kong, 1 April 2021

*As at the date of this announcement, the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, the Non-Executive Directors are Mr. Li Chi Kong (Chairman) and Mr. Kuo Jen-Hao, and the Independent Non-Executive Directors are Mr. Chan Sze Chung, Mr. Suen Chi Wai and Mr. Sum Wai Kei, Wilfred.*