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K. H. GROUP HOLDINGS LIMITED
劍虹集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1557)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



首盛資本集團

Alpha Financial Group

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 30 November 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis not less than six Placées (as currently expected), who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 80,000,000 Placing Shares at the Placing Price of HK\$0.375 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum of 80,000,000 Placing Shares represent (i) 20% of the existing issued share capital of the Company 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 all the Placing Shares.

The Placing Price of HK\$0.375 per Placing Share represents: (i) a discount of approximately 14.8% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on 30 November 2023, being the date of the Placing Agreement; and (ii) a discount of approximately 1.83% to the average closing price of approximately HK\$0.382 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$30 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$29.6 million. The Company intends to apply the net proceeds from the Placing for seeking other business development opportunities and general working capital.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 30 November 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis currently expected to be not less than six Placées who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 80,000,000 Placing Shares at the Placing Price of HK\$0.375 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 30 November 2023 (after trading hours of the Stock Exchange)

Parties: (i) the Company, as the issuer; and

(ii) Alpha Financial Group Limited, as the Placing Agent.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and their respective ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of (i) HK\$300,000; or (ii) 0.6% of the amount which is equal to the Placing Price multiplied by the total number of the Placing Shares which are successfully placed by the Placing Agent, whichever is higher. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares are currently expected to be placed to not less than six Placees who and whose ultimate beneficial owners will be Independent Third Parties. The Placing Shares shall be offered by the Placing Agent as agent for the Company to the Placees. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder. If the Placing Shares are placed to less than six Placees or if any of the Placees will become a substantial Shareholder after Completion, further announcement will be made by the Company.

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 Date, the maximum of 80,000,000 Placing Shares represent (i) 20% of the existing issued share capital of the Company 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 all the Placing Shares.

The aggregate nominal value of the maximum of 80,000,000 Placing Shares is HK\$800,000.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.375 per Placing Share represents: (i) a discount of approximately 14.8% to the closing price of HK\$0.440 per Share as quoted on the Stock Exchange on 30 November 2023, being the date of the Placing Agreement; and (ii) a discount of approximately 1.83% to the average closing price of approximately HK\$0.382 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the historical and prevailing market prices and the Shares as well as the historical performances and present financial position of the Group. Given the current market conditions and the size of the Placing Shares involved, the Directors consider that the Placing Price is fair and reasonable, on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon:

- (a) the written confirmation issued by the Stock Exchange granting the listing and permission to deal in the Placing Shares and, where such approval is subject to conditions, such conditions are reasonably acceptable to the Company and the Placing Agent, having been obtained and not subsequently revoked prior to completion of the Placing Agreement; and
- (b) no representation, warranty or undertaking under this Agreement having been materially breached by the Company or failure to perform by the Company of the obligations hereunder or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Placing Agreement.

The condition set out in (a) above cannot be waived by the Company or the Placing Agent.

In the event that the above conditions are not fulfilled on or before 31 December 2023 or such later date as may be agreed between the Placing Agent and the Company in writing, all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and none of the parties thereto shall have any claim against the others save for any antecedent breach of any right or obligation under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing will take place within seven Business Days immediately after the fulfillment of the conditions of the Placing, or such other time and/or date as the Company and the Placing Agent may agree in writing.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 80,000,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be fully utilised upon the allotment and issue of all the Placing Shares.

Termination of the Placing Agreement

If any of the following events (the "**Specified Events**") occur at any time at or prior to 9:00 a.m. on the Closing Date, the Placing Agent may terminate the Placing Agreement without liability to the Company, by giving a written notice to the Company:

- (a) in the opinion of the Placing Agent, there shall have been since the date of the Placing Agreement such a change in international financial, political or economic conditions, existing laws, currency exchange rates or exchange controls, as would be likely to materially and adversely affect the Company or its subsidiaries or would prejudice materially the consummation of the Placing or would otherwise make the Placing inadvisable or inexpedient. Under such circumstances, the Placing Agent shall promptly notify the Company, and the parties shall negotiate on the termination arrangement;
- (b) any material breach of any of the representations and warranties by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (c) there is any adverse change in the financial condition of the Company and its subsidiaries as a whole whether or not arising in the ordinary course of business which in the reasonable opinion of the Placing Agent would prejudice materially the consummation of the Placing;

- (d) develops, occurs, or comes into effect the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which, in the reasonable opinion of the Placing Agent, would prejudice materially the consummation of the Placing or would otherwise make the Placing inadvisable or inexpedient; or
- (e) in the opinion of the Company, the Placing Agent has materially breached the terms and conditions of the Placing Agreement or has failed to use reasonable endeavor to procure the places to subscribe for the Placing Shares or has engaged in any other actions that seriously prejudice the interests of the Company.

In the event that the Placing Agreement is terminated in accordance with the terms and conditions thereunder, all obligations of the Company and the Placing Agent shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of foundation and construction services and the leasing of machinery in Hong Kong.

In view of the current market conditions, the Company intends to strengthen its financial position through the Placing, which will enable the Company to broaden its capital base and raise additional funds to facilitate the Group's business operations and seek other business development opportunities. As such, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$30 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$29.6 million, representing a net issue price of approximately HK\$0.370 per Placing Share. The Company plans to use the net proceeds of the Placing for seeking other business development opportunities and general working capital.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the changes in the shareholding structure of the Company as a result of the Placing are as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	Number of Shares	Approx.%	Number of Shares	Approx.%
Blessing Well Enterprise Limited (“Blessing Well”) (Note 1)	300,000,000	75.0%	300,000,000	62.5%
Public Shareholders				
The Placees	—	—	80,000,000	16.7%
Other public Shareholders	100,000,000	25.0%	100,000,000	20.8%
Total (Note 2)	<u>400,000,000</u>	<u>100.0%</u>	<u>480,000,000</u>	<u>100.0%</u>

Notes:

1. Blessing Well is wholly-owned by Sendlink Limited, which is in turn wholly-owned by Mr. Chen Rongsheng.
2. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Closing Date”	within seven Business Days immediately after the fulfillment of the conditions of the Placing, or such other time and/or date as the Company and the Placing Agent may agree in writing
“Company”	K.H. Group Holdings Limited (劍虹集團控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1557)
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	within seven Business Days immediately after the fulfillment of the conditions of the Placing, or such other time and/or date as the Company and the Placing Agent may agree in writing
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 September 2023, pursuant to which a maximum of 80,000,000 new Shares may fall to be allotted and issued as at the date of this announcement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person or company who or which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, not a connected person (as defined in the Listing Rules) of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 80,000,000 new Shares to be allotted and issued pursuant to the terms of the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 30 November 2023 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.375 per Placing Share
“Placing Share(s)”	up to 80,000,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Placing Agent”	Alpha Financial Group Limited (首盛資本集團有限公司), a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on Corporate Finance) regulated activity under the SFO
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)” the holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

By order of the Board
K.H. Group Holdings Limited
Huang Yuan
Chairman and Executive Director

Hong Kong, 30 November 2023

As at the date of this announcement, the Board comprises three Executive Directors, namely, Dr. Huang Yuan (Chairman), Mr. Bu Youjun and Mr. Yang Xuefeng and three Independent Non-executive Directors, namely, Mr. Liu Xin, Mr. Feng Zhidong and Mr. Wang Bo.