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HUISEN GROUP

Huisen Household International Group Limited

匯森家居國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2127)

**SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

SUBSCRIPTION OF NEW SHARES

On 8 February 2024, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 306,908,000 Subscription Shares at the Subscription Price of HK\$0.135 per Share.

The Subscription Shares represent: (a) approximately 9.09% of the existing issued share capital of the Company of 3,376,000,000 Shares as at the date of this announcement; and (b) approximately 8.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).

The gross proceeds from the Subscription are expected to be approximately HK\$41,432,580.00 and the net proceeds, after deduction of the related expenses, will be approximately HK\$40,811,091.30, representing a net Subscription Price of approximately HK\$0.1330 per Subscription Share. The Company will utilise all net proceeds from the Subscription towards the purchase of raw materials such as wood for manufacturing the original design manufacturing (“ODM”) product. It is expected such proceeds will be utilised by end of 2024.

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

Completion is subject to the satisfaction of the conditions to the Subscription as stated below in this announcement and as such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On 8 February 2024, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 306,908,000 Subscription Shares at the Subscription Price of HK\$0.135 per Share.

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date

8 February 2024

Parties

- (1) the Subscriber
- (2) the Company as the issuer

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner is an Independent Third Party.

Subscription

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 306,908,000 Shares at the Subscription Price of HK\$0.135 per Share.

Subscription Shares

The Subscription Shares represent:

- (a) approximately 9.09% of the existing issued share capital of the Company of 3,376,000,000 Shares as at the date of this announcement; and
- (b) approximately 8.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares is HK\$30,690,800 and the market value of the Subscription Shares is approximately HK\$48,798,372 based on the closing price of HK\$0.159 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Subscription Shares including all dividends declared or payable or distribution made or proposed on or after Completion.

Subscription Price

The Subscription Price is HK\$0.135 per Share and represents:

- (a) a discount of approximately 15.09% to the closing price of HK\$0.159 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (b) a discount of approximately 19.55% to HK\$0.1678, being the average closing price as quoted on the Stock Exchange for the five consecutive trading days of Shares immediately prior to the date of the Subscription Agreement.

The aggregate net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$40,811,091.30. The cash consideration of approximately HK\$41,432,580.00 under the Subscription Agreement will be payable in full by the Subscriber on the date of Completion. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the trading prices of the Shares and the funding needs, financial position and prospects of the Company. The Directors consider that the Subscription Price is fair and reasonable in light of the prevailing market conditions, the recent price performance and liquidity of the Shares.

Conditions

Completion of the Subscription under the Subscription Agreement is conditional upon the following conditions having been satisfied:

- (i) the Board having approved such Subscription Agreement and the transactions contemplated thereunder in accordance with the articles of association of the Company and the Listing Rules;
- (ii) each of the representations and warranties given by the Company and the Subscriber as contained in the Subscription Agreement remaining true, complete and accurate and not misleading at the date of the Subscription Agreement and at Completion; and
- (iii) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Shares, and such approval and granting of permission not having been withdrawn or revoked.

None of the conditions stated above may be waived. In the event that the conditions are not fulfilled within 3 months from the date of the Subscription Agreement (or such later date as may be agreed by the Company and the Subscriber in writing), the Subscription Agreement and everything therein contained shall be null and void and of no effect immediately, and neither the Company and the Subscriber shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Subscription Agreement (save in respect of any antecedent breach of any obligation under the Subscription Agreement).

Completion

The Completion of the Subscription is expected to take place on the date specified by the Company by written notice to the Subscriber after fulfilment of all the above conditions, which shall not be later than the 30 days after the last condition having been satisfied (the “**Completion Date**”). If either party to the Subscription Agreement fails to fulfill the obligations by the Completion Date, the non-breaching party may (i) postpone the Completion Date for a subsequent date which is not later than 28 days after; or (ii) terminate the Subscription Agreement without affecting the rights and obligations of the parties under the Subscription Agreement already accrued as at the date of termination.

GENERAL MANDATE

Pursuant to a general mandate granted by the Shareholders at the annual general meeting of the Company held on 16 June 2023, the Directors may exercise all powers of the Company to allot, issue or deal with additional Shares of not exceeding 20% of the total number of 3,069,000,000 Shares, being the issued share capital of the Company as at the date of that annual general meeting. Pursuant to the general mandate, the total number of new Shares that the Company has been authorised to issue is 613,818,000 Shares. As at the date of this announcement, 306,910,000 Shares have been allotted and issued pursuant to such general mandate and with 306,908,000 Shares as remaining general mandate limit. Accordingly, such general mandate is sufficient for the issue of the Subscription Shares and therefore the issue of the Subscription Shares is not subject to separate Shareholders' approval. The issue of the Subscription Shares will utilize approximately 50% of such general mandate.

APPLICATION FOR LISTING

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

EQUITY FUND-RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

The Company has conducted the following equity fund raising activities in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising activities	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
1 February 2024	Placing of 306,910,000 new Shares under general mandate to only one Subscriber, which was completed on 1 February 2024.	Approximately HK\$39.3 million	All net proceeds from the Placing towards the purchase of raw materials such as wood for manufacturing the ODM product. It is expected such proceeds will be utilised by end of 2024.	The unutilised proceeds of approximately HK\$39.3 million will be used as originally planned in 2024.

Save as disclosed above, the Company has not carried out any other equity fund raising activities in the past 12 months immediately before the date of this announcement.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Directors consider that the issue of the Subscription Shares represents an opportunity to raise additional funds for the purchase of raw materials such as wood for manufacturing the ODM product. The Directors believe that Subscription reflects the confidence from the Subscriber towards the long-term and sustainable development of the Company. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from the Subscription are expected to be approximately HK\$41,432,580.00 and the net proceeds, after deduction of the related expenses, will be approximately HK\$40,811,091.30, representing a net Subscription Price of approximately HK\$0.1330 per Subscription Share.

The Company will utilise all net proceeds from the Subscription towards the purchase of raw materials such as wood for manufacturing the ODM product. It is expected such proceeds will be utilised by end of 2024.

INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability. The principal businesses of the Group are manufacturing and selling of panel-type furniture, upholstered furniture, sport-type furniture and customised furniture. The furniture products of the Group were mainly sold in wholesale to the markets such as the United States and including direct sales through overseas retail chain stores or sales through furniture traders.

INFORMATION OF THE SUBSCRIBER

The Subscriber, a company incorporated in Singapore with limited liability is wholly-owned by Mr. Kwok Hong Yiew (“**Mr. Kwok**”), who is an individual investor. The brother of Mr. Kwok and Ms. Goh Siok Teng, the ultimate beneficial owner of Yggies World Pte. Ltd. (the placee of 306,910,000 Shares dated 1 February 2024), are husband and wife.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 3,376,000,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately upon the Completion, assuming there is no change in the issued share capital of the Company and in the shareholding structure of the Company (other than the issue of the Subscription Shares) between the date of this announcement and Completion of the Subscription:

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares held</i>	<i>%</i>	<i>Number of Shares held</i>	<i>%</i>
Pure Cypress Limited ("Pure Cypress") (Note 1)	2,045,750,000	60.60	2,045,750,000	55.55
The Subscriber				
Kwok Properties Pte. Ltd. ("Kwok Properties") (Note 2)	–	–	306,908,000	8.33
Public				
Other Public Shareholders	1,330,250,000	39.40	1,330,250,000	36.12
Total	3,376,000,000	100.00	3,682,908,000	100.00

Note 1: The issued shares of Pure Cypress are wholly-owned by Mr. Zeng Ming as the executive director of the Company.

Note 2: The issued shares of Kwok Properties are wholly-owned by Mr. Kwok.

Completion is subject to the satisfaction of the conditions to the Subscription as stated above in this announcement and as such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Board”	the board of Directors;
“Company”	Huisen Household International Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2127);
“Completion”	the completion of the Subscription in accordance with the Subscription Agreement;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules;
“Listing Committee”	the Listing sub-committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement, Hong Kong, the Special Administrative Regions of Macao and the territory of Taiwan;

“Shares”	ordinary shares of the Company with a nominal value of HK\$0.1 each;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
”Subscriber”	Kwok Properties Pte. Ltd., a limited liability company incorporated in Singapore which is wholly owned by Mr. Kwok Hong Yiew, who is an individual investor;
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 8 February 2024 entered into between the Company and the Subscriber for Subscription;
“Subscription Price”	HK\$0.135 per Subscription Share; and
“Subscription Shares”	the 306,908,000 new Shares to be issued by the Company to the Subscriber under the Subscription Agreement.

By order of the Board
Huisen Household International Group Limited
Zeng Ming
Chairman

Hong Kong, 8 February 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zeng Ming, Ms. Zeng Minglan and Mr. Wu Runlu; and the independent non-executive directors of the Company are Mr. Suen To Wai, Ms. Zhang Lingling and Mr. Feng Zhaowei.