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HUISEN GROUP

Huisen Shares Group Limited

匯森股份集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2127)

ISSUE OF SHARES UNDER GENERAL MANDATE FOR DEBT CAPITALISATION

On 19 May 2025 (after trading hours of the Stock Exchange), the Company and the Subsidiary entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue an aggregate of 146,000,000 Subscription Shares at the Subscription Price of HK\$0.027 per Subscription Share to the Subscriber, which shall be satisfied by way of offsetting the Outstanding Fee which amounted to RMB3,650,000 (equivalent to approximately HK\$3,942,000) in aggregate as at the date of the Subscription Agreement. Upon Completion, the Outstanding Fee shall be deemed to have been fully settled, and any interest accrued under the Outstanding Fee from the date of the Subscription Agreement to the Completion Date (if any) will be waived by the Subscriber.

The Subscription Shares represent approximately 3.96% of the existing number of issued Shares as at the date of this announcement and approximately 3.81% of the enlarged number of issued Shares of 3,828,908,000 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

The Subscription Shares to be allotted and issued to the Subscriber will be allotted and issued under the General Mandate obtained at the AGM. Completion is conditional upon, among other things, the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares.

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approximately HK\$3,942,000) as at the date of the Subscription Agreement. Upon Completion, the Outstanding Fee shall be deemed to have been fully settled, and any interest accrued under the Outstanding Fee from the date of the Subscription Agreement to the Completion Date (if any) will be waived by the Subscriber.

DETAILS OF THE OUTSTANDING FEES

As at the date of this announcement, the Outstanding Fee amounted to RMB3,650,000 (equivalent to approximately HK\$3,942,000), representing the total fee payable by the Subsidiary to the Subscriber pursuant to the Engagement Letter. Pursuant to the Engagement Letter, the Subscriber had been engaged as a corporate consultant of the Company, providing continuous consultancy services to the Group on various aspects including business strategic planning, public relation, internal team-building and investor relation management.

THE SUBSCRIPTION AGREEMENT

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

Date

19 May 2025 (after trading hours of the Stock Exchange)

Parties

- (1) The Company (as the issuer)
- (2) The Subsidiary
- (3) The Subscriber (as the subscriber)

Number of Subscription Shares

The Subscription Shares represent approximately 3.96% of the existing number of issued Shares as at the date of this announcement and approximately 3.81% of the enlarged number of issued Shares of 3,828,908,000 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

Based on the closing price of the Shares of HK\$0.027 per Share on the Last Trading Day, the Subscription Shares have a market value of HK\$3,942,000 and an aggregate nominal value of approximately HK\$394,200.00.

Subscription Price

The Subscription Price is HK\$0.027 per Subscription Share, and the aggregate Subscription Price of all Subscription Shares of approximately HK\$146,000,000 payable by the Subscriber shall be satisfied by way of offsetting the Outstanding Fee (payable by the Subsidiary to the Subscriber) which amounted to RMB3,650,000 (equivalent to approximately HK\$3,942,000) as at the date of the Subscription Agreement.

The Subscription Price represents:

- (i) a premium of approximately 22.7% to the closing price of HK\$0.022 per Share as quoted on the Stock Exchange on 19 May 2025, the date of the Subscription Agreement;
- (ii) a premium of approximately 3.1% to the average closing price of HK\$0.0262 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and

- (iii) a premium of approximately 9.3% to the average closing price of HK\$0.0247 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The net Subscription Price (after deduction of all professional fees and related expenses) is estimated to be approximately HK\$0.0267 per Subscription Share. The professional fees and related expenses for the Subscription, which amount to approximately HK\$50,000 (representing approximately 1.37% of the aggregate Subscription Price), will be settled by the Company in cash.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares.

Ranking of the Subscription Shares

The Subscription Shares when allotted and issued, shall 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 the Completion Date.

GENERAL MANDATE

The Subscription 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 736,581,600 Shares. As at the date of this announcement, the Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of all the Subscription Shares. As such, the issue of the Subscription Shares is not subject to Shareholders' approval.

Conditions Precedent

Completion under the Subscription Agreement is conditional upon the following conditions being fulfilled or waived (if applicable):

- (A) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and such approval and permission having not subsequently been revoked prior to the commencement of dealings in the Subscription Shares on the Stock Exchange; and
- (B) all necessary consents and approvals required to be obtained on the part of the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained.

None of the conditions set out above may be waived by the Company or the Subscriber. If the conditions set out above are not fulfilled on or before the Long Stop Date, the Subscription Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise, except that such termination shall not affect the then accrued rights and obligations of the parties.

Completion

Completion will take place on the second Business Day after the date on which the last condition set out above has been fulfilled or such other date as the parties may agree in writing.

Upon Completion, the Company will allot and issue 146,000,000 Subscription Shares to the Subscriber pursuant to Subscription Agreement and the Subscriber will settle the Subscription Price by way of offsetting the Outstanding Fee as at the date of the Subscription Agreement. As such, upon Completion, the Outstanding Fee shall be deemed to have been fully settled and any interest accrued under the Outstanding Fee from the date of the Subscription Agreement to the Completion Date (if any) will be waived by the Subscriber whereby the Company and the Subsidiary will be discharged and released from the payment obligations pursuant to the Engagement Letter.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

Application(s) will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

INFORMATION ON THE PARTIES

The Group

The Company is 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). The Company is an investment holding company and the Group is principally engaged in manufacturing and selling of panel-type furniture, hardware furniture and furniture ornaments. The Subsidiary is a wholly-owned subsidiary of the Company.

The Subscriber

As at the date of this announcement, the Subscriber is a limited company incorporated in the PRC. The principal business of the Subscriber is the provision of corporate consultancy services. As at the date of this announcement, the Subscriber is owned as to 95% by Mr. Lau Ming Yang (劉明揚先生), a PRC resident, and 5% by Ms. Xue Hui Xin (薛惠心女士), a PRC resident.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, as at the date of this announcement, each of the Subscriber and its ultimate beneficial owners is an Independent Third Party.

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, as at the date of this announcement, the Subscriber is not interested in any Shares. Upon Completion, the Subscriber will not become a substantial shareholder as defined in the Listing Rules.

REASONS FOR AND BENEFITS OF THE DEBT CAPITALISATION

Pursuant to the Subscription Agreement, the Subscription Price payable by the Subscriber shall be satisfied by way of offsetting the Outstanding Fee under the Engagement Letter (payable by the Subsidiary to the Subscriber) as at the date of the Subscription Agreement which amounted to RMB3,650,000 (equivalent to approximately HK\$3,942,000). Upon Completion, the Outstanding Fee shall be deemed to have been fully settled and any interest accrued under the Outstanding Fee from the date of the Subscription Agreement to the Completion Date (if any) will be waived by the Subscriber.

The Subscriber has been engaged as a corporate consultant of the Company, providing continuous consultancy services to the Group on various aspects including business strategic planning, public relation, internal team-building and investor relation management, and has accumulated certain amount of Outstanding Fee payable by the Subsidiary. Considering the Group's operating expenditures and the expected cash level to be maintained in the

foreseeable future, and in order to reduce the Group’s burden of cash payments in near future, the Directors consider that it is beneficial to the Group to settle the Outstanding Fee by the issued Subscription Shares. The Debt Capitalisation in effect allows the Group to settle the Outstanding Fee without deploying its cash reserves and provide more flexibility to the Company’s working capital management. Furthermore, the Directors are of the view that the settlement of the Outstanding Fee by way of the Subscription would not result in cash outflow of the Company while reducing the indebtedness of the Company.

In view of the above, the Directors consider that the Debt Capitalisation, the terms of the Subscription Agreement and the Subscription Price are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

As the Subscription Price will be satisfied by way of offsetting the Outstanding Fee owed by the Subsidiary to the Subscriber, there will be no remaining net proceeds from the allotment and issue of the Subscription Shares available to be utilised by the Company.

FUND RAISING ACTIVITY BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion of the Debt Capitalisation, assuming that there is no change in the total number of issued Shares from the date of this announcement to the Completion Date, save for the proposed allotment and issue of Subscription Shares:

	As at the date of this announcement		Immediately after the completion of the Debt Capitalisation	
	<i>Number of Shares</i>	<i>Shareholding %</i>	<i>Number of Shares</i>	<i>Shareholding %</i>
Public Shareholders				
Goh Siok Teng	306,910,000	8.33	306,910,000	8.02
Kwok Hong Yiew	306,908,000	8.33	306,908,000	8.02
So Kai Sing	200,000,000	5.43	200,000,000	5.22
Ruan Wei	184,790,000	5.02	184,790,000	4.83
The Subscriber	-	-	146,000,000	3.81
Other public Shareholders	<u>2,684,300,000</u>	<u>72.84</u>	<u>2,684,300,000</u>	<u>70.0</u>
Total	<u>3,682,908,000</u>	<u>100.00</u>	<u>3,828,908,000</u>	<u>100.00</u>

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“AGM”	the annual general meeting of the Company held on 31 May 2024
“associate(s)”	has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays) on which banks are generally open for normal banking business in Hong Kong
“Company”	Huisen Household International Group Limited (匯森家居國際集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription Shares
“Completion Date”	the second Business day after the date on which the last condition set out in the paragraph headed “THE SUBSCRIPTION AGREEMENT – Conditions Precedent” has been fulfilled, or such other date as the parties may agree in writing
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meanings as ascribed thereto under the Listing Rules
“Debt Capitalisation”	conversion of the indebtedness in respect of the Outstanding Fee into the share capital of the Company in payment of, by way of setting off, the Subscription Price for the Subscription Shares credited as fully paid to the Subscriber in full and final settlement of the Outstanding Fee due to the Subscriber
“Director(s)”	the director(s) of the Company
“Engagement Letter”	the engagement letter dated 31 July 2023 entered into between the Subsidiary and the Subscriber
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 736,581,600 Shares, being 20% of the then issued share capital of the Company on 31 May 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules

“Last Trading Day”	16 May 2025, being the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2025, or such other respective date(s) as the parties to the Subscription Agreement may agree in writing
“Outstanding Fee”	RMB3,650,000 (equivalent to approximately HK\$3,942,000), being the amount of outstanding fee payable by the Subsidiary to the Subscriber
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of nominal value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Shou Xiang Consultancy Services (Shenzhen) Company Limited* (首向咨询服务(深圳)有限公司), a limited company incorporated in the PRC providing corporate consultancy services, a then service provider of the Company and an Independent Third Party
“Subscription(s)”	the subscription of the Subscription Shares by the Subscriber in accordance with the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 19 May 2025 entered into between the Company, the Subsidiary and the Subscriber in relation to the Debt Capitalisation and the Subscription of 146,000,000 Shares by the Subscriber
“Subscription Price”	HK\$0.027 per Subscription Share
“Subscription Shares”	an aggregate of 146,000,000 new Shares to be allotted and issued by the Company pursuant to the Subscription Agreement
“Subsidiary”	Huisen Holding Investment (Ganzhou) Co., Limited* (匯森控股投資(贛州)有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Takeovers Code”	the Hong Kong Codes on Takeovers and Share

Buy-backs issued by the SFC

“%”

per cent

** For identification purpose only*

Completion of the allotment and issue of the Subscription Shares is conditional upon the fulfilment or waiver (if applicable) of the conditions precedent set out under the paragraph headed “THE SUBSCRIPTION AGREEMENT – Conditions Precedent” above in this announcement, which may or may not be fulfilled or waived (if applicable). Accordingly, the allotment and issue of the Subscription Shares may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Huisen Shares Group Limited
Wu Runlu
Chairman

Hong Kong, 19 May 2025

As at the date of this announcement, the Board comprises Mr. Wu Runlu and Ms. Zeng Minglan as executive directors, and Mr. Liu Jiong and Mr. Feng Zhaowei as independent non-executive directors.

For the purpose of this announcement, unless otherwise specified, the conversion of RMB into HK\$ is based on the approximate exchange rate from RMB1.00 to HK\$1.08. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.