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JIA

Jia Group Holdings Limited

佳民集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8519)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 7 September 2020 (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 agreed, as the placing agent of the Company, to place up to 171,910,000 Placing Shares, on a best effort basis, to not less than six Placees who and whose ultimate beneficial owner(s) are Independent Third Parties at the Placing Price of HK\$0.08 per Placing Share on the terms and conditions provided in the Placing Agreement.

The maximum number of Placing Shares represents approximately 19.99% of the existing issued share capital of the Company; and approximately 16.66% of the issued share capital of the Company as enlarged by the issue of all the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares). The Placing Shares will be issued under the General Mandate.

It is expected that the maximum gross proceeds and net proceeds of the Placing will be approximately HK\$13.8 million and approximately HK\$13.2 million, respectively. The net proceeds are intended to be applied for (i) developing the cloud kitchen business of the Group; (ii) upgrading the sales channels of the Group, including “JIA Everywhere”, the online/offline delivery platform of the Group; (iii) investing in potential PRC or overseas food and beverage related investment opportunities; (iv) developing new catering outlets of the Group and for brand management; and (v) loan repayment.

Completion of the Placing pursuant to the Placing Agreement is conditional upon, amongst others, the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Placing Shares.

As the Placing Shares are to be issued by the Company pursuant to the General Mandate, no separate Shareholders’ approval is required for the Placing under the GEM Listing Rules and no general meeting of the Company will be convened for such purpose.

WARNING OF THE RISK OF DEALING IN THE SHARES

Since the Placing is subject to the conditions precedent set forth in the Placing Agreement, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

7 September 2020

Parties

- (1) The Company, as the issuer; and
- (2) The Placing Agent.

Pursuant to the Placing Agreement, the Placing Agent has agreed, as the placing agent of the Company, to place up to 171,910,000 Placing Shares, on a best effort basis, to not less than six Placees who and whose ultimate beneficial owner(s) are Independent Third Parties at the Placing Price of HK\$0.08 per Placing Share on the terms and conditions provided in the Placing Agreement.

Placing Agent

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Independence of the Placees

It is expected that the Placing Shares will be placed by the Placing Agent to not less than six professional, institutional and/or individual investors who, together with their respective ultimate beneficial owners, are Independent Third Parties. It is not expected that any of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing.

Number of Placing Shares

The maximum number of Placing Shares is 171,910,000 Shares, representing approximately 19.99% of the issued share capital of the Company as at the date of this announcement; and approximately 16.66% of the issued share capital of the Company as enlarged by the issue of all the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the issue of the Placing Shares). The aggregate nominal value of the maximum number of Placing Shares is HK\$1,719,100.

Placing Price

The Placing Price of HK\$0.08 represents:

- (i) a discount of approximately 15.79% to the closing price of HK\$0.095 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.01% to the average closing price of approximately HK\$0.0964 per Share as quoted on the Stock Exchange for the last five (5) trading days prior to and including the Last Trading Day; and

- (iii) a discount of approximately 15.52% to the average closing price of approximately HK\$0.0947 per Share as quoted on the Stock Exchange for the last ten (10) trading days prior to and including the Last Trading Day.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent by reference to the market condition and the recent closing prices per Share.

The net Placing Price after deduction of related costs and expenses is approximately HK\$0.077 per Placing Share.

Placing Commission

The Placing Agent will receive a placing commission of 2.5% of the aggregate of the Placing Price of the Placing Shares which are successfully placed by the Placing Agent. The commission rate was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to prevailing market rates.

Ranking of the Placing Shares

The Placing Shares will rank pari passu in all respects with the other issued Shares of the same class as at the date of allotment and issue of the Placing Shares.

Conditions precedent of the Placing

Completion of the Placing is conditional upon the following conditions being fulfilled:

- (i) the Stock Exchange shall have granted or agreed to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the Company obtaining all necessary consents and approvals (if any) in respect of the transactions contemplated under the Placing Agreement, including the passing by the Board of resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder, if applicable.

None of the above conditions can be waived by the Company or the Placing Agent. In the event that the above conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement and all rights and obligations thereunder will cease and lapse and neither of the Company or the Placing Agent will have any claim against another for costs, damages, compensation or otherwise except for antecedent breach of provisions of the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place on the Closing Date or such other date as the Company and the Placing Agent may agree in writing provided that the conditions above have been fulfilled at the time of the completion.

Terminating Events

The Placing Agent may terminate the Placing Agreement if at any time prior to the Closing Date the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:

- (i) any material breach of any of the representations, warranties or undertakings set out in the Placing Agreement;
- (ii) any suspension in dealings in or the listing of the Shares on GEM of the Stock Exchange for a period of more than five consecutive trading days (other than in connection with the Placing and any announcement of the Company);
- (iii) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof;
- (iv) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions;
- (v) 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;
- (vi) a significant change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, British Virgin Islands or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group; or
- (vii) any significant change or deterioration in the conditions of local, national or international securities markets,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company.

Undertakings from the Company

The Company has undertaken to the Placing Agent under the Placing Agreement that during the period from the date of the Placing Agreement up to the Closing Date or the Long Stop Date (whichever is earlier), the Company shall not (i) issue, or agree to issue, any share or loan capital or grant, or agree to grant, any option (other than under the existing share option scheme adopted by the Company in compliance with Chapter 23 of the GEM Listing Rules and any convertible bonds issued by the Company before the date of the Placing Agreement) over or right to acquire or to subscribe for any share or loan capital of the Company; and (ii) amend the memorandum and articles of association or bye-laws of any member of the Group save for the amendments in compliance with the applicable laws and/or the requirement of the GEM Listing Rules.

General Mandate

The Placing Shares will be issued under the General Mandate, which was granted by the Shareholders to the Directors at the annual general meeting of the Company held on 26 May 2020. Pursuant to the General Mandate, the Directors were granted the authority to allot, issue or otherwise deal with up to 172,000,000 Shares, representing 20% of the issued share capital of the Company as at 26 May 2020. Up to the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. Accordingly, no separate Shareholders' approval is required for the Placing under the GEM Listing Rules and no general meeting of the Company will be convened for such purpose.

Application for Listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING

The Company is an investment holding company and its subsidiaries are principally engaged in operating restaurants and providing membership services for the Group's restaurants in Hong Kong.

The Placing is conducted for the purpose of raising capital for the development and furtherance of the Group's businesses whilst seeking appropriate external investors to broaden the shareholder base and capital base of the Company and finance the Company's development and expansion. The Board is of the view that the terms of the Placing Agreement, including the Placing Price, are fair and reasonable and believes that the Placing is in the best interest of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Placing are estimated to be approximately HK\$13.2 million, net of professional fees and out-of-pocket expenses. The Company intends to use the net proceeds from the Placing as follows:

- (i) approximately HK\$4.5 million (representing approximately 34.1% of the net proceeds) for developing the cloud kitchen business and upgrading the sales channels of the Group, including "JIA Everywhere", the online/offline delivery platform of the Group;
- (ii) approximately HK\$2.5 million (representing approximately 18.9% of the net proceeds) for investing in potential PRC or overseas food and beverage related investment opportunities;
- (iii) approximately HK\$1.2 million (representing approximately 9.1% of the net proceeds) for developing new catering outlets of the Group and for brand management; and
- (iv) approximately HK\$5.0 million (representing approximately 37.9% of the net proceeds) for loan repayment to improve the Company's financial health.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company immediately upon completion of the Placing:

	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
Giant Mind <i>(Note 1)</i>	409,670,000	47.64	409,670,000	39.70
Ms. Wong	66,816,000	7.77	66,816,000	6.47
The Placees <i>(Note 2)</i>	–	–	171,910,000	16.66
Other Shareholders	383,514,000	44.59	383,514,000	37.17
Total	860,000,000	100	1,031,910,000	100

Notes:

- (1) As at the date of this announcement, Giant Mind is wholly-owned by Ms. Wong, the Chairperson, an executive Director and a Controlling Shareholder.
- (2) It is not expected that any such Placee will become a substantial shareholder of the Company immediately after completion of the Placing.
- (3) The above table does not take into account any Shares that may be issued pursuant to the exercise of any options granted under any existing share option scheme of the Company during the relevant period.

WARNING OF THE RISK OF DEALING IN THE SHARES

Since the Placing is subject to the conditions precedent set forth in the Placing Agreement, the Placing may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITION

“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business
“Closing Date”	a Business Day as soon as practicable following the satisfaction of the conditions precedent under the Placing Agreement and in any event not later than the third Business Day immediately following the satisfaction of the conditions precedent (unless the Company and the Placing Agent agree in writing to extend such date)
“Company”	Jia Group Holdings Limited, an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM of the Stock Exchange (stock code: 8519)
“connected person”	has the meaning as defined in the GEM Listing Rules
“Controlling Shareholder”	has the meaning as defined in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on 26 May 2020, by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 26 May 2020
“Giant Mind”	Giant Mind International Limited, a company incorporated in the British Virgin Islands with limited liability on 15 June 2015 and wholly-owned by Ms. Wong; a Controlling Shareholder
“Group”	collectively, the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	party who is independent of, and not connected with, the Company and any of its connected persons
“Last Trading Day”	4 September 2020, being the last trading day for the Shares prior to the signing of the Placing Agreement
“Long Stop Date”	24 September 2020 (or such other time and date as the Placing Agent and the Company shall agree in writing)
“Ms. Wong”	Ms. Wong Pui Yain, the Chairperson, an executive Director and a Controlling Shareholder
“Placee”	any professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Emperio Securities and Assets Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance
“Placing Agreement”	the placing agreement dated 7 September 2020 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.08 per Placing Share
“Placing Shares”	up to a total of 171,910,000 Shares to be placed pursuant to the terms of the Placing Agreement and subject to the conditions set out in the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 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
“substantial shareholder”	has the meaning as defined in the GEM Listing Rules

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
Jia Group Holdings Limited
Wong Pui Yain
Chairperson and Executive Director

Hong Kong, 7 September 2020

As at the date of this announcement, the Board comprises Ms. Wong Pui Yain and Ms. Wan Suet Yee Cherry as executive Directors; Mr. Leung Yuk Lun Ulric, Mr. Devin Nijanthan Chanmugam and Mr. Wee Keng Hiong Tony as independent non-executive Directors.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website (www.jiagroup.co).