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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
Innovax Capital Limited**



On 25 May 2021 (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 148,200,000 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\$0.135 per Placing Share on the terms and conditions provided in the Placing Agreement.

The maximum number of Placing Shares represents approximately 14.36% of the existing issued share capital of the Company; and approximately 12.56% 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\$20.0 million and approximately HK\$19.3 million, respectively. The net proceeds are intended to be applied for (i) expanding the specialty coffee business; (ii) developing casual dining business; and (iii) investing in PRC and overseas food tech investment opportunities.

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

25 May 2021

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 148,200,000 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\$0.135 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 148,200,000 Shares, representing approximately 14.36% of the issued share capital of the Company as at the date of this announcement; and approximately 12.56% 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\$1,482,000.

Placing Price

The Placing Price of HK\$0.135 represents:

- (i) a discount of approximately 9.40% to the closing price of HK\$0.149 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a discount of approximately 10.71% to the average closing price of approximately HK\$0.1512 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Placing Agreement; and

- (iii) a discount of approximately 11.01% to the average closing price of approximately HK\$0.1517 per Share as quoted on the Stock Exchange for the last ten (10) trading days prior to the date of the Placing Agreement.

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

The net Placing Price after deduction of related costs and expenses is approximately HK\$0.1302 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 having granted (either unconditionally or subject only to conditions to which the Company does not reasonably object) the approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) if required under the applicable laws of the Cayman Islands, the relevant regulatory authority or companies registry approving the issue of the Placing Shares; and
- (iii) the Placing Agent having successfully procured the Placees to subscribe the Placing Shares during the Placing Period.

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 end of the Placing Period (or such other date as the Company and the Placing Agent may agree in writing), 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 Completion 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 shall have the right to terminate (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), the Placing Agreement by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date if any of the following occurs:

- (i) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect; or any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the announcement in relation to the Placing, constitute a material omission therefrom; or any of the representations and warranties of the Company contained herein becomes untrue or incorrect in any material respect.
- (ii) there develops, occurs or comes into effect:
 - (a) any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof), including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong) and which in the reasonable opinion of the Placing Agent would materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or would materially prejudice the success of the Placing;
 - (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent is or may be materially adverse to the business or financial position or prospects of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
 - (c) the instigation of any litigation or claim of material importance by any third party against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing;

and that the right to terminate the Placing Agreement under paragraphs (i) to (ii) above shall be a separate and independent right and that the exercise of any such right by the Placing Agent shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Placing Agent may have as at the date of such notice nor shall termination of the Placing Agreement affect or prejudice any provision hereof expressed to survive or operate in the event of termination of the Placing Agreement.

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 Completion Date or the end of the Placing Period (whichever is earlier), the Company shall not (i) issue or grant any share options (other than under the existing share option scheme adopted by the Company in compliance with Chapter 23 of the GEM Listing Rules) or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than Shares which may fall to be allotted and issued upon exercise of existing contractual rights and in respect of which the grant of listing of and permission to deal in such Shares having been obtained).

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 24 May 2021. Pursuant to the General Mandate, the Directors were granted the authority to allot, issue or otherwise deal with up to 206,382,000 Shares, representing 20% of the issued share capital of the Company as at 24 May 2021. 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\$19.3 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\$10.0 million (representing approximately 51.8% of the net proceeds) for expanding the specialty coffee business;
- (ii) approximately HK\$5.8 million (representing approximately 30% of the net proceeds) for developing casual dining business; and
- (iii) approximately HK\$3.5 million (representing approximately 18.2% of the net proceeds) for investing in PRC and overseas food tech investment opportunities.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as the disclosed below, the Company has not conducted in any equity fund raising activity in the past 12 months immediately preceding the date of this announcement:

| Date of announcements | Fund raising activity | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the date of this announcement | Unused total net proceeds as at the date of this announcement |
|--|-----------------------|--------------------------------|--|--|---|
| 7 September 2020 and 24 September 2020 | Placing of new Shares | approximately HK\$13.2 million | (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; | HK\$0.9 million | HK\$3.6 million |
| | | | (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; | HK\$2.5 million | – |
| | | | (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 | HK\$1.2 million | – |
| | | | (iv) approximately HK\$5.0 million (representing approximately 37.9% of the net proceeds) for loan repayment to improve the Company’s financial health. | HK\$5.0 million | – |

The Company will continue to use the unused net proceeds from the aforementioned placing towards the aforementioned purpose.

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 | 39.70 | 409,670,000 | 34.71 |
| Ms. Wong | 76,506,000 | 7.41 | 76,506,000 | 6.48 |
| The Placees <i>(Note 2)</i> | — | — | 148,200,000 | 12.56 |
| Other Shareholders | 545,734,000 | 52.89 | 545,734,000 | 46.25 |
| Total | <u>1,031,910,000</u> | <u>100</u> | <u>1,180,110,000</u> | <u>100</u> |

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 |
| “Completion 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 fifth 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 24 May 2021, by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 24 May 2021 |
| “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 |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “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 |
| “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” | Innovax Capital Limited, a licensed corporation under the SFO permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO) |

| | |
|---------------------------|---|
| “Placing Agreement” | the placing agreement dated 25 May 2021 and entered into between the Company and the Placing Agent in relation to the Placing |
| “Placing Period” | the period commencing from the date of the Placing Agreement and terminating at 5:00 p.m. on 16 June 2021 (or such other time and date as the Company and the Placing Agent may agree in writing) |
| “Placing Price” | HK\$0.135 per Placing Share |
| “Placing Shares” | up to a total of 148,200,000 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 |
| “%” | per cent. |

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

Hong Kong, 25 May 2021

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).