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**JIMU GROUP LIMITED**

**積木集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8187)**

**(I) TERMINATION OF SUBSCRIPTION AGREEMENT;  
(II) SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE;  
AND  
(III) CLARIFICATION ON SHAREHOLDING STRUCTURE  
OF THE COMPANY**

**TERMINATION OF SUBSCRIPTION AGREEMENT**

Reference is made to the announcement of Jimu Group Limited (the “**Company**”) dated 14 November 2021 in relation to the subscription for the Convertible Bonds under Specific Mandate.

After further discussion between the Company and Subscriber, both parties agreed to terminate the Subscription Agreement and to enter into the Share Subscription Agreement instead. As such, on 18 November 2021, the Company and the Subscriber entered into a termination agreement to terminate the Subscription Agreement with immediate effect.

**SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE**

On 18 November 2021, the Company and the Subscriber entered into the Share Subscription Agreement under which the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe, 25,080,000 new Shares at the Subscription Price of HK\$0.544 per Share.

The gross proceeds and the net proceeds (after deducting the relevant expenses of the Subscription) from the Subscription are approximately HK\$13,643,520 and HK\$13,243,520, respectively.

Assuming that, save for the Subscription, there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the total number of Subscription Shares represent 5.0% of the existing issued share capital of the Company and approximately 4.8% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued under the General Mandate.

**Shareholders and potential investors should note that Completion is subject to the fulfillment of the condition under the Agreement. The Subscription may or may not complete. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the shares or other securities of the Company.**

## **TERMINATION OF SUBSCRIPTION AGREEMENT**

Reference is made to the announcement of Jimu Group Limited (the “**Company**”) dated 14 November 2021 in relation to the subscription for the Convertible Bonds under Specific Mandate (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings given to them in the Announcement.

On 15 November 2021, the Company and the Subscriber entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Subscription Agreement where the principal amount of the convertible bonds was reduced to the amount of HK\$38,500,000, while all other terms of the convertible bonds remained unchanged. After various further discussions between the Company and Subscriber from 16 November 2021 to 18 November 2021, both parties agreed to terminate the Subscription Agreement and Supplemental Agreement and enter into Share Subscription Agreement instead. As such, on 18 November 2021, the Company and the Subscriber entered into a termination agreement to terminate the Subscription Agreement and Supplemental Agreement with immediate effect.

Upon such termination, save for the outstanding non-refundable fee of HK\$1,500,000 payable by the Subscriber to the Company pursuant to the Subscription Agreement, all rights and obligations of the parties shall cease to have effect and no party shall have any claim against each other in connection with the Subscription Agreement. The Board considers that termination of the Subscription Agreement will not have any material adverse impact on the existing business, operational or financial conditions of the Group.

## **SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 18 November 2021, the Company and the Subscriber entered into the Share Subscription Agreement, pursuant to which the Company conditionally agrees to allot and issue, and the Subscriber conditionally agreed to subscribe, 25,080,000 new Subscription Shares at the Subscription Price on the terms and conditions provided in the Subscription Agreement.

## **THE SHARE SUBSCRIPTION AGREEMENT**

### **Date**

18 November 2021

### **Parties**

- (i) the Company as issuer; and
- (ii) the Subscriber as Subscriber

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

### **Subscription Shares**

The 25,080,000 Subscription Shares representing 5.0% of the total issued share capital of the Company as at the date of this announcement and approximately 4.8% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (subject to completion of the Subscription and 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 aggregate nominal value of the Subscription Shares is HK\$250,800.

### **Subscription Price**

The Subscription Price of HK\$0.544 per Share represents:

- (a). a premium of approximately 8.8% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement; and
- (b). a discount of approximately 20.0% to the average closing price of HK\$0.68 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Share Subscription Agreement.

After deducting the relevant expenses of the Subscription, the net subscription price is approximately HK\$0.52 per Share.

The Subscription Price was determined with reference to the prevailing market price of the Shares and after arm's length negotiation between the Company and the Subscriber. The Board considers that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **General Mandate**

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors at the AGM of the Company held on 29 June 2021. The Company was authorised to issue and allot 100,320,000 Shares, being 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no Share has been allotted and issued by the Company under the General Mandate. Accordingly, the issue of Subscription Share is not subject to the approval of the Shareholders. After completion of the Subscription, such general mandate will be utilised as to approximately 25.0 %.

## **Ranking of the Subscription Shares**

The Subscription Shares will rank pari passu in all respects with the existing Shares in issue as at the Completion Date, including the right to vote and to participate in all dividends and other distributions declared, made or paid at any time after the Completion Date. The Company will apply to the GEM Listing Committee for listing of and permission to deal in the Subscription Shares.

## **Condition of the Agreement**

Completion of the Subscription shall be conditional upon all of the following conditions having been satisfied:

- (a) the passing of the following resolutions by the board of directors of the Company in relation to this Agreement and the transaction contemplated hereunder; and
- (b) the listing of, and permission to deal in, all the Subscription Shares being granted by the GEM Listing Committee of the Stock Exchange and such listing and permission not subsequently being revoked prior to the date of Completion.

The Company shall use its reasonable endeavours to procure the fulfilment of the condition above. In the event that the conditions are not fulfilled by the Long Stop Date, or such later date as may be agreed between the Company and the Subscriber, all rights, obligations and liabilities of the parties in respect of or under the Share Subscription Agreement shall cease and terminate, and no party shall have any claims against the other part, save for any antecedent breach.

## **Completion of the Subscription**

Completion is expected to take place on the thirtieth calendar day after the fulfilment of the condition set out above.

Subject to the condition of the Share Subscription Agreement, completion of the Subscription shall take place on the thirtieth calendar day after satisfaction of the last of the above conditions at such date and time as agreed by the Company and the Subscriber (but not part only unless the parties otherwise agree).

## **INFORMATION OF THE SUBSCRIBER**

The Subscriber is an individual investor who is experienced in investments and has extensive experience in asset management and business development. The Subscriber is currently acting as a non-executive director and chairman of the board of directors of National Investments Fund Limited (stock code: 1227). As at the date of this announcement, to the best knowledge, information and belief of the Directors, the Subscriber does not hold any Shares.

## **REASONS FOR THE ISSUE OF SUBSCRIPTION SHARES**

The prolonged adverse impacts of Covid-19 and the US-China Trade War are unprecedented, and have posed increasingly immense challenges to the Group's businesses. The Company has been looking for opportunities to improve its financial capabilities. As the general economy and consumer market recovers, the Company will continue to expand on and strive to increase the business size and turnover in its footwear and apparel business. The Directors consider that the Subscription represents a valuable opportunity to improve the financial position of the Group as a whole and raise additional funding for the business operations of the Group.

The Directors consider that the Share Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The gross proceeds and the net proceeds (after deducting the relevant expenses of the Subscription) from the Subscription are approximately HK\$13,643,520 and HK\$13,243,520, respectively. The Company intends to use the net proceeds as general working capital of the Group.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company as a result of the Subscription (assuming that there is no further allotment of Shares from the date of this announcement to completion of the Subscription) are as follows:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Shum Tsz Yeung	135,000	0.03%	135,000	0.03%
<b>Public Shareholders</b>				
Subscriber	–	0%	25,080,000	4.76%
Other Public Shareholders	501,465,000	99.97%	501,465,000	95.21%
Total	501,600,000	100%	527,400,000	100%

## EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

## CLARIFICATION ON SHAREHOLDING STRUCTURE OF THE COMPANY

Reference is made to the Announcement. The Company noted that there were mistaken information about the shareholding structure of the Company and would like to clarify that as of the date of the Announcement, Silverbricks Securities Company Limited does not hold any Shares of the Company. For details of our shareholding structure of the Company, please refer to the paragraph headed “Effects on shareholding structure of the company” above.

The above clarification is supplemental to and should be read in conjunction with the Announcement. Save as disclosed above, all other information contained in the Announcement remains unchanged.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 16 November 2021 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 19 November 2021.

**Since the Subscription is subject to the conditions set out in the Subscription Agreement, 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, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:*

“AGM”	the annual general meeting of the Company held on 29 June 2021 at which, among other things, the General Mandate was granted by the Shareholders to the Directors
“Board”	the board of Directors
“Company”	Jimu Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“Completion”	the completion of the Subscription
“Completion Date”	means a date falling on the thirtieth calendar day after fulfilment of the condition in the Agreement, or such other date as the parties to the Agreement may agree in writing
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s AGM to issue and allot up to 100,320,000 new Shares, representing 20% of the issued share capital of the Company on such date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Long Stop Date”	31 December 2021 or such other date as may be agreed by the Company and the Subscriber



“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Subscription Agreement”	the share subscription agreement dated 18 November 2021 entered into between the Company and the Subscriber in relation to the Subscription
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Wang Ning, an Independent Third Party
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Share Subscription Agreement
“Subscription Share(s)”	25,080,000 new Shares to be subscribed by the Subscriber pursuant to the terms of the Share Subscription Agreement
“Subscription Price”	0.544 per Share
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Jimu Group Limited**  
**Dong Jun**  
*Executive Director and Chairman*

Hong Kong, 18 November 2021

*As at the date of this announcement, the executive Directors are Mr. Dong Jun, Mr. Huang Zexiong, Mr. Chen Zuze and Ms. Wei Ju; the non-executive Director are Mr. Wen Cyrus Jun-ming and Mr. Shum Tsz Yeung; and the independent non-executive Directors are Mr. Eric Todd and Mr. Lam Wai Hung.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 Listed Company Information” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.jimugroup.hk](http://www.jimugroup.hk). In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*