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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)

**(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE
AND
(2) SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE SECOND SUPPLEMENTAL AGREEMENT
TO SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE**

Placing Agent

Silverbricks Securities Company Limited



THE PLACING

The Board is pleased to announce that on 31 December 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of placing, on a best effort basis, up to 100,320,000 Placing Shares at the Placing Price of HK\$0.107 per Placing Share, to not less than six (6) Placees, who and whose respective ultimate beneficial owners shall be Independent Third Parties.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of the Placing Shares represents: (a) approximately 20.00% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 16.67% of the enlarged total number of Shares in issue upon the completion of the Placing (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing other than the issue by the Company of the Placing Shares).

The Placing Price represents: (i) a discount of approximately 18.9% to the closing price of HK\$0.132 per Share as quoted on the Stock Exchange on 31 December 2021, being the date of the Placing Agreement; and (ii) a discount of approximately 18.9% to the average closing price of HK\$0.132 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

Subject to completion of the Placing, it is expected that the maximum the gross proceeds and net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing will be approximately HK\$10.73 million and HK\$10.26 million respectively. On such basis, the net issue price will be approximately HK\$0.102 per Placing Share. The Company intends to apply the net proceeds from the Placing for general working capital.

SUPPLEMENTAL INFORMATION TO THE SECOND SUPPLEMENTAL AGREEMENT TO SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE

Reasons for entering into the Second Supplemental Agreement

The terms of the Second Supplemental Agreement were arrived at after arm's length negotiations between the Company and the Subscribers. As additional time is required by the Company and Subscriber to satisfy the conditions precedent and to prepare for Completion, both parties thereto agreed to extend the Long Stop Date from 31 December 2021 to 30 June 2022.

General mandate

In light of (i) the aforementioned extension of Long Stop Date and therefore the expected delay in Completion; and (ii) the Placing, completion of which is expected to fall on a date on or before 8 February 2022, the Placing Shares will be allotted and issued pursuant to the General Mandate and assuming all 100,320,000 Shares are fully placed upon the completion of the Placing, the General Mandate will be fully utilised. As such, the Subscription Shares will be allotted and issued pursuant to the general mandate to be granted to the Directors at the next AGM or any refreshed general mandate to be granted to the Directors before the next AGM. The Company will make further announcement(s) and disclosures as and when appropriate in accordance with the GEM Listing Rules.

Effect of the Subscription on the shareholding structure of the Company

The effect of the Subscription on the shareholding structure of the Company as disclosed in the announcement of the Company dated 18 November 2021 was on the assumption that there is no further allotment before the Completion and for illustration purposes only. The figures may be different as the result of enlargement of the total number of issued Shares upon the completion of the Placing. The Company will make further announcement in relation to the actual effect of the Subscription on the shareholding structure of the Company upon the Completion.

GENERAL

The Placing Shares will be allotted and issued pursuant to the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Application will be made by the Company to the GEM Listing Committee for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The board (the “**Board**”) of Jimu Group Limited (the “**Company**”) is pleased to announce that on 31 December 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company agreed to appoint the Placing Agent, and the Placing Agent has agreed to act as placing agent for the purpose of procuring, of placing, on a best effort basis, up to 100,320,000 Placing Shares at the Placing Price of HK\$0.107 per Placing Share, to not less than six (6) Placees, who and whose respective ultimate beneficial owners shall be Independent Third Parties.

The principal terms of the Placing Agreement are summarized below:

Date:	31 December 2021 (after trading hours)
Issuer:	The Company
Placing Agent:	Silverbricks Securities Company Limited

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party as at the date of this announcement.

Pursuant to the terms of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 100,320,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placing commission

The Placing Agent will charge the Company a placing commission of 2% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed by the Placing Agent.

Placees

The Placing Agent will, on a best efforts basis, place the Placing Shares to currently expected to be not less than six Placees who and whose ultimate beneficial owner(s) (if applicable) shall be Independent Third Parties.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares under the Placing represent (i) approximately 20.00% of the existing issued share capital of the Company of 501,600,000 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$1,003,200.

Ranking of Placing Shares

The Placing Shares under the Placing will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.107 per Placing Share represents:

- (a) a discount of approximately 18.9% to the closing price of HK\$0.132 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (b) a discount of approximately 18.9% to the average closing price of HK\$0.132 per Share as quoted on the Stock Exchange in the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price of the Placing was determined with reference to the prevailing market prices of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price are fair and reasonable based on the current market conditions.

Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds (after deducting placing commission and other relevant costs and expenses) from the Placing will be approximately HK\$10.73 million and approximately HK\$10.26 million respectively. On such basis, the net issue price will be approximately HK\$0.102 per Placing Share.

General Mandate to allot and issue of the Placing Shares

The Placing 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 100,320,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders' approval. The General Mandate will be fully utilised upon the allotment and issue of all the Placing Shares.

Application for listing of Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions and completion of the Placing

Completion of the Placing is conditional upon fulfilment of the following conditions:

- (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

In the event that any of the above conditions is not fulfilled on or before 28 January 2022 (or such later date as may be agreed between the parties to the Placing Agreement in writing), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing will take place within four (4) Business Days after the fulfillment of the above conditions precedent or such other date to be agreed between the Company and the Placing Agent in writing.

Termination

The Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Placing Completion Date upon the occurrence of the following events:

- (i) the occurrence of 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 of the Placing Agreement) 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, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

- (vi) any breach of any of the representations and warranties of the Company to the Placing Agent under the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Placing Completion Date which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If notice is given pursuant to this section, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of this Agreement save for any antecedent breach under this Agreement prior to such termination.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in loan facilitation business and the footwear business.

In view of the current market conditions, the Directors consider that the Placing represents a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for its operation and future business developments.

Subject to completion of the Placing, it is expected that the maximum the gross proceeds and net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing will be approximately HK\$10.73 million and HK\$10.26 million respectively. The Company intends to apply the net proceeds from the Placing for business operation and general working capital.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions and the recent trading performance of the Shares and the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY

The Company had not successfully completed any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement. The subscription of convertible bonds under specific mandate pursuant to subscription agreement dated 14 November 2021 and supplemented and amended by the supplemental agreement dated 15 November 2021, was subsequently terminated pursuant to a termination agreement dated 18 November 2021, and the Long Stop Date in relation to the subscription of Shares under general mandate pursuant to the Subscription Agreement is extended and the Completion has not yet taken place.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company from the date of this announcement up to completion of the Placing, set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after completion of the Placing.

	As at the date of this announcement		Immediately after completion of the Placing (assuming all the Placing Shares are fully placed)	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Public Shareholders				
The Placees	–	–	100,320,000	16.67%
Other public Shareholders	<u>501,600,000</u>	<u>100.00%</u>	<u>501,600,000</u>	<u>83.33%</u>
Total	<u><u>501,600,000</u></u>	<u><u>100.00%</u></u>	<u><u>601,920,000</u></u>	<u><u>100.00%</u></u>

Completion of the Placing is subject to the fulfillment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUPPLEMENTAL INFORMATION TO THE SECOND SUPPLEMENTAL AGREEMENT TO SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE

Reference is made to the announcements of the Company dated 18 November 2021, 19 November 2021 and 30 December 2021 in relation to the Share Subscription Agreement dated 18 November 2021 in respect of the subscription of shares under general mandate, the Supplemental Agreement dated 19 November 2021 and the second supplemental agreement (“**Second Supplemental Agreement**”) to the Share Subscription Agreement (as supplemented and amended by the Supplemental Agreement) dated 30 December 2021 (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings given to them in the Announcements.

Reasons for entering into the Second Supplemental Agreement

The terms of the Second Supplemental Agreement were arrived at after arm’s length negotiations between the Company and the Subscribers. As additional time is required by the Company and Subscriber to satisfy the conditions precedent and to prepare for Completion, both parties thereto agreed to extend the Long Stop Date from 31 December 2021 to 30 June 2022.

General mandate

In light of (i) the aforementioned extension of Long Stop Date and therefore the expected delay in Completion; and (ii) the Placing, completion of which is expected to fall on a date on or before 8 February 2022, the Placing Shares will be allotted and issued pursuant to the General Mandate and assuming all 100,320,000 Shares are fully placed upon the completion of the Placing, the General Mandate will be fully utilised. As such, the Subscription Shares will be allotted and issued pursuant to the general mandate to be granted to the Directors at the next AGM or any refreshed general mandate to be granted to the Directors before the next AGM. The Company will make further announcement(s) and disclosures as and when appropriate in accordance with the GEM Listing Rules.

Effect of the Subscription on the shareholding structure of the Company

The effect of the Subscription on the shareholding structure of the Company as disclosed in the announcement of the Company dated 18 November 2021 was on the assumption that there is no further allotment before the Completion and for illustration purposes only. The figures may be different as the result of enlargement of the total number of issued Shares upon the completion of the Placing. The Company will make further announcement in relation to the actual effect of the Subscription on the shareholding structure of the Company upon the Completion.

Save as disclosed herein, the supplemental information provided herein does not affect other information contained in the Announcements and should be read in conjunction with the Announcements.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business throughout their normal business hours
“Company”	Jimu Group Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands
“Placing Completion Date”	a date falling within four (4) Business Days after the day on which all the conditions set out in the section headed “Conditions and completion of the Placing” of this announcement have been fulfilled (or such later date as may be agreed between the parties hereto in writing)
“Directors”	Directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the rules governing the listing of securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting held on 29 June 2021 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 annual general meeting

“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Share
“Placing”	the placing of the Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Silverbricks Securities Company Limited, a licensed corporation to carry out type 1 (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 31 December 2021 in respect of the Placing
“Placing Price”	HK\$0.107 per Placing Share
“Placing Share(s)”	100,320,000 Shares to be issued under the Placing
“Share(s)”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

By order of the Board

Jimu Group Limited

Wei Ju

Executive Director

Hong Kong, 31 December 2021

As at the date of this announcement, the executive Directors are Mr. Dong Jun (Chairman), Mr. Huang Zexiong (Chief Executive Officer), Mr. Chen Zuze and Ms. Wei Ju; the non-executive Director is Mr. Shum Tsz Yeung and the independent non-executive Directors are Mr. Eric Todd, Mr. Lam Wai Hung and Mr. Hung Wai Che.

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 for a minimum period of 7 days from the date of its publication and on the Company’s website at www.jimugroup.hk. In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.