

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



Jiyi Household International Holdings Limited

集一家居國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1495)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 10 December 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, on a best effort basis and through the Placing Agent, up to an aggregate of 86,400,000 new Shares to not less than six Placees at the placing price of HK\$0.70 per Placing Share.

The Placing Shares represent (i) approximately 14.3% of the existing issued share capital of the Company, and (ii) 12.5% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing is conditional upon the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$60.5 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$59.7 million after deducting relevant expenses incurred in relation to the Placing.

It is expected that approximately HK\$53.7 million, representing 90% of the net proceeds from the Placing, will be used for funding the Proposed Acquisition; and the remaining portion of approximately HK\$6.0 million, representing 10% of the net proceeds from the Placing, will be used by the Company as general working capital of the Group.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed “Conditions of the Placing”. As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date : 10 December 2018 (after trading hours)

Parties : Issuer : the Company

Placing Agent : Zhongtai International Securities Limited

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Number of Placing Shares

The Placing Agent has conditionally agreed with the Company to place, on a best effort basis, to not less than six Placees, up to an aggregate of 86,400,000 new ordinary Shares of the Company.

The Placing Shares represent approximately 14.3% of the existing issued share capital of the Company and 12.5% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. It is not expected that the Placing Agent or any Placees will become a substantial shareholder of the Company as a result of the Placing.

Placing Price and commission payable to the Placing Agent

The Placing Price of HK\$0.70 represents:

- (i) a discount of approximately 9.1% to the closing price of HK\$0.77 per share as quoted on the Stock Exchange as at the date of the Placing Agreement; and
- (ii) a discount of approximately 12.1% to the average closing price of HK\$0.796 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 7 December 2018, the last trading day immediately preceding the date of the Placing Agreement.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and was determined with the current trading price of the Shares. The Directors consider that the Placing Price is fair and reasonable under the current market conditions and hence the Placing is in the interests of the Company and the Shareholders as a whole.

Based on the closing price of the Shares of HK\$0.77 per share on 10 December 2018 (the date of the Placing Agreement), the Placing Shares have a market value of approximately HK\$66.5 million. Assuming the 86,400,000 Placing Shares are subscribed in full, the Placing Shares have an aggregate nominal value of HK\$8.64 million.

The Placing Agent will receive a placing commission of 1% of the sum equivalent to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent in the Placing.

Application for the listing of the Placing Shares

An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the satisfaction of the following conditions by no later than the Long Stop Date:

- (i) there shall not have occurred any breach or any event which renders untrue or inaccurate, any of the representations, warranties or undertakings under the Placing Agreement;
- (ii) listing of and permission to deal in all the Placing Shares being granted by the Listing Committee of the Stock Exchange in principle and dealings of the Placing Shares being allowed by the Stock Exchange;
- (iii) no relevant governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would:
 - (a) make the Placing void, unenforceable or illegal, or
 - (b) restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Placingother than such orders or decisions as would not have a material adverse effect on the legal ability of the Company to proceed with the Placing; and
- (iv) the Placing Agreement not being rescinded by the Placing Agent pursuant to the Placing Agreement.

Rescission of the Placing

The Placing Agent shall be entitled to rescind the Placing Agreement by giving a written notice to the Company signed by the Placing Agent prior to the completion if:

there has come to the notice of the Placing Agent that:

- (i) any statement contained in this announcement was, when it was issued, or has become, untrue, incorrect or misleading in any respect; or
- (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this announcement, constitute an omission therefrom; or
- (iii) any material breach of the representations, warranties and undertakings set out in the Placing Agreement; or
- (iv) any material breach of any of the obligations imposed upon the Company to the Placing Agreement; or
- (v) any of the representations, warranties and undertakings set out in the Placing Agreement would be untrue or inaccurate or misleading in any material respect if given at that time; or
- (vi) any adverse change in the business or in the financial or trading position or prospects of any member of the Group taken as a whole which is material in the context of the Placing; or

if there develops, occurs or comes into effect:

- (i) any event, development or change 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, 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, fiscal, financial, regulatory or stock market conditions and which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing; or

- (ii) 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 and which, in the sole and absolute opinion of the Placing Agent, would materially prejudice the success of the Placing; or
- (iii) any change in conditions of local, national or international securities markets occurs which in the sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing; or
- (iv) 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 PRC and if in the sole and absolute opinion of the Placing Agent any such new law or regulations or change would materially and adversely affect the business or financial prospects of the Group and/or materially prejudice the success of the Placing; or
- (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or PRC which would, in the sole and absolute opinion of the Placing Agent, materially prejudice the success of the Placing; or
- (vi) any litigation or claim of material importance of any third party being instigated 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 sole and absolute opinion of the Placing Agent would materially prejudice the success of the Placing.

Completion of the Placing

Completion of the Placing is expected to take place at or before 4:00 p.m. on the fourth Business Day upon the fulfillment of the conditions set out in the Placing Agreement (or such other time or date as the Company and the Placing Agent may agree in writing).

If the above conditions are not fulfilled by the Long Stop Date, the obligations and liabilities of the Company under the Placing shall be null and void and the Company shall be released from all rights and obligations pursuant to the Placing (save otherwise stated in the Placing Agreement).

General mandate to issue the Placing Shares

The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed on 1 June 2018 and therefore the Placing is not subject to Shareholders' approval. As at the date of passing of such resolution on 1 June 2018, the Company had 432,000,000 Shares in issue, and the general mandate granted to the Directors was to issue up to 86,400,000 Shares, representing 20% of the number of Shares in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such general mandate, and the Company has not re-purchased any Shares in the 30 days immediately preceding the date of the Placing Agreement. Upon Completion, the Company will have no unused general mandate to issue Shares.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PLACING

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, hereinbelow is the shareholding structure of the Company immediately before and after completion of the Placing of Shares:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Xinling Limited (Note 1)	355,492,363	58.78	355,492,363	51.43
Yiju Holdings Limited (Note 2)	56,263,000	9.30	56,263,000	8.14
Mr. Lin Kuan Ming (Note 3)	37,186,000	6.15	37,186,000	5.38
Public Shareholders (Note 4)	<u>155,858,637</u>	<u>25.77</u>	<u>242,258,637</u>	<u>35.05</u>
Total	<u><u>604,800,000</u></u>	<u><u>100</u></u>	<u><u>691,200,000</u></u>	<u><u>100</u></u>

Notes:

1. Xinling Limited is wholly owned by Ms. Hou Wei, the Chairlady and an executive Director of the Company.
2. As at the date of this announcement, Yiju Holdings Limited was the registered holder of 56,263,200 Shares and Mr. Liu Shui is the sole shareholder of Yiju Holdings Limited. Under Part XV of the SFO, Mr. Liu Shui was therefore deemed to have interests in 56,263,200 Shares in which Yiju Holdings Limited was interested.
3. Mr. Lin Kuan Ming (“Mr. Lin”) is deemed to be interested in a total of 37,186,000 Shares, which were held as to 9,261,000 Shares by Corporate Image Limited and 27,925,000 Shares by Lucky Union Int’l Co., Ltd.. On the other hand, Ms. Lin Ling Yu (spouse of Mr. Lin, “Ms. Lin”) is deemed to be interested in a total of 37,186,000 Shares, which were held as to 27,925,000 Shares by Lucky Union Int’l Co., Ltd. and 9,261,000 Shares in which Mr. Lin is interested in. By virtue of the SFO, as Mr. Lin beneficially owns the entire issued share capital of Corporate Image Limited, he is deemed to be interested in 9,261,000 Shares held by Corporate Image Limited and Ms. Lin, as his spouse, is also deemed to be interested in these 9,261,000 Shares. Further, Mr. Lin, Ms. Lin, Ms. Lin Hsin Hui and Ms. Lin Chia Hui, the daughters of Mr. Lin and Ms. Lin, own 30%, 50%, 10% and 10% of the issued share capital of Lucky Union Int’l Co., Ltd., respectively. By virtue of the SFO, both Mr. Lin and Ms. Lin are deemed to be interested in 27,925,000 Shares held by Lucky Union Int’l Co., Ltd..
4. Assuming all the Placing Shares would be allotted and issued upon completion of the Placing.

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Save as disclosed below, the Company had not conducted any fund-raising activity involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

Date of announcement	Fundraising activity	Net proceeds and intended use of proceeds	Actual use of proceeds
23 July 2018	The allotment and issuance of 172,800,000 new Shares at the subscription price of HK\$0.60 per one new Share on the basis of two new Shares for every five existing Shares at the time being as at the close of business on 24 July 2018 payable in full on acceptance.	The net proceed was approximately HK\$101.8 million. Among which, (i) 90% (approximately HK\$91.62 million) would be used for financing the capital input for several interior design and engineering projects under construction in PRC, and (ii) 10% (approximately HK\$10.18 million) would be used for general working capital for the payment of operational expenses for the Company's Hong Kong principal office, such as payment of salaries and rents and general operational expenses etc.	Approximately HK\$67.0 million was utilised. Among which, HK\$64.9 million was used for financing engineering projects and HK\$2.1 million was used for general working capital for the payment of operational expenses for the Company's Hong Kong principal office.

REASONS FOR THE PLACING

The Company is an investment holding company and together with its subsidiaries, the Group, is principally engaged in the business of sale and distribution of building and home improvement material and furnishings, and provision of interior design and engineering services in PRC.

As disclosed in the Company's interim report for the six months ended 30 June 2018, the Company is actively looking for new investment opportunities to enhance the Company's profitability and the return of the Shareholders. The Board is of the view that the Placing will provide a good opportunity to raise additional funds to strengthen the financial position of the Company in order to facilitate its future development.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted, issued and fully paid:

- (i) the gross proceeds from the Placing will amount to approximately HK\$60.5 million;
- (ii) the net proceeds from the Placing after deducting the placing fee and other relating expenses payable by the Company will amount to approximately HK\$59.7 million; and
- (iii) the net price per Placing Share will be approximately HK\$0.69.

As disclosed in the announcement of the Company dated 16 November 2018, the Company had entered into an agreement with Shenzhen Tianpeng Cultural Industry Limited* (深圳天鵬文化產業股份有限公司), a company incorporated in PRC with limited liability, in relation to the possible acquisition of no less than 13 movie or television projects to be developed by the said company (the “**Proposed Acquisition**”).

It is expected that approximately HK\$53.7 million, representing 90% of the net proceeds from the Placing, will be used for funding the Proposed Acquisition; and the remaining portion of approximately HK\$6.0 million, representing 10% of the net proceeds from the Placing, will be used by the Company as general working capital of the Group.

Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the conditions under the Placing Agreement as set out in the section headed “Conditions of the Placing”. As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong;
“Company”	Jiyi Household International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company from time to time;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of PRC;
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	3 January 2019 or such later date as may be agreed between the Company and the Placing Agent;
“Placees”	any institutional, professional or other investor(s) procured by the Placing Agent to purchase for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;

“Placing”	the placing of Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	Zhongtai International Securities Limited, a corporation licensed to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO;
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 10 December 2018 in relation to the Placing;
“Placing Price”	HK\$0.70 per Placing Share;
“Placing Shares”	up to a maximum of 86,400,000 Shares to be placed pursuant to the terms of the Placing Agreement;
“PRC”	The People’s Republic of China;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary shares of HK\$0.1 each in the capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to such terms in the Listing Rules; and

“%”

per cent

* *for identification purpose only*

By order of the Board of
Jiyi Household International Holdings Limited
Hou Wei
Chairlady

Hong Kong, 10 December 2018

As at the date of this announcement, Ms. Hou Wei, Mr. Liu Xianxiu and Mr. Yang Baikang are the executive directors of the Company, Mr. Hou Bo is the non-executive director of the Company, and Mr. Ye Yihui, Mr. Ho Hin Yip and Mr. Hou Lianchang are the independent non-executive directors of the Company.