



## **ACQUISITION OF A 100% INTEREST IN THE EQUITY CAPITAL OF EACH OF GUIZHOU BAINIAN LAI'S LIQUOR CO., LIMITED AND GUIZHOU LAI'S LIQUOR CO., LIMITED**

JGY Holdings Limited (the **Company**) wishes to announce that it had on 10 December 2021 entered into a Reverse Acquisition Agreement (the **Definitive Agreement**) to acquire a 100% interest in the Operating Companies (defined below) (the **Proposed Transaction**). This proposed acquisition will be done by way of:

- (a) the purchase of 100 ordinary shares in and representing the entire issued and paid up share capital of International Wines & Spirits Sdn. Bhd, (the **Target Company**), a private company limited by shares incorporated in and under the laws of Malaysia; and
- (b) the subscription of a further 999,900 new shares in the share capital of the Target Company.

On or before completion of the Proposed Transaction, the Target Company will, through a wholly-owned subsidiary registered in China (**WFOE**), be the registered and beneficial holder of the entire equity capitals of Guizhou Bainian Lai's Liquor Co., Limited (**Bainian Laishi**) and Guizhou Lai's Liquor Co., Limited (**Guizhou Laishi**).

Principal terms of the Definitive Agreement, brief information on the Operating Companies and the effect of completion of the Proposed Transaction on the Company's capital structure are set out in this announcement.

### **Defined terms**

Unless the context otherwise permits, defined terms used in this announcement have the meanings given to them as follows:

<b>\$</b>	Australian Dollars, the lawful currency of Australia.
<b>Business Day</b>	A day other than a Saturday, Sunday or a public holiday in the Federal Territory of Kuala Lumpur in Malaysia <b>AND</b> in the State of Western Australia in Australia on which commercial banks are open for business.
<b>Consideration Shares</b>	131,835,000 new Consolidated Shares, credited as being fully paid on their issue.
<b>Consolidated Shares</b>	Ordinary shares in the issued and paid up share capital of the Company after the share consolidation described in this announcement is completed.
<b>Existing Shares</b>	85,000,000 ordinary shares in the issued and paid up share capital of the Company as of the date of this Agreement.

<b>JGY Sale Shares</b>	3,373,750 Consolidated Shares.
<b>NSX</b>	National Stock Exchange of Australia Limited or, when the context so require, the regulated securities market it operates.
<b>Operating Companies</b>	Bainian Laishi and Guizhou Laishi
<b>Sale Share</b>	100 ordinary share in the issued and paid up share capital of the Target Company
<b>Shareholders</b>	Shareholders of the Company.
<b>Special Resolution</b>	A resolution which has been specified in the notice of general meeting as being a resolution proposed as a special resolution, and was passed by a majority of not less 75% of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy present at that general meeting.

### Principal terms

The principal terms of the Definitive Agreement are set out below:

<b>Counter parties</b>	<p>(1) CHUA Kee Leng<sup>1</sup> (the <b>Nominal Vendor</b>)</p> <p>(2) (A) WANG Caifu, a director of the Company; and (B) HE Ping, a director of the Company (together, the <b>JGY Vendors</b>)</p> <p>(3) ZHANG Houyi (the <b>Proposed New Controller</b>)</p>
<b>Proposed acquisition</b>	<p>The Company will acquire and invest \$14,000,000 for 1,000,000 shares in and representing the entire issued and paid up share capital of the Target Company in two tranches, namely:</p> <p>(a) the Company will purchase the Sale Shares for \$100; and</p> <p>(b) the Company will subscribe for an additional 999,900 new ordinary shares in the Target Company for \$13,999,900.</p>
<b>Consideration</b>	<p>The \$14,000,000 total consideration for the proposed acquisition of the Target Company will be satisfied in full by the issue of 131,835,001 new Consolidated Shares, credited as fully paid, as follows:</p> <p>(a) 131,835,000 new Consolidated Shares (the <b>Consideration Shares</b>) for the purchase of the Sale Shares to the persons nominated by the Nominal Vendor; and</p> <p>(b) one new Consolidated Share (the <b>Restructuring Adjustment Share</b>) for the subscription of the 999,900 new ordinary shares in the Target Company to the Target Company.</p>

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1 CHUA Kee Leng is a director and a responsible officer of Biztrack Consultants Private Limited, the Company's nominated adviser. He enters into the Definitive Agreement only as registered holder of the Sale Shares as bare nominee for their beneficial owners. Save for his interest in the fees which Biztrack Consultants Private Limited will receive for professional services in connection with the Proposed Transaction, he has no other direct or indirect interest in the Proposed Transaction.

<b>Completion</b>	The sixth Business Day after the last of the conditions precedent is fulfilled.
<b>Conditions precedent</b>	<p>Completion of the Proposed Transaction is conditional upon:</p> <ul style="list-style-type: none"> <li>(a) the Company having lodged the following outstanding financial statements with NSX: <ul style="list-style-type: none"> <li>(i) the auditor-reviewed financial statements for the six-month period ended 30 September 2020;</li> <li>(ii) the audited financial statements for the year ended 31 March 2021; and</li> <li>(iii) the auditor-reviewed financial statements for the six-month period ended 30 September 2021;</li> </ul> </li> <li>(b) the Operating Companies being wholly owned subsidiaries of WFOE;</li> <li>(c) WFOE being a wholly owned subsidiary of the Company;</li> <li>(d) the Company lodging with the Australian Securities and Investments Commission (<b>ASIC</b>) a prospectus in accordance with section 713 of the Corporations Act in relation to its issue of the Consideration Shares and the Restructuring Adjustment Share;</li> <li>(e) the Company completing the share consolidation described in this announcement;</li> <li>(f) approval for the change of name described in this announcement being received from Shareholders;</li> <li>(g) approval under Listing Rule 6.41 for the Company to acquire and invest in the Target Company on the terms and subject to the conditions set out in this Agreement being received from Shareholders; and</li> <li>(h) approval for the purposes of Article 12 of its Articles of Association and section 611 (exemption 7) of the Corporations Act for the Company to issue such number of Consideration Shares to the Proposed New Controller which will, either by themselves or taken together with the JGY Sale Shares which the Proposed New Controller will acquire from the JGY Vendors, result in the Proposed New Controller holding more than 20% of the voting rights of the Company.</li> </ul>
<b>Share consolidation</b>	Subject to Shareholders approval by way of a Special Resolution, the Company will consolidate the 85,000,000 ordinary shares in its share capital ( <i>i.e.</i> , the Existing Shares) to 10,625,000 ordinary shares ( <i>i.e.</i> , Consolidated Shares), such a share consolidation to be carried out by way of cancelling seven Existing Shares for every eight Existing Shares held by a holder (rounded up to the next whole number).

<b>Sale of JGY Sale Shares</b>	<p>On completion of, and as a completion item for the completion of, the Proposed Transaction:</p> <p>(a) WANG Caifu (<i>i.e.</i>, JGY Vendor A) will sell and the Proposed New Controller will purchase 2,500,000 JGY Sale Shares for a nominal consideration of \$1; and</p> <p>(b) HE Ping (<i>i.e.</i>, JGY Vendor B) will sell and the Proposed New Controller will purchase 873,750 JGY Sale Shares for a nominal consideration of \$1.</p>
<b>Change of the Company's name</b>	Subject to Shareholders approval by way of a Special Resolution, the Company will change its name to "Lai's Liquor Limited" or, if the name is not available for registration in both the Cayman Islands and Australia, a name to be designated by the Proposed New Controller.
<b>Undertaking to vote in favour</b>	The JGY Vendors undertakes that unless prohibited by a voting exclusion under NSX listing rules or by a direction of NSX, they will vote in favour of all resolutions proposed by the Company at the extraordinary general meeting which it will convene to seek Shareholders' approvals which are required for it to fulfil its obligations under the Definitive Agreement.
<b>Change of directors</b>	<p>On completion of, and as a completion item for the completion of, the Proposed Transaction:</p> <p>(a) the Company will appoint the Proposed New Controller as a director of the Company; and</p> <p>(b) the JGY Vendors will resign as directors of the Company.</p>
<b>Governing laws</b>	The laws of Malaysia, the country of incorporation of the Target Company.

### **Information on the Operating Companies**

Guizhou Laishi has an operating track record of more than 11 years, while Bainian Laishi has an operating track record of more than 8 years.

The Operating Companies' products are sauce-aroma baijiu, a popular type of baijiu distilled in China. Baijiu (literally translated from Chinese, white liquor) is a colourless liquor typically containing between 35% and 60% alcohol by volume and usually distilled from fermented sorghum. Sauce-aroma baijiu has a layered taste of herbs and fermented beans and a long aftertaste attributed to the different batches of base liquor used to blend and mix into the final sauce-aroma baijiu product.

Sauce-aroma baijiu is produced mainly in Maotai Town in Guizhou Province which is home to the well-known brand Kweichow Moutai (also called Guizhou Maotai). The Maotai Town distillery region is located at the upper reaches of the Chishui River where water is pristine and rich in micronutrients. The makers of Guizhou Maotai, Shanghai-listed Kweichow Moutai Co., Limited, is China's most valuable listed company and the world's most valuable liquor and spirits company.

The Operating Companies do not have their own distillery. The base liquor used to blend and produce their products are sourced from specialised base liquor producers in Maotai Town. With different batches of base liquor they source from these distilleries, the Operating Companies blend, bottle and package them into final baijiu products which they sell to customers. This blending and bottling plant which is operated by Laishi China is leased from and shared with an unconnected third-party distiller.

The products of the Operating Companies are sold through integrated online and offline channels with established online stores on major e-commerce platforms in China (namely, Wechat, Suning and Pinduoduo) and a nation-wide network of distributors. As of 31 March 2021, the Operating Companies have built up a nationwide network with agents and/or distributors in provinces and municipalities of Shandong, Hunan, Sichuan, Guangdong, Henan, Hubei, Fujian, Shanghai, Beijing, Tianjin, Liaoning, Zhejiang, Hebei, Yunnan and Jiangsu, with the core markets being Shandong, Henan and Hebei. This represents a coverage of 15 out of the 32 provinces, directly administered municipalities and autonomous regions in Mainland China.

### **Proposed director**

The Company will appoint the Proposed New Controller to the board as an executive director on completion of the Proposed Transaction. Below is a brief profile and work experience of Proposed New Controller:

- (A) The Proposed New Controller is the founder, executive director and general manager of Guizhou Laishi and Bainian Laishi. He has over 20 years experience in the baijiu industry. Since the inception of Guizhou Laishi and subsequently, Bainian Laishi, he has established a diversified online and offline multi-channel sales management team which contributed in the steady growth of the Operating Companies' performance.
- (B) The relevant work experience of the Proposed New Controller prior to his founding of Guizhou Laishi are as follows:

<b>Period</b>	<b>Entity</b>	<b>Role and achievements</b>
2002-2006	Guizhou Laishigang Liquor Co., Limited	General manager directly involved in managing that entity's marketing, production and logistics teams. Under his management, the entity achieved an annual turnover of RMB200 million.
1994-2001	Guizhou Laitai Distillery	Started as a factory apprentice and eventually became the factory director. He has gained invaluable insights and experience of the <i>baijiu</i> making process and method.

The Company has identified two candidates who are well qualified and who have listed company experience in Australia and will appoint them as independent directors in due course. Their appointments will strengthen the board. The Company will make an immediate announcement when they are appointed to the board.

## Effect of completion of the Proposed Transaction on the Company's share capital

The capital structure before the completion of the Proposed Transaction, after the share consolidation described in this announcement and after the Proposed Transaction are set out in the table below:

	Before the Proposed Transaction			After the share consolidation			After the Proposed Transaction <sup>(4)</sup>		
	No of. Shares	No. of holders	%	No. of Shares	No. of holders	%	No. of Shares	No. of holders	%
Directors <sup>(1)</sup>	27,090,000	3	31.87	3,386,250	3	31.87	90,589,862	1	63.59
Substantial holders <sup>(2)</sup>	24,000,000	2	28.24	3,000,000	2	28.24	27,143,973	2	19.05
The Company's existing holders <sup>(3)</sup>	33,910,000	68	39.89	4,238,750	68	39.89	7,251,250	69	5.09
Other holders				-			17,474,915	355	12.27
	85,000,000	73	100.00	10,625,000	73	100.00	142,460,800	427	100.00

### Notes:

- (1) Shares held by directors after the Proposed Transaction:
  - (a) comprise 90,589,862 shares held by the Proposed New Controllers, which includes the 3,373,750 shares (i.e., the JGY Sale Shares) which the JGY Vendors will transfer to him on the completion of the Proposed Transaction.
  - (b) excludes 12,500 shares held by SHANG Zonggeng, who is an existing independent non-executive director but will resign by the time the Proposed Transaction is completed. His holding is classified as "The Company's existing holders" (see note 3 below)
- (2) Shares held by substantial holders after the Proposed Transaction includes 13,520,875 shares held by a financially independent adult son of the Proposed New Controller and who is also a key manager of Laishi China.
- (3) Shares held by the Company's existing holders after the Proposed Transaction, assuming there is no changes other than those disclosed in this announcement, includes:
  - (a) 12,500 shares held by SHANG Zonggeng (see note 1 above); and
  - (b) 1,250,000 shares held by WANG Haotian, an adult but not financially independent son of WANG Caifu and HE Ping.
- (4) The total number of shares on issue on the completion of the Proposed Transaction excludes the one Restructuring Adjustment Share. This share will be held by the Target Company who will not exercise any rights attached to this share.

As shown in the above table, the Company expects that on completion of the Proposed Transaction, it will continue to comply with Listing Rule 3.9 which requires at least 25% of an issuer's share capital to be held by at least 50 shareholders who are not directors of the issuer or their associates.

### Next steps

The Company will:

- (1) lodge with ASIC a prospectus in accordance with section 713 of the Corporations Act in relation to its issue of the Consideration Shares and the Restructuring Adjustment Share; and

- (2) convene an extraordinary general meeting to seek the various Shareholders' approvals to complete the Proposed Transaction. A notice of extraordinary general meeting will be dispatched to Shareholders in due course.

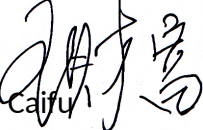
#### **Director's interests**

Save as disclosed in this announcement and their interests in the Company, none of the Company's directors or substantial shareholders have any interest in the Acquisition.

#### **Cautionary note**

Shareholders and investors should note that notwithstanding the Company's entry into the Definitive Agreement, there is no assurance that the Company will be able to complete the Proposed Transaction. If this occurs, the Company's ability to seek re-quotation of its securities will be adversely affected. Therefore, Shareholders and investors are advised to exercise caution when dealing in the Company's securities.

For and on behalf of  
**JGY HOLDINGS LIMITED**

  
WANG Caifu

Executive Director

10 December 2021