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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)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITIONS OF MINORITY SHAREHOLDINGS
IN THREE NON-WHOLLY OWNED SUBSIDIARIES**

On 31 October 2018 (after trading hours), the Vendor and the Purchaser entered into the Acquisition Agreements, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares, representing 25% of the issued share capital in each of the Target Companies, for an aggregate consideration of HK\$2,000,000. Completion has taken place upon signing of the Acquisition Agreements.

Upon Completion, the Target Companies have become indirect wholly-owned subsidiaries of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Acquisitions is more than 5% but less than 25%, the Acquisitions constitute discloseable transactions for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Immediately before Completion, the Vendor was holding 25% of the issued share capital in each of the Target Companies, being indirect non-wholly owned subsidiaries of the Company. Thus, the Vendor is a connected person of the Company, and accordingly the Acquisitions constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Given (i) the Vendor is a connected person of the Company at the subsidiary level under the GEM Listing Rules; (ii) the Board has approved the Acquisition Agreements and the Acquisitions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Acquisition Agreements are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisitions are subject to the reporting and announcement requirements only but are exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Rule 20.99 of the GEM Listing Rules.

INTRODUCTION

On 31 October 2018 (after trading hours), the Vendor and the Purchaser entered into the Acquisition Agreements, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Shares for an aggregate consideration of HK\$2,000,000. Completion has taken place upon signing of the Acquisition Agreements.

Upon Completion, the Target Companies have become indirect wholly-owned subsidiaries of the Group.

ACQUISITION AGREEMENTS

The principal terms of the Acquisition Agreements are set out as follows:

Date: 31 October 2018.

Parties: (1) the Vendor; and
(2) the Purchaser, a direct wholly-owned subsidiary of the Company and is principally engaged investment holding.

The Vendor is a connected person of the Company at the subsidiary level for the purposes of the GEM Listing Rules. See the paragraphs headed “Information of the Parties – The Vendor” for further details.

Assets to be acquired: The Sale Shares, representing 25% of the issued share capital in each of the Target Companies.

The Target Companies were indirect non-wholly owned subsidiaries of the Group immediately before Completion which operate the businesses of the Group’s restaurants under the trading names of “22 Ships”, “Ham & Sherry” and “Aberdeen Street Social”.

Consideration and payment terms: For Ideal Profit: HK\$1,000,000
For Gain Long: HK\$700,000
For Profit Holder: HK\$300,000

The Consideration has been fully paid by the Purchaser to the Vendor upon Completion.

Basis of determining the Consideration: The Consideration has been determined after arm’s length negotiations between the Purchaser and the Vendor principally with reference to, among other things, the historical earnings of the Target Companies and the relevant price-earnings ratios of comparable companies listed in Hong Kong and the recent operational and financial performance of the relevant restaurants.

Completion: Completion has taken place upon signing of the Acquisition Agreements.

Upon Completion, the Target Companies have become indirect wholly-owned subsidiaries of the Group.

INFORMATION OF THE TARGET COMPANIES

The Target Companies are companies incorporated in Hong Kong with limited liability which operate the businesses of the Group's restaurants under the trading names of "22 Ships", "Ham & Sherry" and "Aberdeen Street Social".

Immediately before Completion, each of the Target Companies was a non-wholly owned subsidiary of the Company which was held as to 75% by the Purchaser and 25% by the Vendor.

The unaudited total assets value and net assets value of each of the Target Companies as at 31 August 2018 were as follows:

	As at 31 August 2018		
	Ideal Profit (unaudited) (HK\$'000)	Gain Long (unaudited) (HK\$'000)	Profit Holder (unaudited) (HK\$'000)
Total assets	9,145	3,946	15,697
Net assets/(liabilities)	2,209	(388)	(4,368)

Set out below is certain audited financial information of each of the Target Companies for each of the two years ended 31 December 2016 and 2017:

	Ideal Profit		Gain Long		Profit Holder	
	For the year ended 31 December					
	2016 (HK\$'000)	2017 (HK\$'000)	2016 (HK\$'000)	2017 (HK\$'000)	2016 (HK\$'000)	2017 (HK\$'000)
Revenue	18,196	17,306	13,198	12,913	33,727	29,985
Net profit/(loss) before tax	638	774	331	562	(931)	(614)
Net profit/(loss) after tax	587	702	291	465	(842)	(498)

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in operating restaurants and providing membership services for the Group's restaurants in Hong Kong.

The Target Companies are principally engaged in operating the businesses of the Group's restaurants under the trading names of "22 Ships", "Ham & Sherry" and "Aberdeen Street Social", for which the Vendor, Mr. Jason Atherton, is the culinary director.

Mr. Jason Atherton has been allotted 25% shareholding interest at par value in each of the Target Companies. Mr. Jason Atherton has also provided consultancy services to the Group in connection with the business operations of Ham & Sherry, 22 Ships and Aberdeen Street Social on matters including menu design, advice on new recipes, new kitchen management system and dining concept. However, Mr. Jason Atherton has not participated in the daily management and operations of these restaurants.

The Company and Mr. Jason Atherton have agreed to end the aforesaid collaboration. As a result, Mr. Jason Atherton has ceased to be the culinary director of the aforesaid restaurants and would no longer provide any consultancy services to the Group.

As part of the arrangements to end the collaboration, the Purchaser has agreed to purchase Mr. Jason Atherton's shareholdings in the Target Companies. The Consideration has been determined after arm's length negotiations between the Purchaser and the Vendor principally with reference to, among other things, the historical earnings of the Target Companies and the relevant price-earnings ratios of comparable companies listed in Hong Kong and the recent operational and financial performance of the relevant restaurants.

The Directors also believe the Acquisitions will improve the Group's management and operational efficiency in implementing business decisions and developing strategies, and enhancing the competitiveness of the restaurants concerned.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Acquisition Agreements (including the Consideration) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the Acquisitions and thus none of them has abstained from voting on the board resolution approving the Acquisitions.

INFORMATION OF THE PARTIES

The Group and the Purchaser

The Group is a well-established restaurant group in Hong Kong with award-winning restaurants serving a variety of cuisines including Chinese, Spanish, Thai, British, Italy and Southern Californian dishes under different brands and themes.

The Purchaser is a direct wholly-owned subsidiary of the Company and is principally engaged investment holding.

The Vendor

The Vendor, Mr. Jason Atherton, is the culinary director of 22 Ships, Ham & Sherry and Aberdeen Street Social.

Immediately before Completion, Mr. Jason Atherton was holding 25% of the issued share capital in each of the Target Companies which are indirect non-wholly owned subsidiaries of the Company. Thus, he is a connected person of the Company by virtue of being a substantial shareholder of the Target Companies. Save as aforesaid, the Vendor is a third party independent of and not connected with the Company and its connected persons.

IMPLICATIONS OF THE GEM LISTING RULES

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Acquisitions is more than 5% but less than 25%, the Acquisitions constitute discloseable transactions for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Immediately before Completion, the Vendor was holding 25% of the issued share capital in each of the Target Companies, being indirect non-wholly owned subsidiaries of the Company. Thus, the Vendor is a connected person of the Company, and accordingly the Acquisitions constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Given (i) the Vendor is a connected person of the Company at the subsidiary level under the GEM Listing Rules; (ii) the Board has approved the Acquisition Agreements and the Acquisitions contemplated thereunder; and (iii) the independent non-executive Directors have confirmed that the terms of the Acquisition Agreements are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisitions are subject to the reporting and announcement requirements only but are exempt from the circular, independent financial advice and independent shareholders' approval requirements by virtue of Rule 20.99 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“22 Ships”	22 Ships, a Spanish-style restaurant operating under Ideal Profit;
“Aberdeen Street Social”	Aberdeen Street Social, a British-style restaurant operating under Profit Holder;
“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreements;
“Acquisition Agreements”	the three sale and purchase agreements all dated 31 October 2018 and entered into between the Purchaser and the Vendor in relation to the Acquisitions;
“Board”	the board of Directors;
“Company”	Jia Group Holdings Limited (佳民集團有限公司), an exempted company incorporated in the Cayman Islands, the shares of which are listed on GEM (Stock Code: 8519);
“Completion”	completion of the Acquisitions in accordance with the terms and conditions of the Acquisition Agreements;

“connected person”	has the meaning ascribed thereto under the GEM Listing Rules;
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares;
“Director(s)”	the director(s) of the Company;
“Gain Long”	Gain Long Corporation Limited (嶺瑞有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company immediately before Completion operating Ham & Sherry;
“GEM”	GEM of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM;
“Group”	collectively, the Company and its subsidiaries from time to time;
“Ham & Sherry”	Ham & Sherry, a Spanish style restaurant operating under Gain Long;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Ideal Profit”	Ideal Profit Corporation Limited (潤賢有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company immediately before Completion operating 22 Ships;
“Profit Holder”	Profit Holder Limited (盈控有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company immediately before Completion operating Aberdeen Street Social;
“Purchaser”	Big Team Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly owned subsidiary of the Company;
“Sale Shares”	25% of the issued share capital of each of the Target Companies;
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Target Companies”	collectively, Ideal Profit, Gain Long and Profit Holder;

“Vendor” Mr. Jason Atherton; and

“%” per cent.

By the Order of the Board of
Jia Group Holdings Limited
Wong Pui Yain
*Chairperson, Chief Executive Officer, and
Executive Director*

Hong Kong, 31 October 2018

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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the day of its posting and on the website of the Company at www.jiagroup.co.