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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 TRANSACTION DISPOSAL OF ASSETS

On 12 November 2020, the Vendor and the Purchaser entered into the Assets Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Assets and the Trade Mark which are used by the Group's restaurant "MEEN & RICE" for a consideration of HK\$450,000 with effect from the Effective Date.

Upon Completion, the Group will cease to operate MEEN & RICE.

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 12 November 2020, the Vendor and the Purchaser entered into the Assets Transfer Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Assets and the Trade Mark which are used by the Group's restaurant "MEEN & RICE" for a consideration of HK\$450,000 with effect from the Effective Date.

Upon Completion, the Group will cease to operate MEEN & RICE.

ASSETS TRANSFER AGREEMENT

The principal terms of the Assets Transfer Agreement are set out as follows:

Date: 12 November 2020

Parties: (1) the Vendor, an indirect wholly-owned subsidiary of the Company and was engaged in the operations of MEEN & RICE; and
(2) the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

Assets to be disposed of: The assets to be disposed of comprise (i) all the machinery, equipment, tools, decorations, furniture, furnishings used in or relating to MEEN & RICE and other miscellaneous items (excluding stocks, provisions and drinks); and (ii) the trade mark of "MEEN & RICE" registered in Hong Kong.

The Vendor shall, with effect from the Effective Date, (i) as legal and beneficial owner of the Assets, sell, transfer, assign and deliver to the Purchaser all the Vendor's rights, title and interest of the Assets on an "as is" basis; and (ii) as registered proprietor of the Trade Mark, sell, transfer and assign to the Purchaser all right, title and interest in and to the Trade Mark, together with the goodwill associated with and symbolised by the Trade Mark unto the Purchaser.

Consideration: HK\$450,000.

Payment terms: (a) a sum of HK\$225,000 shall be paid by the Purchaser to the Vendor upon signing of the Assets Transfer Agreement;
(b) a sum of HK\$200,000 shall be paid by the Purchaser to the Vendor on the Effective Date; and
(c) a sum of HK\$25,000 shall be paid by the Purchaser to the Vendor on or before the date when MEEN & RICE's general licence shall be successfully transferred to the Purchaser.

Basis of determining the consideration: The consideration under the Assets Transfer Agreement was determined after arm's length negotiation between the Vendor and the Purchaser mainly with reference to the book value of the machinery, equipment, tools, and furniture comprising the Assets as at 30 June 2020 and the estimated value of the Trade Mark.

Completion: The sale and purchase of the Assets and the Trade Mark shall be completed on the Effective Date, being the date of the expiry of the existing lease of the Premises.

Upon Completion, the Group will cease to operate MEEN & RICE.

FURTHER INFORMATION ABOUT THE ASSETS AND THE TRADE MARK

The net book value of the Assets and the Trade Mark as at 30 June 2020 was HK\$92,808 and nil, respectively, based on the unaudited management accounts of the Vendor.

The net losses (both before and after taxation and extraordinary items) attributable to the Assets (taken to be the net losses attributable to MEEN & RICE for illustration purpose) were HK\$1,379,642 and HK\$982,968 for the years ended 31 December 2018 and 2019, respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

MEEN & RICE has been loss-making since June 2018. The continued impact of COVID-19 outbreak and the government's travel restrictions and social distancing policies have further reduced the number of customers, and hence the revenue of and profit of MEEN & RICE. The existing lease for the Premises will end on 31 December 2020. Having reviewed the performance of MEEN & RICE, the Directors have decided not to continue MEEN & RICE's business upon the expiry of the existing lease.

Having considered (i) the continued underperformance of MEEN & RICE; (ii) the impact of COVID-19 outbreak on the business of MEEN & RICE; and (iii) that the existing lease of the Premises will soon expire on 31 December 2020 and should the Vendor close down MEEN & RICE at that time, it will incur extra costs such as reinstatement costs, the Directors believe that the disposal of its Assets and the Trade Mark pursuant to the Assets Transfer Agreement upon the expiry of the existing lease of the Premises will help reduce the loss from the cessation of the Group's operation of MEEN & RICE. The Directors also consider that the Disposal will enable the Group to realise idle assets and to use the proceeds for developing its business.

Based on the above, the Directors are of the view that the terms and conditions of the Assets Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and the Vendor

The Group is a well-established restaurant group in Hong Kong with award-winning restaurants serving a variety of cuisines including Chinese, French, Spanish, Italian, Thai, and South-east Asian dishes under different brands and themes.

The Vendor is an indirect wholly-owned subsidiary of the Company and operates the Group's restaurant under the trading name of "MEEN & RICE".

The Purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, (i) the Purchaser is a company established in Hong Kong with limited liability and is engaged in restaurant operations, and is wholly owned by Law Lai Sha, Losa; and (ii) the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

FINANCIAL EFFECT OF THE DISPOSAL

For illustrative purpose, based on (i) the net book value of the Assets and the Trade Mark as at 30 June 2020 of HK\$92,808 and nil, respectively, as shown in the unaudited management accounts of the Vendor; and (ii) the consideration of HK\$450,000, it is estimated that the Group will record a gain of HK\$357,192 from the Disposal.

Shareholders should note that the actual amount of the gain on the Disposal to be recognised in the consolidated financial statements of the Company depends on the value of the Assets and the Trade Mark as at the date of Completion and therefore may be different from the amount as mentioned above.

USE OF PROCEEDS FROM THE DISPOSAL

The net proceeds from the Disposal will be used as the Group's general working capital.

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 Disposal exceeds 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Assets”	collectively, all the machinery, equipment, tools, decorations, furniture, furnishings used in or relating to MEEN & RICE and other miscellaneous items (excluding stocks, provisions and drinks), being the subject matter of the Disposal;
“Assets Transfer Agreement”	the assets transfer agreement dated 12 November 2020 and entered into between the Purchaser and the Vendor in respect of the Disposal;
“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);
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Assets and the Trade Mark by the Vendor pursuant to the Assets Transfer Agreement;
“Effective Date”	31 December 2020;
“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;
“GEM”	GEM of The Stock Exchange of Hong Kong Limited;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time;
“Group”	collectively, the Company and its subsidiaries from time to time;
“MEEN & RICE”	the Chinese restaurant operated by the Vendor under the trading name of “MEEN & RICE (粥粉麵飯)”, which is situated at the Premises;
“Premises”	the operation location of MEEN & RICE located at Shop 113, Level 1, The Pulse, 28 Beach Road, Repulse Bay, Hong Kong;
“Purchaser”	LHM (F&B) Limited, a company incorporated in Hong Kong with limited liability;
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules;

“Trade Mark”	the Hong Kong registered trade mark of “MEEN & RICE” with registration number 303387763, being the subject matter of the Disposal;
“Vendor”	Capital Creative Limited (建京有限公司), being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company which operates of MEEN & RICE; 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, 12 November 2020

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 of the Company 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 of the Company, 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 (www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.jiagroup.co.