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JIA

Jia Group Holdings Limited **佳民集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8519)

ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Jia Group Holdings Limited (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 (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.*

UNAUDITED CONSOLIDATED RESULTS

For the reasons explained below under “Review of Unaudited Annual Results”, the auditing process for the annual results of the Company and its subsidiaries (collectively, the “**Group**”) has not been completed. In the meantime, the board of Directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the year ended 31 December 2021, together with the audited comparative figures for the year ended 31 December 2020 as follows, which are presented in Hong Kong dollars (“**HK\$**”):

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Revenue	3	221,344	173,303
Other income	4	4,622	21,282
Other gains and losses		250	(1,092)
Raw materials and consumables used		(61,950)	(46,458)
Staff cost		(87,104)	(81,127)
Depreciation		(33,212)	(29,658)
Property rentals and related expenses		(8,785)	(10,940)
Utility expenses		(5,651)	(6,354)
Advertising and promotion expenses		(9,238)	(8,045)
Other operating expenses		(28,511)	(24,266)
Finance costs	5	(3,151)	(2,283)
Impairment loss of property, plant and equipment		(4,961)	(2,326)
Impairment loss of trade and other receivable		–	(1,565)
Impairment loss of right-of-use assets		(2,948)	(208)
		<u> </u>	<u> </u>
Loss before taxation	6	(19,295)	(19,737)
Income tax (expense)/credit	7	(1,967)	637
		<u> </u>	<u> </u>
Loss and total comprehensive expense for the year		(21,262)	(19,100)
Loss and total comprehensive expense for the year attributable to:			
– Owners of the Company		(19,476)	(20,407)
– Non-controlling interests		(1,786)	1,307
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
Loss per share			
Basic and diluted (HK cents)	9	(1.77)	(2.25)
		<u> </u>	<u> </u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	<i>Notes</i>	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		30,713	30,592
Right-of-use assets		42,442	43,868
Investment in an associate		–	–
Financial assets at fair value through profit or loss		3,167	–
Deferred tax assets		1,858	3,841
Deposits	<i>10</i>	13,934	16,685
Pledged bank deposits		5,000	5,000
		<u>97,114</u>	<u>99,986</u>
Current assets			
Inventories		5,726	4,956
Trade and other receivables, deposits and prepayments	<i>10</i>	13,524	10,429
Amount due from related companies		768	381
Amount due from a controlling shareholder		608	288
Amount due from an associate		747	862
Tax recoverable		114	1,211
Pledged bank deposits		4,500	4,500
Bank balances and cash		12,925	15,443
		<u>38,912</u>	<u>38,070</u>
Current liabilities			
Trade and other payables and accrued charges	<i>11</i>	31,879	42,094
Contract liabilities		6,127	2,899
Amounts due to related companies		2,165	853
Amounts due to non-controlling shareholders		–*	–*
Bank borrowings	<i>12</i>	11,184	15,191
Tax payable		370	132
Lease liabilities		25,550	22,905
		<u>77,275</u>	<u>84,074</u>
Net current liabilities		<u>(38,363)</u>	<u>(46,004)</u>
Total assets less current liabilities		<u>58,751</u>	<u>53,982</u>

	<i>Notes</i>	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
Non-current liabilities			
Provision		4,450	3,510
Deferred tax liabilities		51	349
Contract liabilities		10,267	–
Lease liability		24,231	26,585
		<u>38,999</u>	<u>30,444</u>
Net assets		<u>19,752</u>	<u>23,538</u>
Capital and reserves			
Share capital		11,612	10,319
Reserves		10,341	14,719
		<u>21,953</u>	<u>25,038</u>
Equity attributable to owners of the Company		21,953	25,038
Non-controlling interests		(2,201)	(1,500)
		<u>19,752</u>	<u>23,538</u>

* represented balance less than HK\$1,000

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Cayman Companies Law on 21 August 2015 and the Company's shares (the "Shares") were successfully listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 February 2018. Its immediate and ultimate holding company is Giant Mind International Limited ("Giant Mind"), a company incorporated in the British Virgin Islands ("BVI") and is controlled by Ms. Wong Pui Yain ("Ms. PY Wong"). The address of the Company's registered office and principal place of business are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Office No. 5 on 22nd Floor, Universal Trade Centre, No. 3 Arbuthnot Road, Central, Hong Kong, respectively.

The principal activity of the Group is the operation of restaurants in Hong Kong.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and applicable disclosures by the GEM Listing Rules and the Companies Ordinance in Hong Kong.

The unaudited condensed consolidated financial statements for the year ended 31 December 2021 have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements for the year ended 31 December 2021 are presented in Hong Kong Dollars ("HK\$"), which is the same as the functional currency of the Group, and all values are rounded to nearest thousand's ("HK\$'000"), except when otherwise indicated.

For the purpose of preparing and presenting the financial information of the unaudited condensed consolidated financial statements, the Group has consistently adopted HKFRS issued by HKICPA which are effective for the Group's financial year beginning on 1 January 2021. The Group has not early applied the new and revised HKFRS that have been issued by HKICPA but are yet to be effective.

The unaudited condensed consolidated financial statements for the year ended 31 December 2021, have not been audited by the Company's independent auditors, but have been reviewed by the audit committee (the "Audit Committee") of the Company.

3. REVENUE

Revenue represents the amounts received and receivable from restaurant operations including income from catering services (net of discount). The Group's revenue from external customers based on their nature are detailed below:

	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
Revenue recognised over time		
Catering services		
– Fine dining	138,174	92,881
– Mid-market dining	28,210	24,391
– Specialty coffee	15,571	2,193
– Casual dining	39,389	53,838
	221,344	173,303

Segmental information

The Group applies the practical expedient of HKFRS 15 which allows the Group not to disclose the information of the transaction price allocated to the remaining performance obligation for contract with customers, as the original expected duration of the performance obligation arising from the catering services are all within one year.

The Group's revenue is solely derived from the operation and management of restaurants in Hong Kong. For the purpose of resources allocation and performance assessment, the chief operating decision maker (being the executive directors of the Company) reviews the overall results and financial position of the Group as a whole, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

The Group's operation are located in Hong Kong during the years ended 31 December 2021 and 2020.

Non-current assets (excluding deferred tax assets and financial assets) of approximately HK\$73,155,000 (2020: HK\$74,460,000) are located in Hong Kong based on the geographical location of assets.

Information about major customers

No revenue from individual external customer contributes over 10% of total revenue of the Group for both years.

4. OTHER INCOME

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Government grants (<i>note</i>)	2,650	19,381
Sponsorship income	400	333
Membership income	272	95
Interests income	19	143
Consignment income of wines and cigars	23	48
Restaurant consultancy service income	660	660
Forfeited credits from vouchers and gift cards	206	275
Others	392	347
	<u>4,622</u>	<u>21,282</u>

Note: During the year, the Group recognised government grants of HK\$2,650,000 (2020: HK\$19,381,000) in respect of COVID-19-related subsidies, of which none (2020:HK\$14,811,000) relates to Employment Support Scheme and HK\$2,650,000 (2020: HK\$4,570,000) relates to Subsidy Schemes under Anti-epidemic Fund, both of which were provided by the Hong Kong government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

5. FINANCE COSTS

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Interest expenses on lease liabilities	2,411	1,682
Interest on bank borrowings	388	601
Others	352	—
	<u>3,151</u>	<u>2,283</u>

6. LOSS BEFORE TAXATION

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	850	730
Depreciation of property, plant and equipment	12,209	11,842
Depreciation of right-of-use assets	21,003	17,816
Directors' remuneration	2,198	1,740
Other staff costs:		
Salaries and other benefits	81,553	76,202
Retirement benefit scheme contributions	3,353	3,185
Total staff costs	87,104	81,127
Lease payments under operating leases in respect of land and buildings:		
– Short-term lease expenses	963	125
– Low-value leases payments	112	5
– Variable lease payment	2,958	4,305
	<u>4,033</u>	<u>4,435</u>

7. INCOME TAX (CREDIT)/EXPENSE

The amount of taxation (credit)/charged to profit and loss represent:

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	281	40
Under provision in prior years	–	–
Deferred tax		
Current year	1,686	(677)
	<u>1,967</u>	<u>(637)</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million (2020: same).

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company (HK\$'000)	<u>19,476</u>	<u>20,407</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	<u>1,102,904</u>	<u>906,500</u>

Diluted loss per share is same as basic loss per share for both years as there was no potential ordinary share outstanding.

10. TRADE AND OTHER RECEIVABLES, DEPOSIT AND PREPAYMENTS

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Trade receivables from restaurant operation	1,969	2,736
Rental deposits	16,344	14,483
Other deposits	6,445	5,828
Other receivables	1,255	2,143
Prepayments and others	<u>1,445</u>	<u>1,924</u>
Total trade and other receivables, deposits and prepayments	<u>27,458</u>	<u>27,114</u>
Analysed as:		
Current	13,524	10,429
Non-current	<u>13,934</u>	<u>16,685</u>
	<u>27,458</u>	<u>27,114</u>

As at 31 December 2021, net amount of trade receivables from contracts with customers amounted to HK\$1,969,000 (2020: HK\$2,736,000).

Usually, there is no credit period for the restaurant operation except for certain customers in which credit period ranging from 4 to 30 days is granted by the Group. The Group's trading terms with its customers are mainly by cash or credit card settlement. The settlement terms with credit card companies are usually within 7 days after the billing date which is also the service rendered date.

The following is an ageing analysis of trade receivables from restaurant operations presented based on the invoice date, which approximated the service rendered date, at the end of the reporting period.

	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
0 to 30 days	1,506	1,617
31 to 60 days	78	295
61 to 90 days	111	452
Over 90 days	274	372
	<u>1,969</u>	<u>2,736</u>

Trade receivables that were neither past due nor impaired related to credit card companies and diversified customers for whom there was no recent history of default.

11. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

Trade and other payables and accrued charges

	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
Trade payables	15,233	13,626
Accrued staff related costs	3,528	2,791
Rental, rates and building management fee	2,084	8,725
Restaurant construction work and repair and maintenance	3,482	4,868
Audit and professional fee	2,213	2,803
Marketing, advertising and promotion	1,573	1,170
Utilities charges	537	685
Receipts in advance	750	950
Voucher	–	362
Other payables	2,479	6,114
	<u>31,879</u>	<u>42,094</u>

The credit period on purchases of goods is 30 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2021 (Unaudited) HK\$'000	2020 (Audited) HK\$'000
0 to 30 days	7,921	4,049
31 to 60 days	4,177	4,413
61 to 90 days	765	1,652
Over 90 days	2,370	3,512
	<u>15,233</u>	<u>13,626</u>

12. BANK BORROWINGS

	2021 (Unaudited) <i>HK\$'000</i>	2020 (Audited) <i>HK\$'000</i>
Secured bank borrowings	<u>11,184</u>	<u>15,191</u>
Carrying amounts repayable of the bank borrowings*:		
Within one year	4,000	4,025
More than one year, but not exceeding two years	3,333	4,000
More than two years, but not more than five years	<u>3,851</u>	<u>7,166</u>
	<u>11,184</u>	<u>15,191</u>
Less: Amounts due within one year shown under current liabilities	<u>(11,184)</u>	<u>(15,191)</u>
Amount shown under non-current liabilities	<u> -</u>	<u> -</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and outlook

The Group is a renowned catering group in Hong Kong with award-winning restaurants. In addition to the flagship brand Duddell's, the Group continued to expand its brand portfolio and serve a variety of cuisines. Currently, its brand portfolio consists of 11 brands, namely, Duddell's, Louise, MONO, Andō, Estro, 208 Duecento Otto, 22 Ships, Between, Bibi & Baba, MakMak and Chachawan, which provide customers with a variety of choices.

During the year under review, due to the COVID-19 pandemic, dine-in service was still subject to certain restrictions, but the Group's business or operations were not further disrupted in the second half of the year compared with the first half. Its business performance, though yet to return to the normal level, has somewhat recovered. Moreover, the Group implemented effective strategies to improve its brand portfolio and sales, and continued to take proactive measures to enhance productivity and efficiency, including integrating human resources, accelerating the pace of digitalization and strictly controlling costs to ensure profitability.

While following a multi-brand and multi-concept strategy as always, the Group continued to expand into more market segments. During the year under review, the Group opened a premium Italian restaurant called "Estro" and appointed Antimo Maria Merone, former Executive Chef of 81/2 Otto e Mezzo BOMBANA" as the Executive Chef of "Estro". In the first month of its opening, Estro was well received in the market and built an excellent brand reputation, laying a solid foundation for high revenue growth in the future.

In addition to maintaining and improving its premium catering services, the Group's light meal brand "Between" has successfully established a promising coffee culture for the young. During the year under review, in addition to its Tai Kwun and Wan Chai shops, "Between" continued to receive support and cooperation from big brands, and was invited to open a limited-edition coffee shop in Pacific Place. With its fashionable and quality brand image, "Between" has attracted more diverse consumers with different spending power, and continuously expands the customer base of the Group to provide a steady stream of driving force.

In recent years, e-commerce has been thriving, giving birth to new business models. During the year under review, the Group invested more resources in the food delivery platform "JIA Everywhere", continued to upgrade the information technology system, improved the customer dining experience and strengthened the application of big data. In the future, the Group will further expand its online sales business and customer loyalty program, so as to further enrich its revenue model and optimize cost control.

Food technology investment is a bright spot in the future development of the catering industry. During the year under review, the Group invested in Plantible Foods, a US-based alternative protein start-up, and abillion, a vegetarian culture social platform, to help explore potential opportunities in forward-looking and sustainable food technology. In addition, the Group believes that its investment in Momos will bring SaaS (software as a service) benefits to the Group, such as cost reduction, efficiency improvement, and better operations and management, and improve the integration and continuity of its restaurant business and brand management, thus creating a greater synergy.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Group recorded a revenue of approximately HK\$221.3 million (2020: HK\$173.3 million), representing an increase of approximately HK\$48.0 million or 27.7% as compared with the corresponding period of last year which was mainly due to an increase in fine dining catering services recorded an increase 48.8% or HK\$45.3 million which was a result of the relaxation of social distancing restrictions relating to COVID-19 by the Hong Kong Government and “Estro” opened in September 2021 recording a revenue of approximately HK\$9.2 million. Developing the specialty coffee business in November 2020, the Group recorded a revenue of approximately HK\$15.6 million from such segment during the year. The Revenue of casual dining catering services recorded a decrease of approximately HK\$14.4 million or 26.8% was mainly due to the closure of “Duddell’s Airport” in December 2020.

Raw materials and consumables used

Raw materials and consumables used by the Group includes, but is not limited to, vegetable, meat, seafood and frozen food etc. That is one of the major components of the Group’s operating expenses which amounted to approximately HK\$62.0 million and HK\$46.5 million for each of the year ended 31 December 2021 and 2020, respectively, representing approximately 28.0% and 26.8% of the Group’s total revenue for the corresponding periods. Such increase was mainly due to the 1.8% increase in the use of raw materials and consumables by “Duddell’s Central” for the year ended 31 December 2021 as compared with of the corresponding period of last year and a higher cost margin 35.9% of “Estro” which opened in September 2021.

Staff costs

Staff costs represented one of the major components of the Group's operating expenses which primarily consisted of Directors' emoluments, salaries and allowance, retirement benefit scheme contributions and other benefits. The staff costs increased by approximately HK\$6.0 million from approximately HK\$81.1 million for the year ended 31 December 2020 to approximately HK\$87.1 million for the year ended 31 December 2021. Such increase was mainly due to the increase number of staff which was as result of the relaxation of social distancing restrictions to COVID-19 by Hong Kong Government and increase in the visiting customers.

Property rentals and related expenses

Apart from raw materials and consumables used and staff costs, property rentals also represent one of the major components of the Group's operating expenses. Property rentals and related expenses decrease approximately HK\$2.1 million from approximately HK\$10.9 million for the year ended 31 December 2020 to approximately HK\$8.8 million for the year ended 31 December 2021. The decrease was mainly due to the closure of "Duddell's Airport" in December 2020 which amounted to approximately HK\$5.1 million and increase of approximately HK\$1.0 million and HK\$0.8 million of "Between" and "Estro" which opened in November 2020 and September 2021, respectively.

Loss attributable to owners of the Company

As a result of the foregoing, loss attributable to owners of the Company was approximately HK\$19.5 million for the year ended 31 December 2021 representing a decrease in loss of approximately HK\$0.9 million as compared with a loss of approximately HK\$20.4 million for the year ended 31 December 2020.

The decrease in loss attributable to owners of the Company was primarily attributable to the relaxation of social distancing restrictions relating to COVID-19 by the Hong Kong Government which led to an increase in number of visiting customers and decrease in property rentals and related expenses.

Liquidity, Financial Resources and Capital Structure

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowing.

The Group recorded net current liabilities of approximately HK\$38.4 million as at 31 December 2021 (2020: net current liabilities HK\$46.0 million).

As at 31 December 2021, the Group's current ratio was approximately 0.5 (2020: 0.5) and the Group's gearing ratio calculated based on the total debt (excluding trade nature balances, tax balances and provision) at the end of the year divided by total equity at the end of the year was approximately 403.9% (2020: 399.2%).

As at 31 December 2021, the maximum limit of the banking facilities available to the Group amounted to HK\$20.0 million and has been fully utilised. The bank borrowings are subject to variable interest rate of the higher of 2.50% per annum over HIBOR or the bank's cost of funds and 2.50% per annum below Prime Rate or the bank's cost of funds. The weighted average interest rate is 2.8% per annum as at 31 December 2021 (2020: 3.51% per annum).

The capital structure of the Company comprised ordinary shares only. On 18 June 2021, the Company issued 134,280,000 new shares through the placing of new shares with proceeds amounting to HK\$17.5 million, net of share issuing costs. As at 31 December 2021, the Company has 1,161,190,000 ordinary shares in issue after cancelling 5,000,000 of the Shares Repurchased. Total equity attributable to owners of the Company amounted to approximately HK\$22.0 million as at 31 December 2021 (2020: HK\$25.0 million).

Breach of Loan Agreements

Certain bank loan facilities of the Group are subject to certain covenants on financial gearing and capital requirements as commonly required under lending arrangements with financial institutions. The Directors became aware that the Group has technically breached the loan covenant as the Group has failed to fulfill certain financial criteria in which the calculation is based on the Group's financial information. The Group has been communicating with the banks to resolve the breach of the aforesaid bank covenants in order to maintain the existing banking loan facilities. As of the approval date of these financial statements, the lenders have not made any demand for immediate loan repayment.

The Board is of the opinion after taking into account that the existing bank balances and cash, internally generated funds and available banking facilities, the Group has sufficient working capital from the date of this announcement.

There has been no change in the capital structure of the Group during the period under review.

Foreign Currency Exposure Risks

The Group operated mainly in Hong Kong with most of the Group's transactions settled in Hong Kong dollars. As such, the Group did not have significant exposure to foreign exchange risk during the year.

Pledge of Assets

As at 31 December 2021, the Group's pledged bank deposits in the amount of HK\$9.5 million was pledged as security for the Group's banking facilities (31 December 2020: HK\$9.5 million).

Financial Risk Management Objectives and Policies

Interest rate risk

The Group is mainly exposed to cash flow interest rate risk in relation to floating-rate bank borrowing, and fair value interest rate risk in relation to pledged bank deposits and non-interest bearing amounts due from/to related companies, a controlling shareholder and non-controlling shareholders of subsidiaries and amount due from an associate. The Company is mainly exposed to fair value interest rate risk in relation to non-interest bearing amounts due to subsidiaries.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's bank borrowings.

Credit risk

As at 31 December 2021, the maximum exposure in relation to credit risk of the Group which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Board considers the credit risk of the Company is immaterial. The Group trades with a large number of individual customers and trading terms are predominately on cash and credit card settlement. In view of the Group's operations, the Group does not have significant credit risk exposure to any single individual customer.

The Group has significant concentration of credit risk on amounts due from related companies, a controlling shareholder and an associate. The Board considers the counterparties to be of good credit worthiness based on its past repayment history.

The credit risk on bank balances and pledged bank deposits of the Group is limited because the counterparties are medium to large-sized Hong Kong listed banks. The Group has concentration risk on its liquid funds as the pledged bank deposits and bank balances are placed with two banks in Hong Kong.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalent deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

Capital Commitments

As at 31 December 2021, the Group had contracted but not provided for capital commitment of HK\$0.9 million in respect of property, plant and equipment (31 December 2020: HK\$1.4 million).

Contingent Liabilities

As at 31 December 2021, the Group did not have any material contingent liabilities (31 December 2020: nil)

Future Plans for Material investment or capital assets

Except on disclosed herein, as of the date of this announcement, the Group did not have any future plans for material investments or capital assets, material acquisition and disposal of subsidiaries, associates or joint ventures in the coming year.

Material Acquisitions and Disposals

During the year ended 31 December 2021, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies.

Use of Proceeds from Placing of New Shares under General Mandate

Placing completed on 24 September 2020 (the “Placing I”)

Reference is made to the announcements issued by the Company on 7 September 2020 and 24 September 2020 in relation to the placing of new shares under the general mandate.

On 7 September 2020, the Group and a placing agent entered into a placing agreement pursuant to which the Group appointed the placing agent to procure altogether not less than six placees (who and whose ultimate beneficial owner(s) are independent of and not connected with the Company and any of its connected persons within the meaning of the GEM Listing Rules) for placing up to aggregate of 171,910,000 placing shares at a placing price of HK\$0.08 per placing share. The closing price for the Company’s shares on 7 September 2020 was HK\$0.096 per share.

The Placing I was completed on 24 September 2020 with gross and net proceeds of approximately HK\$13.8 million (equivalent to approximately HK\$0.08 per placing share) and HK\$13.2 million (equivalent to approximately HK\$0.077 per placing share) as set out in the Company’s announcements dated 7 September 2020 and 24 September 2020. The Company intended to use the proceeds for (i) developing the cloud kitchen business of the Group; (ii) upgrading the sales channels of the Group, including “JIA Everywhere”, the online/offline delivery platform of the Group; (iii) investing in potential PRC or overseas food and beverage related investment opportunities; (iv) developing new catering outlets of the Group and for brand management; and (v) loan repayment.

Use of net proceeds from the Placing I	Planned use of proceeds as described in the announcement dated 7 September 2020 <i>HK\$ million</i>	Approximate percentage of total net proceeds %	Actual use of net proceeds up to 31 December 2021 <i>HK\$ million</i>	Unused total net proceeds up to 31 December 2021 <i>HK\$ million</i>
Developing the cloud kitchen business and upgrading the sales channels	4.5	34.1%	1.7	2.8
Investing in potential PRC or overseas food and beverage related investment opportunities	2.5	18.9%	2.5	–
Developing new catering outlets	1.2	9.1%	1.0	0.2
Loan repayment	5.0	37.9%	5.0	–
Total	<u>13.2</u>	<u>100.0%</u>	<u>10.2</u>	<u>3.0</u>

Placing completed on 18 June 2021 (the “Placing II”)

Reference is made to the announcements issued by the Company on 25 May 2021 and 18 June 2021 in relation to the placing of new shares under the general mandate.

On 25 May 2021, the Group and a placing agent entered into a placing agreement pursuant to which the Group appointed the placing agent to procure altogether not less than six placees (who and whose ultimate beneficial owner(s) are independent of and not connected with the Company and any of its connected persons within the meaning of the GEM Listing Rules) for placing up to aggregate of 134,280,000 placing shares at a placing price of HK\$0.135 per placing share. The closing price for the Company’s shares on 25 May 2021 was HK\$0.149 per share.

The Placing II was completed on 18 June 2021 with gross and net proceeds of approximately HK\$18.1 million (equivalent to approximately HK\$0.135 per placing share) and HK\$17.5 million (equivalent to approximately HK\$0.1301 per placing share) as set out in the Company’s announcements dated 25 May 2021 and 18 June 2021. The Company intended to use the proceeds for (i) expanding the specialty coffee business; (ii) developing casual dining business; and (iii) investing in PRC and overseas food tech investment opportunities.

Use of net proceeds from the Placing II	Planned use of proceeds as described in the announcement dated 25 May 2021 <i>HK\$ million</i>	Approximate percentage of total net proceeds %	Actual use of net proceeds up to 31 December 2021 <i>HK\$ million</i>	Unused total net proceeds up to 31 December 2021 <i>HK\$ million</i>
Expanding the specialty coffee business	9.0	51.4%	3.5	5.5
Developing casual dining business;	5.3	30.3%	4.5	0.8
Investing in PRC and overseas food tech investment opportunities	3.2	18.3%	0.6	2.6
Total	<u>17.5</u>	<u>100.0%</u>	<u>8.6</u>	<u>8.9</u>

Employees and Remuneration Policy

As at 31 December 2021, the Group had a workforce of 388 employees (2020: 337). Total staff costs for the year ended 31 December 2021 were approximately HK\$87.1 million, as compared to the staff cost of HK\$81.1 million for the year ended 31 December 2020.

The emolument policy of the employees of the Group is formulated by the Remuneration Committee (as defined below) with reference to the duties, responsibilities, experience and competence of individual employees. The same policy also applies to the Directors. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefits included pension scheme contributions. The emoluments of the Directors are reviewed annually by the remuneration committee of the Company (“**Remuneration Committee**”).

As incentives and rewards for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors) may also be granted share options by the Company from time to time pursuant to the share option scheme of the Company adopted on 8 February 2018.

The Group provides various training to its employees to enhance their technical skills and knowledge relevant to the employees’ responsibilities. The Group also provides its employees with quality control standards and work safety standards training to enhance their safety awareness.

The employees in Hong Kong are enrolled in the Mandatory Provident Fund under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Monthly contributions are made by the Group which are 5% of the monthly income of the employees as stipulated under the relevant requirements (if applicable), with the maximum contributions of HK\$1,500 monthly.

During the year under review, the Group did not experience any strikes, work stoppages or significant labour disputes which affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff. The Directors consider that the Group has maintained good working relationship with its employees.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: Nil).

EVENT AFTER REPORTING PERIOD

During the financial year ended 31 December 2021 and up to the date of this announcement, the Company repurchased a total of 6,410,000 Ordinary Shares (the “**Shares Repurchased**”) of the Company on the Stock Exchange at an aggregate consideration (including transaction cost) of HK\$697,874.

The number of shares in issue was reduced by 5,000,000 shares as a result of the cancellation accordingly. Upon cancellation of the Shares Repurchased, the remaining of 1,210,000 of the Shares Repurchased in November and December was subsequently cancelled on 10 January 2022.

In January 2022, the Group has granted a total of 7,600,000 share options (the “**2022 Option**”) to certain Directors and employees of the Group to subscribe for ordinary shares of par value of HK\$0.01 each of the Company at pre-exercise price of HK\$0.1 per share. The validity period of the 2022 Option is ten years from the date of acceptance and the 2022 Option will be lapse at the expiry of the option period. Details of which are set out in the Company’s announcement dated 19 January 2022.

In light of the recent outbreak of the fifth wave of the novel coronavirus disease (COVID-19) in Hong Kong, the operating environment of the catering sector in Hong Kong is full of challenges due to the tightening of regulatory restrictions on social gatherings and no dine-in after 6:00 p.m. by the Hong Kong Government. The Group’s business performance in the first quarter of 2022 will inevitably be affected by a decline in customer traffic and would potentially lead to a significant reduction in the Group’s revenue in the first half of the year.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2021, the Directors are not aware of any business and interest of the Directors or the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) that competes or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group during the period under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, the Company repurchased a total of 6,410,000 ordinary shares of par value of HK\$0.01 each in the share capital of the Company (the "Shares") on the GEM of the Stock Exchange of Hong Kong Limited with the aggregate consideration paid (before expenses) amounting to HK\$697,874.00. 6,210,000 of Shares repurchased were subsequently cancelled. As at 31 December 2021, the total number of Shares in issue was 1,161,190,000.

Date	Number of Share Repurchases	Purchase price per share		Aggregate consideration (before expenses)
		<i>Highest</i> (HK\$)	<i>Lowest</i> (HK\$)	(HK\$)
13 September 2021	400,000	0.104	0.104	41,600.00
14 September 2021	590,000	0.105	0.103	62,082.00
15 September 2021	210,000	0.106	0.106	22,393.00
16 September 2021	300,000	0.107	0.106	32,147.00
17 September 2021	200,000	0.108	0.108	21,733.00
20 September 2021	1,650,000	0.112	0.100	177,567.00
21 September 2021	360,000	0.114	0.113	41,000.00
24 September 2021	200,000	0.114	0.114	22,934.00
27 September 2021	400,000	0.115	0.112	45,356.00
28 September 2021	150,000	0.116	0.115	17,426.00
05 October 2021	210,000	0.120	0.117	25,037.00
07 October 2021	330,000	0.122	0.118	39,678.00
30 November 2021	220,000	0.111	0.107	23,955.00
01 December 2021	200,000	0.112	0.110	22,273.00
02 December 2021	210,000	0.113	0.110	23,725.00
14 December 2021	330,000	0.102	0.095	32,658.00
20 December 2021	100,000	0.102	0.101	10,267.00
21 December 2021	150,000	0.102	0.102	15,423.00
23 December 2021	200,000	0.103	0.100	20,620.00

Save as disclosed above, during the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions and dealing (the "Code of Conduct") by Directors on terms no less exacting than the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company has made specific enquiry of all Directors as to whether they have complied with the required standard set out in the Model Code and the Code of Conduct during the year ended 31 December 2021.

All the Directors have confirmed that they have complied with the required standards set out in the Model Code and the Code of Conduct throughout the year ended 31 December 2021.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provision on Corporate Governance Code and Corporate Governance Report in force during the year ended 31 December 2021 as set out in Appendix 15 (version up to 31 December 2021) to the GEM Listing Rules (the “**CG Code**”). During the year ended 31 December 2021, the Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly.

Except for the deviation from code provision A.2.1 of the CG Code (as defined below), the Company has complied with the code provisions set out in the CG Code during the period under review. Code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 of the CG Code since 1 January, 2022), stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Wong Pui Yain is both the chairperson of the Board and the chief executive officer of the Company. In view of Ms. Wong’s role in day-to-day operations and management of the Group since 2015, the Board believes that it is in the best interest of the Group to have Ms. Wong taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance and the Board is of the view that this management structure is effective for the Group’s operations and sufficient checks and balances are in place. The Board will continue to review and consider splitting the roles of the chairperson and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstance of the Group as a whole.

The requirements under the new Corporate Governance Code as set out in Appendix 15 to GEM Listing Rules (the “**New CG Code**”) which came into effect on 1 January 2022 shall apply to the Company’s corporate governance report for the financial year commencing on 1 January 2022.

Interest of Compliance Adviser

In accordance with Rule 6A.19 of the GEM Listing Rules, the appointment of Innovax Capital Limited (which had been appointed as the compliance adviser of the Company (the “**Compliance Adviser**”) since the listing of the Company) was terminated on 31 March 2021 after the publication of the Company’s annual report for the year ended 31 December 2020. As confirmed by the Compliance Adviser, none of the Compliance Adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) has or may have any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) up to the date of the termination of the its role as compliance adviser on 31 March 2021, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee on 23 January 2018 (the “**Audit Committee**”) with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company’s draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting processes and internal control procedures of the Group. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Leung Yuk Lun Ulric (Chairperson), Mr. Devin Nijanthan Chanmugam and Mr. Wee Keng Hiong Tony.

The Audit Committee has reviewed this announcement and the unaudited condensed consolidated results of the Group for the financial year ended 31 December 2021 and the effectiveness of internal control procedures and risk management systems of the Group.

REVIEW OF UNAUDITED ANNUAL RESULTS

Due to the escalation of the COVID-19 pandemic in Hong Kong, the auditing process for the annual results for the year ended 31 December 2021 (the “**2021 Annual Results**”) was not yet completed as additional time is required to complete certain outstanding audit procedures as a result of the negative impact and restrictions (i.e., quarantine and travel restrictions) caused by the fifth wave of COVID-19. These annual results contained herein is only based on a preliminary assessment by the Board with reference to the information currently available which have not been agreed by BDO Limited, the independent auditors of the Company, as required under the GEM Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by HKICPA.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited results for the year ended 31 December 2021 as agreed by the Company’s auditors and the material differences (if any) as compared with the unaudited annual results contained herein; and (ii) circumstances arising from the audit of the Group or financial statements which constitute price sensitive information. In addition, the Company, will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process. The Company expects the auditing process will be completed on or before 30 April 2022.

PUBLICATION OF ANNUAL REPORT

The 2021 audited annual report containing all the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company on or before 30 April 2022.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed by the auditors and are subject to adjustments (if any). Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 30 March, 2022

As at the date of this announcement, the executive Directors are Ms. Wong Pui Yain and Ms. Wan Suet Yee Cherry and the independent non-executive Directors are Mr. Leung Yuk Lun Ulric, Mr. Devin Nijanthan Chanmugam and Mr. Wee Keng Hiong Tony.

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 “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.jiagroup.co.