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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 TRANSACTION – DISPOSAL OF INTEREST IN A SUBSIDIARY

THE DISPOSAL

On 12 August 2022 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Between HK Sale Shares at a consideration of HK\$2,721,990 to be settled by cash.

GEM LISTING RULES IMPLICATIONS

As the Previous Disposal took place and was completed within a 12-month period, the Previous Disposal is required to be aggregated with the Disposal as a series of transactions pursuant to Rule 19.22 of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal (both on a standalone basis and when aggregated with the Previous Disposal), exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, Ms. Wong is an executive Director and a Controlling Shareholder of the Company. The Purchaser is wholly-owned by Ms. Wong and is therefore an associate of Ms. Wong. As such, the Purchaser is regarded as a connected person of the Company, and accordingly the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Given all the relevant percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal (both on a standalone basis and when aggregated with the Previous Disposal) are less than 25% and the aggregate consideration of the Disposal together with the Previous Disposal is less than HK\$10,000,000, the Disposal is, pursuant to Rule 20.74(2) of the GEM Listing Rules, subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

THE PREVIOUS DISPOSAL

Prior to the Previous Disposal, Between HK was wholly owned by the Vendor. In January 2022, as part of a share swap arrangement, the Vendor had transferred 40% of its equity interest in Between HK to Hanneng in exchange for the transfer of 40% equity interest of Ever Creation Asia Investment Limited held by Hanneng to Between HK. The transactions carried out in connection with the Previous Disposal were regarded as connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

THE SHARE PURCHASE AGREEMENT

The Board wishes to announce that on 12 August 2022 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the Share Purchase Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Between HK Sale Shares. The principal terms of the Share Purchase Agreement is set out below:

| | |
|-------------------------------|---|
| Date: | 12 August 2022 |
| Vendor: | Big Team Ventures Limited |
| Purchaser: | Colour Bright Global Limited |
| Assets to be disposed: | Between HK Sale Shares, representing 41% of the equity interest in Between HK |
| Consideration: | HK\$2,721,990, which shall be payable by the Purchaser in cash at Completion |

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to, among others, (i) the latest business and development for the future prospects of Between HK; (ii) the reasons and benefits of the Disposal as stated under the section headed "Reasons for and benefits of the Disposal and use of proceeds" below; and (iii) the preliminary valuation results of the entire equity interests in Between HK based on the market approach as at 31 March 2022 prepared by Valtech Valuation Advisory Limited, an independent valuer.

Completion:

Completion of the Share Purchase Agreement is conditional upon the following conditions being satisfied:

- (i) as at the date of fulfilment or waiver of the last in time to be fulfilled of the conditions precedent, there being no restriction (including but not limited to any pre-emption rights and rights of first refusal, or any injunctions or other prohibition or lawful orders) on the transfer of the Between HK Sale Shares and/or the consummation of transactions as contemplated by the Share Purchase Agreement, or to the extent that such restriction exists, receipt by the Purchaser of evidence to its reasonable satisfaction that any such restriction in connection with the transfer thereof have been waived;
- (ii) as at the date of fulfilment or waiver of the last in time to be fulfilled of the conditions precedent, there being no action or proceeding pending or threatened by any person or government agency to enjoin or prohibit the transfer of the Between HK Sale Shares as contemplated in the Share Purchase Agreement;
- (iii) receipt by the Vendor from the Purchaser of all necessary consents, approvals and authorisations required by the Purchaser for the consummation of, and implementation of transactions contemplated by, the Share Purchase Agreement (including, without limitation, the sale, transfer or assignment (as applicable) of the Between HK Sale Shares) and all such consents, approvals and authorisations being effective and not revoked or withdrawn, including the obtaining of the relevant documents to the reasonable satisfaction of the Vendor;
- (iv) as at the date of fulfilment or waiver of the last in time to be fulfilled of the conditions precedent, the warranties provided by the Vendor and the Purchaser in the Share Purchase Agreement remaining correct and not misleading in all material respects; and
- (v) as at the date of fulfilment or waiver of the last in time to be fulfilled of the conditions precedent, there being no material unremedied breach by the Vendor and the Purchaser of any of its undertakings and covenants contained in the Share Purchase Agreement.

INFORMATION ABOUT BETWEEN HK

Between HK

Between HK is a company incorporated in May 2019 under the laws of the British Virgin Islands, principally engaged in the business of providing specialty coffee. Prior to the Completion, Between HK was owned as to 60% by the Vendor and 40% by Hanneng, which is wholly-owned by Mr. Lo Yeung Kit, Alan, the spouse of Ms. Wong.

Set out below are the summary of certain unaudited financial information of Between HK for the two financial years ended 31 December 2020 and 2021 and the three months ended 31 March 2022:

| | For the year ended 31 December 2020 (HK\$'000) | For the year ended 31 December 2021 (HK\$'000) | Three months ended 31 March 2022 (HK\$'000) |
|----------------------|---|---|--|
| Revenue | 4,721 | 14,136 | 1,140 |
| Loss before taxation | (3,529) | (6,257) | (584) |
| Net loss | (3,597) | (6,213) | (584) |

As at 31 March 2022, the unaudited total assets and net liabilities of Between HK was approximately HK\$1,674,000 and HK\$638,000, respectively.

Immediately after the Completion, the Group's interest in Between HK will decrease from 60% to 19%. Between HK will cease to be a subsidiary of the Group and the financial results of Between HK will not be consolidated into the Group's financial statements.

INFORMATION ABOUT THE VENDOR AND PURCHASER

The Vendor

The Vendor was incorporated in the British Virgin Islands and is an investment holding company. The principal activity of the Vendor is investment holding. The Vendor is a wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser was incorporated in the British Virgin Islands and is an investment holding company. The principal activity of the Purchaser is investment holding. The Purchaser is wholly-owned by Ms. Wong.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Group is principally engaged in operating restaurants in Hong Kong. Its restaurants serve cuisines including Chinese, Spanish, Italian, French, Nyonya and Thai.

The Directors consider the Disposal will be a good opportunity for the Group at this stage, due to the challenging operational environment caused by the outbreak of the COVID-19 pandemic. Between HK is in a net current liability and loss-making position, it is uncertain for the Directors to expect a possibility that Between HK will achieve a position turnaround in financial performance. The Disposal will reduce the level of liabilities of the Group and hence improve the asset-liabilities structure of the Group. Further, the Disposal will also help to further improve the profitability of the Group. It is expected that the estimated net proceeds from the Disposal (after deduction of relevant expenses) of approximately HK\$2,500,000 (subject to adjustments) will be used for the Group's general working capital which also will improve the Group's overall cashflow and liquidity.

On the basis of the above, the Directors (including the independent non-executive Directors, but excluding Ms. Wong) are of the view that (i) the terms of the Share Purchase Agreement are fair and reasonable, (ii) the Share Purchase Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group and (iii) the Disposal is in the interest of the Company and the Shareholders as a whole. Ms. Wong, a connected person of the Company holding 100% equity interest in the Purchaser, has a material interest in the Disposal and had abstained from voting on the Board resolution in relation to the Disposal. Save as disclosed above, none of the Directors have a material interest in the Disposal which required any of them to abstain from voting on the Board resolution in relation to the Disposal.

FINANCIAL EFFECTS OF THE DISPOSAL

The Group expects that the total gains from the Disposal (after deducting all relevant costs and expenses which the Group must pay as a result of the Disposal) is approximately HK\$2,700,000, which is calculated based on factors such as the consideration, the assets and liabilities of the Between HK Sale Shares as at 31 March 2022. The actual amount of the gain arising out of the Disposal will be subject to review by the auditors of the Company and shall be based on the value of the Between HK Sale Shares as at the Completion and therefore, may vary from the current estimate.

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As at the date of this announcement, Ms. Wong is an executive Director and a Controlling Shareholder of the Company. The Purchaser is wholly-owned by Ms. Wong and is therefore an associate of Ms. Wong. As such, the Purchaser is regarded as a connected person of the Company, and accordingly the Disposal constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

Given all the relevant percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal (both on a standalone basis and when aggregated with the Previous Disposal) are less than 25% and the aggregate consideration of the Disposal together with the Previous Disposal is less than HK\$10,000,000, the Disposal is, pursuant to Rule 20.74(2) of the GEM Listing Rules, subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and Shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

GENERAL

As the Completion is subject to the satisfaction of the conditions set out in the Share Purchase Agreement, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities in the Company.

DEFINITIONS

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

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|---------------------------|--|
| “Board” | the board of Directors |
| “Between HK” | Between Hong Kong Limited, a private company limited by shares incorporated and registered in the British Virgin Islands |
| “Between HK Sale Shares” | 41 issued shares of US\$1.00 each in the capital of Between HK, representing 41% of the issued share capital in Between HK |
| “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) |
| “Controlling Shareholder” | has the meaning as defined in the GEM Listing Rules |
| “Completion” | the completion of the Disposal |
| “Director(s)” | the director(s) of the Company |
| “Disposal” | the disposal of the Between HK Sale Shares |
| “GEM” | GEM of the Stock Exchange |
| “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 |
| “Hanneng” | Hanneng Limited, a private company limited by shares incorporated and registered in the British Virgin Islands which is wholly-owned by Mr. Lo Yeung Kit, Alan, the spouse of Ms. Wong |

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|----------------------------|---|
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Ms. Wong” | Ms. Wong Pui Yain, the chairperson, an executive Director and a Controlling Shareholder of the Company, holding 100% equity interest in the Purchaser |
| “Previous Disposal” | the disposal by the Vendor of its 40% equity interest in Between HK to Hanneng in January 2022 as part of a share swap arrangement |
| “Purchaser” | Colour Bright Global Limited, a private company limited by shares incorporated and registered in the British Virgin Islands which is wholly-owned by Ms. Wong |
| “Share Purchase Agreement” | the conditional share purchase agreement dated 12 August 2022 entered into between the Vendor and the Purchaser in respect of the sale of Between HK Sale Shares |
| “Shareholder(s)” | shareholder(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Big Team Ventures Limited, a private company limited by shares incorporated and registered in the British Virgin Islands and a wholly-owned subsidiary of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

By order of the Board
Jia Group Holdings Limited
Wong Pui Yain
Chairperson

Hong Kong, 12 August 2022

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 GEM Listing Rules 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 “Latest Company Announcement” page of the GEM website (www.hkgem.com) for at least seven days from the date of its posting and on the Company’s website (www.jiagroup.co).