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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)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.*

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company hereby announces the annual consolidated results of the Group for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021 as follows, which are presented in Hong Kong dollars (“**HK\$**”):

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Revenue	4	<b>217,005</b>	221,344
Other income	5	<b>14,422</b>	4,622
Other gains and losses		<b>2,163</b>	250
Raw materials and consumables used		<b>(60,672)</b>	(61,950)
Staff cost		<b>(91,866)</b>	(87,104)
Depreciation		<b>(34,250)</b>	(33,212)
Property rentals and related expenses		<b>(10,528)</b>	(8,785)
Utility expenses		<b>(6,037)</b>	(5,651)
Advertising and promotion expenses		<b>(8,705)</b>	(9,238)
Other operating expenses		<b>(30,703)</b>	(28,511)
Finance costs	6	<b>(3,185)</b>	(3,151)
Share of results of associates		<b>(307)</b>	–
Impairment loss of property, plant and equipment		<b>(5,314)</b>	(4,961)
Impairment loss of right-of-use assets		<b>(3,545)</b>	(2,948)
Impairment loss on amounts due from related parties		<b>(887)</b>	–
		<hr/>	<hr/>
Loss before taxation	7	<b>(22,409)</b>	(19,295)
Income tax expense	8	<b>(591)</b>	(1,967)
		<hr/>	<hr/>
Loss and total comprehensive expense for the year		<b>(23,000)</b>	(21,262)
		<hr/>	<hr/>
Loss and total comprehensive expense for the year attributable to:			
– Owners of the Company		<b>(19,744)</b>	(19,476)
– Non-controlling interests		<b>(3,256)</b>	(1,786)
		<hr/>	<hr/>
		<b>(23,000)</b>	(21,262)
		<hr/> <hr/>	<hr/> <hr/>
Loss per share			
Basic and diluted (HK cents)	10	<b>(1.70)</b>	(1.77)
		<hr/> <hr/>	<hr/> <hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>20,364</b>	30,713
Right-of-use assets		<b>23,675</b>	42,442
Investment in an associate		<b>1,317</b>	–
Financial assets measured at fair value through profit or loss		<b>3,147</b>	3,167
Deferred tax assets		<b>2,327</b>	1,858
Deposits	<i>11</i>	<b>14,107</b>	13,934
Pledged bank deposits		<b>5,000</b>	5,000
		<hr/> <b>69,937</b> <hr/>	<hr/> 97,114 <hr/>
<b>Current assets</b>			
Inventories		<b>6,283</b>	5,726
Trade and other receivables, deposits and prepayments	<i>11</i>	<b>9,656</b>	13,524
Financial assets measured at fair value through profit or loss		<b>1,783</b>	–
Amounts due from related companies		<b>747</b>	768
Amounts due from a controlling shareholder		–	608
Amounts due from associates		<b>531</b>	747
Tax recoverable		<b>279</b>	114
Pledged bank deposits		–	4,500
Bank balances and cash		<b>9,341</b>	12,925
		<hr/> <b>28,620</b> <hr/>	<hr/> 38,912 <hr/>
<b>Current liabilities</b>			
Trade and other payables and accrued charges	<i>12</i>	<b>33,883</b>	31,879
Contract liabilities		<b>4,962</b>	6,127
Amounts due to related companies		<b>2,399</b>	2,165
Amounts due to non-controlling shareholders		<b>939</b>	–
Amounts due to an associate		<b>94</b>	–
Bank borrowings	<i>13</i>	<b>8,191</b>	11,184
Tax payable		<b>648</b>	370
Lease liabilities		<b>26,126</b>	25,550
Provision		<b>2,119</b>	–
		<hr/> <b>79,361</b> <hr/>	<hr/> 77,275 <hr/>
<b>Net current liabilities</b>		<hr/> <b>(50,741)</b> <hr/>	<hr/> (38,363) <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>19,196</b> <hr/>	<hr/> 58,751 <hr/>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Provision	2,357	4,450
Deferred tax liabilities	505	51
Contract liabilities	9,082	10,267
Lease liabilities	10,116	24,231
	<u>22,060</u>	<u>38,999</u>
<b>Net (liabilities)/assets</b>	<u><b>(2,864)</b></u>	<u>19,752</u>
<b>Capital and reserves</b>		
Share capital	11,598	11,612
Reserves	(8,900)	10,341
	<u>2,698</u>	<u>21,953</u>
Equity attributable to owners of the Company	2,698	21,953
Non-controlling interests	(5,562)	(2,201)
<b>Total (deficit)/equity</b>	<u><b>(2,864)</b></u>	<u>19,752</u>

## 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 on 8 February 2018. Its immediate and ultimate holding company is Giant Mind International Limited, a company incorporated in the British Virgin Islands 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. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### (a) Adoption of new/revised HKFRSs

In the current year, the Group has applied for the first time the following new or amended HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") to the Group's financial statements for the annual period beginning on or after 1 January 2022:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

### (b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

#### (b) Basis of measurement and going concern assumption

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value.

The COVID-19 pandemic and the related measures imposed by government in Hong Kong to contain the spreading of COVID-19 pandemic had resulted in operating hours restriction and temporary closure of the restaurants during the year. These had negatively impacted the results of the Group during the reporting period and its liquidity position. There has been relaxation of certain of those measures but the situation in which the Group operates is still precarious.

During the year, the Group still suffered from various restrictions imposed by the Hong Kong Government to contain the speeding of COVID-19 pandemic and a net loss of HK\$23,000,000 was incurred. As at 31 December 2022, the Group’s current liabilities exceeded its current assets by HK\$50,741,000 and the net liabilities were HK\$2,864,000. In addition, the Group breached the covenants of borrowings amounted to HK\$8,191,000 included in the current liabilities as at 31 December 2022. The lender had the right to declare the outstanding principal amount, accrued interest and all other sums payable under the loan immediately due and payable.

The above events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. For the purpose of assessing the appropriateness of the going concern basis for the preparation of these consolidated financial statements, the directors of the Company have prepared a cash flow forecast covering a period of 15 months from the end of the reporting period of these consolidated financial statements (“Forecast”). The past performance and liquidity as well as the future economic outlook have been taken into account in the preparation of the Forecast, which includes the following major measures and assumptions:

- (a) Up to the approval date of the consolidated financial statements, the Group is still in the negotiation process with the bank to resolve breach of the financial covenants in order to maintain the existing banking loan facilities utilised;
- (b) The Group is taking measures to tighten cost controls over staff costs aiming at improving the working capital and cash flow position of the Group; and
- (c) Closely monitoring the development of COVID-19 and future development of catering industry.

In consideration of the Group’s current operation and business plan, the directors are satisfied that the Group will be able to meet in full its financial obligations when they fall due in the foreseeable future.

In addition to the above, Ms. PY Wong, being the controlling shareholder and a director of the Company, has undertaken to provide financial support to the Group to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business over the period covered by the Forecast. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

**(c) Functional and presentation currency**

The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

**4. 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:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Revenue recognised over time		
Catering services		
– Fine dining	<b>152,503</b>	138,174
– Mid-market dining	<b>21,236</b>	28,210
– Specialty coffee	<b>7,470</b>	15,571
– Casual dining	<b>35,796</b>	39,389
	<b>217,005</b>	221,344

**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 2022 and 2021.

Non-current assets (excluding deferred tax assets and financial assets) of approximately HK\$45,356,000 (2021: HK\$73,155,000) are located in Hong Kong based on the physical location of assets or location of operations.

**Information about major customers**

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

## 5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants ( <i>note</i> )	10,978	2,650
Sponsorship income	708	400
Membership income	243	272
Interests income	21	19
Insurance claim	229	–
Consignment income of wines and cigars	–	23
Restaurant consultancy service income	1,748	660
Forfeited credits from vouchers and gift cards	–	206
Others	495	392
	<u>14,422</u>	<u>4,622</u>

*Note:* During the year ended 31 December 2022, the Group recognised government grants of HK\$10,978,000 (2021: HK\$2,650,000) in respect of COVID-19-related subsidies, of which HK\$5,898,000 (2021: nil) relates to Employment Support Scheme and HK\$5,080,000 (2021: HK\$2,650,000) relates to Subsidy Schemes under Anti-epidemic Fund, both of which were provided by the Government of Hong Kong Special Administrative Region. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on lease liabilities	2,044	2,411
Interest on bank borrowings	358	388
Others – Interest accreted on contract liabilities	783	352
	<u>3,185</u>	<u>3,151</u>



## 7. LOSS BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Auditor's remuneration	880	850
Depreciation of property, plant and equipment	13,040	12,209
Depreciation of right-of-use assets	21,210	21,003
Directors' remuneration	2,054	2,198
Other staff costs:		
Salaries and other benefits	86,290	81,553
Retirement benefit scheme contributions	3,522	3,353
Total staff costs ( <i>Note</i> )	91,866	87,104
Lease payments in respect of land and buildings:		
– Short-term lease expenses	1,246	963
– Low-value leases expenses	90	112
– Variable lease payment	3,399	2,958
	<u>4,735</u>	<u>4,033</u>

*Note:* During the year ended 31 December 2022, share-based payments of HK\$798,000 (2021: HK\$229,000) was included in the total staff cost.

## 8. INCOME TAX EXPENSE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current tax	<u>608</u>	<u>282</u>
Deferred tax		
Origination and reversal of temporary difference	(17)	(773)
Write-down of deferred tax assets	<u>–</u>	<u>2,458</u>
	<u>(17)</u>	<u>1,685</u>
	<u>591</u>	<u>1,967</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 16.5%.

## 9. 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 (2021: Nil).

## 10. 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss for the purpose of basic and diluted loss per share</b>		
Loss for the year attributable to owners of the Company	<u>19,744</u>	<u>19,476</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000)	<u>1,159,882</u>	<u>1,102,904</u>

Diluted loss per share is the same as basic loss per share for the years ended 31 December 2022 and 2021 since the exercise of the share options would result in a decrease in loss per share.

## 11. TRADE AND OTHER RECEIVABLES, DEPOSIT AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables from restaurant operation	1,772	1,969
Rental deposits	15,365	16,344
Other deposits	3,898	6,445
Other receivables	1,340	1,255
Prepayments and others	<u>1,388</u>	<u>1,445</u>
Total trade and other receivables, deposits and prepayments	<u>23,763</u>	<u>27,458</u>
Analysed as:		
Current	9,656	13,524
Non-current	<u>14,107</u>	<u>13,934</u>
	<u>23,763</u>	<u>27,458</u>

As at 31 December 2022, net amount of trade receivables from contracts with customers amounted to HK\$1,772,000 (2021: HK\$1,969,000).

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.

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
0 to 30 days	1,377	1,506
31 to 60 days	104	78
61 to 90 days	11	111
Over 90 days	280	274
	<u>1,772</u>	<u>1,969</u>

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$395,000 (2021: HK\$463,000) which are past due as at the reporting date. Out of the past due balances, HK\$280,000 (2021: HK\$274,000) has been past due 90 days or more and is not considered as in default as the amounts are due from counter-parties with good history of repayment. The Group does not hold any collateral over these balances.

## 12. TRADE AND OTHER PAYABLES AND ACCRUED CHARGES

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Trade payables	14,460	15,233
Accrued staff related costs	3,449	3,528
Rental, rates and building management fee	2,516	2,084
Restaurant construction work and repair and maintenance	3,483	3,482
Audit and professional fee	3,137	2,213
Marketing, advertising and promotion	2,640	1,573
Utilities charges	550	537
Receipts in advance	750	750
Other payables	2,898	2,479
	<u>33,883</u>	<u>31,879</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:

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
0 to 30 days	6,942	7,921
31 to 60 days	4,312	4,177
61 to 90 days	1,679	765
Over 90 days	1,527	2,370
	<u>14,460</u>	<u>15,233</u>

### 13. BANK BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Bank borrowings</b>	<u>8,191</u>	<u>11,184</u>
<b>Carrying amounts repayable of the bank borrowings*:</b>		
Within one year	3,333	4,000
More than one year, but not exceeding two years	2,000	3,333
More than two years, but not more than five years	<u>2,858</u>	<u>3,851</u>
	8,191	11,184
Less: Amounts due within one year or repayable on demand shown under current liabilities	<u>(8,191)</u>	<u>(11,184)</u>
Amount shown under non-current liabilities	<u><u>-</u></u>	<u><u>-</u></u>

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

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the external auditor of the Company:

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 3(b) to the consolidated financial statements which indicates that the Group incurred a net loss of HK\$23,000,000 during the financial year ended 31 December 2022. As of that date, the Group’s current liabilities exceeded its current assets by HK\$50,741,000 and the net liabilities were HK\$2,864,000. These conditions, along with other matters as set forth in Note 3(b) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and outlook

#### *Business Review*

The Group is a well-known Hong Kong hospitality group with award-winning restaurants. Currently, the brand portfolio of the Group consists of 10 brands, namely “Duddell’s”, “Louise”, “MONO”, “And ō”, “Estro”, “Agora”, “208 & Ramato”, “22 Ships”, “MakMak” and “Chachawan”, to provide customers with diversified options.

In terms of segment revenue, the revenue from fine dining catering services increased by approximately 10.4%, mainly due to the opening of restaurants of “Estro” and “Agora” in September 2021 and April 2022, and the re-opening of the restaurant “Duddell’s Hong Kong Airport” in November 2022, respectively. The revenue from mid-market dining, specialty coffee casual dining catering services decreased by approximately 24.7%, 52.0% and 9.1% respectively. Such decrease was mainly due to the disposal of shares in Between Hong Kong Limited (“**Between HK**”) in August 2022, upon which Between HK ceased to be a subsidiary of the Company, closure of the restaurant “Bibi & Baba” in September 2022, and “208 & Ramato” being under renovation from February to March 2022.

During the year ended 31 December 2022, the revenue of the Group decreased by approximately HK\$4.3 million to approximately HK\$217.0 million compared with last year. The deterioration in the Group’s results was mainly attributable to the adverse impact to our business arising from the outbreak of the COVID-19 pandemic as well as social distancing restrictions and measures effective in Hong Kong during the period, especially the fifth wave of the COVID-19 pandemic in Hong Kong.

During the year ended 31 December 2022, Hong Kong’s food and beverage industry encountered challenging business environment with the resurgence of the COVID-19 pandemic in Hong Kong, the rising inflation across the globe and the slowdown in the world economy, which caused the Group’s restaurants to fail to operate as usual, resulting in a decrease in revenue and have a pressure on the Group’s profitability. During the year, the Group closed the restaurant “Bibi & Baba” in September 2022 due to poor performance and disposed of shares in Between HK in August 2022. The closure and disposal would reduce the level of liabilities of the Group and hence improve the asset-liabilities structure of the Group. Further, that will also help to further improve the profitability of the Group and also will improve the Group’s overall cashflow and liquidity.

#### *Outlook*

In late December 2022, the Hong Kong Government removed all the restriction measures, there are no more restrictions applicable to the catering business. Combined with the eased travel restrictions between countries recently, the management is confident that the Group will resume sustained growth after the threat of the COVID-19 situation is lifted.

The Group will make steady progress in accordance with its business plans and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it. The Board will also proactively seek potential business opportunities that will broaden the sources of income of the Group and enhance value to the shareholders of the Company.

## **FINANCIAL REVIEW**

### **Revenue**

For the year ended 31 December 2022, the Group recorded a revenue of approximately HK\$217.0 million (2021: HK\$221.3 million), representing a decrease of approximately HK\$4.3 million or 2.0% as compared with the corresponding period of last year which was mainly due to a decrease in revenue from specialty coffee and casual dining catering services of approximately HK\$8.1 million and HK\$3.6 million, respectively, as the Group closed the restaurant “Bibi & Baba” in September 2022 and disposed of shares in Between HK in August 2022. The revenue from mid-market dining decreased by approximately HK\$7.0 million, due to “208 & Ramato” being under renovation from February to March 2022. On the other hand, the revenue from fine dining catering services increased by approximately HK\$14.3 million or 10.4% compared with the last year, which was mainly due to the opening of “Agora” in April 2022 and the re-opening of “Duddell’s Hong Kong Airport” in November 2022, respectively.

### **Raw materials and consumables used**

Raw materials and consumables used by the Group include, but are not limited to, vegetables, meat, seafood and frozen food etc. That is one of the major components of the Group’s operating expenses which amounted to approximately HK\$60.7 million and HK\$62.0 million for each of the years ended 31 December 2022 and 2021, respectively, representing approximately 28.0% and 28.0% Group’s total revenue for the corresponding periods. As a percentage of revenue, raw materials and consumables used remained stable at 27%-28%.

### **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\$4.8 million from approximately HK\$87.1 million for the year ended 31 December 2021 to approximately HK\$91.9 million for the year ended 31 December 2022. Such increase was mainly due to the opening of “Agora” in April 2022 and the re-opening of “Duddell’s Hong Kong Airport” in November 2022, respectively.

### **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 increased by approximately HK\$1.7 million from approximately HK\$8.8 million for the year ended 31 December 2021 to approximately HK\$10.5 million for the year ended 31 December 2022. The increase was mainly due to the opening of “Agora” in April 2022 and the re-opening of “Duddell’s Hong Kong Airport” in November 2022, respectively.

### **Loss attributable to owners of the Company**

As a result of the foregoing, loss attributable to owners of the Company was approximately HK\$19.7 million for the year ended 31 December 2022 representing an increase in loss of approximately HK\$0.2 million as compared with a loss of approximately HK\$19.5 million for the year ended 31 December 2021.

The increase in loss attributable to owners of the Company was primarily attributable to the increase in staff costs, depreciation, property rentals and related expenses and other operating 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\$50.7 million as at 31 December 2022 (2021: net current liabilities HK\$38.4 million).

As at 31 December 2022, the Group's current ratio was approximately 0.4 (2021: 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 -2,349.4% (2021: 403.9%). The negative figure was mainly due to the Group incurred significant loss during the year.

As at 31 December 2022, 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 2022 (2021: 2.8% per annum).

The capital structure of the Company comprised ordinary shares only. As at 31 December 2022, the Company has 1,159,780,000 ordinary shares in issue after cancelling 1,410,000 of the Shares repurchased in December 2021. Total equity attributable to owners of the Company amounted to approximately HK\$2.7 million as at 31 December 2022 (2021: HK\$22.0 million).

### **Disclosures under Rules 17.22 to 17.24 of the GEM Listing Rules**

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 2022, the Group's pledged bank deposits in the amount of HK\$5.0 million was pledged as security for the Group's banking facilities (31 December 2021: 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 to 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 2022, 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 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 2022, the Group did not have any capital commitment in respect of property, plant and equipment (31 December 2021: HK\$0.9 million).

### ***Contingent Liabilities***

As at 31 December 2022, the Group did not have any material contingent liabilities (31 December 2021: 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.

## **Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies**

In January 2022, Between Hong Kong Limited (“**Between HK**”), the then wholly owned subsidiary of the Company, entered into a Share Swap Agreement with Hanneng Limited (“**Hanneng**”), which is wholly owned by Mr. Lo Yeung Kit, the spouse of Ms. Wong Pui Yain. Prior to the Share Swap Agreement, Ever Creation Asia Investment Limited (“**Ever Creation**”) was owned as to 40% by Hanneng and 60% by Big Team Ventures Limited, a wholly owned subsidiary of the Company. Pursuant to the Share Swap Agreement, the Company sold its 40% interest in Between HK in exchange for Hanneng’s 40% interest in Ever Creation, which resulted in the Company holding 100% interest of Ever Creation through Between HK.

On 12 August 2022, Big Team Ventures Limited (the “**Vendor**”), a wholly owned subsidiary of the Company, entered into a share purchase agreement with Colour Bright Global Limited (the “**Purchaser**”), a Company wholly owned by Ms. Wong Pui Yain, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 41 issued shares of Between HK at a consideration of HK\$2,721,990. After the disposal, Between HK was owned as to 19% by the Group and ceased to be a subsidiary of the Company. Please refer to the announcement of the Company dated 12 August 2022 for further details.

Save as disclosed above, during the year ended 31 December 2022, 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	Approximate percentage of total net proceeds %	Actual use of net proceeds up to	Unused total net proceeds up to
	7 September 2020 <i>HK\$ million</i>		31 December 2022 <i>HK\$ million</i>	31 December 2022 <i>HK\$ million</i>
Developing the cloud kitchen business and upgrading the sales channels	4.5	34.1%	1.9	2.6
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%	1.2	–
Loan repayment	5.0	37.9%	5.0	–
Total	<u>13.2</u>	<u>100.0%</u>	<u>10.6</u>	<u>2.6</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.

	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 2022 <i>HK\$ million</i>	Unused total net proceeds up to 31 December 2022 <i>HK\$ million</i>
<b>Use of net proceeds from the Placing II</b>				
Expanding the specialty coffee business	9.0	51.4%	6.5	2.5
Developing casual dining business;	5.3	30.3%	5.3	–
Investing in PRC and overseas food tech investment opportunities	3.2	18.3%	3.2	–
Total	<u>17.5</u>	<u>100.0%</u>	<u>15.0</u>	<u>2.5</u>

The Company intends to continue to apply the proceeds from Placing I and Placing II in a manner consistent with that mentioned above and it is expected that these proceeds will be fully utilized by 31 December 2023. The Directors will continue to evaluate the Group's operations and financial performance when applying the proceeds.

### **Employees and Remuneration Policy**

As at 31 December 2022, the Group had a workforce of 388 employees (2021: 338). Total staff costs for the year ended 31 December 2022 were approximately HK\$91.9 million, as compared to the staff cost of HK\$87.1 million for the year ended 31 December 2021.

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 2022 (2021: Nil).

## **EVENT AFTER REPORTING PERIOD**

Saved as disclosed in this announcement, there were no significant events or material changes after the reporting period up to the date of this announcement.

## **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN COMPETING BUSINESS**

During the year ended 31 December 2022, 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**

The total of 1,210,000 shares repurchased in November and December 2021 were cancelled on 10 January, 2022.

The total of 200,000 shares repurchased on 23 December 2021 were cancelled on 13 May 2022.

Following the cancellation of shares, the issued capital of the Company was 1,159,780,000 shares. Except as disclosed herein, the Directors confirm that during the year under review, there has been no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## **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 2022.

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 2022.

## **CORPORATE GOVERNANCE CODE**

The Company has adopted the code provision on Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules (the “**CG Code**”). During the year ended 31 December 2022, 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 deviations from code provisions C.2.1 of the CG Code (as defined above), the Company has complied with the code provisions set out in the CG Code during the year under review.

Code provision C.2.1 of the CG Code, 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 C.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.

## **CHANGE OF DIRECTORS' INFORMATION**

Upon specific enquiry by the Company and following confirmations from Directors, save as otherwise set out in this announcement, there is no change in the information of the Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the Company's last published interim report. The change of Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

1. The salary of Ms. Wong Pui Yain will be increased to HK\$75,000.00 per month with effect from 1 April, 2023.
2. The salary of Ms. Wan Suet Yee, Cherry will be increased to HK\$75,000.00 per month with effect from 1 April, 2023.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the "AGM") will be held on Monday, 12 June 2023. A notice convening the AGM will be published and dispatched to the shareholders of the Company in accordance with the requirements of the GEM Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS TO ASCERTAIN SHAREHOLDERS' ENTITLEMENT TO ATTEND AND VOTE AT THE AGM**

In order to determine who are eligible to attend and vote at the AGM, the Company's register of members will be closed from Wednesday, 7 June 2023 to Monday, 12 June 2023 (both days inclusive), during which no transfer of shares of the Company will be effected. In order to be qualified to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 6 June 2023.

## **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 Channugam and Mr. Wee Keng Hiong Tony.

The Audit Committee has reviewed this announcement and the consolidated results of the Group for the financial year ended 31 December 2022 and the effectiveness of internal control procedures and risk management systems of the Group.



## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the consolidated financial statements as set out in this results announcement have been agreed by the Group's independent auditor, BDO Limited, to the amounts set out in the consolidated financial statements for the year ended 31 December 2022. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on this results announcement.

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

Hong Kong, 23 March, 2023

*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 Stock Exchange website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and be posted on the website of the Company at [www.jiagroup.co](http://www.jiagroup.co).*