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HIFOOD GROUP HOLDINGS CO., LIMITED

海福德集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 442)

VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE

This announcement is made on a voluntary basis by the Company to keep the Shareholders and potential investors of the Company informed of the latest business development of the Group.

THE FORMATION OF THE JOINT VENTURE

The Board is pleased to announce that on 16 December 2021 (after trading hours), the Company entered into the JV Agreement with San J Jewellery, pursuant to which the parties agreed to form the Joint Venture to engage in the online sales of jewellery to the mainland China.

The principal terms of the JV Agreement are set out below:

Date: 16 December 2021 (after trading hours)

Parties: The Company and San J Jewellery

Capital contribution and registered capital The registered capital of the Joint Venture shall be HK\$5,000,000, and the parties shall pay up their respective contributions in cash to the Joint Venture as follows:

Parties	Amount of contribution (HK\$)	Shareholding in the Joint Venture (%)
Company	2,550,000	51
San J Jewellery	<u>2,450,000</u>	<u>49</u>
Total	<u><u>5,000,000</u></u>	<u><u>100</u></u>

The amount of the registered capital of the Joint Venture was determined by the parties after arm's length negotiations on normal commercial terms with reference to the initial capital requirement for business development of the Joint Venture.

Business scope: The Joint Venture shall be principally engaged in the online sales of jewellery to the mainland China.

Composition of the board of directors: The board of directors of the Joint Venture shall consist of five directors, three of whom shall be appointed by the Company whereas two of whom shall be appointed by San J Jewellery. The first chairman of the board of directors of the Joint Venture shall be appointed by the Company.

INFORMATION ON THE PARTIES

The Company

The Company is principally engaged in designing, manufacturing and exporting fine jewellery to jewellery wholesalers and retailers mainly in Hong Kong, the mainland China, the Americas and Europe.

San J Jewellery

San J Jewellery is a company incorporated in Hong Kong with limited liability and is principally engaged in design and production of jewellery. It enjoys a good reputation in the online sales of jewellery in the international market.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AGREEMENT

The Group has been actively exploring possibilities to expand its sales directly to customers in the mainland China. Given that the establishment of the Joint Venture shall be based on the principle of “complementary advantages, mutual support, long-term co-operation and common development” of the parties with the ultimate goal of penetrating into the online jewellery market of the mainland China, the Directors (including the independent non-executive Directors) consider that the formation of the Joint Venture represents a strategic move for the Group.

The Directors (including the independent non-executive Directors) consider that the formation of the Joint Venture is conducted in the ordinary and usual course of business of the Company, the terms of which are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) are less than 5% in respect of the transactions contemplated under the JV Agreement, the transactions contemplated under the JV Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, San J Jewellery is an Independent Third Party. Accordingly, the transactions contemplated under the JV Agreement do not constitute connected transactions under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the same meanings set out below:

“Board”	the board of Directors
“China”	the People's Republic of China which, for the purpose of this announcement, refers solely to the mainland China
“Company”	Hifood Group Holdings Co., Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board with stock code 442
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region
“Joint Venture”	Perfect King International Limited (寶鈞國際有限公司), a company incorporated in Hong Kong with limited liability pursuant to the terms of the JV Agreement
“JV Agreement”	the agreement dated 16 December 2021 and entered into between the Company and San J Jewellery in respect of, among others, the formation of the Joint Venture
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“San J Jewellery”	San J Jewellery Limited (新寶珠寶製造有限公司), a company incorporated in Hong Kong with limited liability and is principally engaged in design and production of jewellery.
“Share(s)”	ordinary share(s) of par value of HK\$0.005 each in the issued share capital of the Company

“Shareholder(s)” holder(s) of Shares
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent

By order of the Board
Hifood Group Holdings Co., Limited
海福德集團控股有限公司
Dr. So Shu Fai
Chairman and Executive Director

Hong Kong, 17 December 2021

As at the date of this announcement, the executive Directors are Dr. So Shu Fai and Mr. Tom Xie; the non-executive Director is Mr. Chan Wai Dune; and the independent non-executive Directors are Mr. Chung Wai Man, Mr. Yau Pak Yue and Mr. Ning Rui.