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JIADING INTERNATIONAL GROUP HOLDINGS LIMITED

嘉鼎國際集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 08153)

(1) REVENUE GUARANTEE RELATING TO DISCLOSEABLE TRANSACTION AND (2) DISCLOSEABLE AND CONNECTED TRANSACTION

REVENUE GUARANTEE

As set out in the Acquisition Announcement, the Original Vendor warranted that the revenue of the Target as of 31 December 2022 shall not be less than RMB30,000,000. According to the latest management accounts of the Target, the said revenue guarantee was not met.

DISPOSAL

On 22 March 2023, Haidemu, a wholly owned subsidiary of the Company, entered into the Disposal Agreement with the Original Vendor for the sale of 51% equity interest in the Target at the consideration of RMB1.00 to be paid upon completion.

As the highest percentage ratio under the GEM Listing Rules exceeds 5% but is under 25%, the Disposal constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Original Vendor is a substantial shareholder of the Target and therefore is a connected person of the Company at the subsidiary level. The Disposal constituted a connected transaction of the Company. As the highest percentage ratio under the GEM Listing Rules is less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is exempt from circular and shareholders approval requirements under Chapter 20 of the GEM Listing Rules. The Disposal is also exempt from circular and shareholders approval requirements under Chapter 20 of the GEM Listing Rules as the Board has approved the same and the independent non-executive Directors have confirmed that the terms and conditions of the Disposal are fair and reasonable, on normal commercial terms or better and is in the interests of the Company and the Shareholders as a whole.

REVENUE GUARANTEE

Reference is made to the Acquisition Announcement in relation to the acquisition of 51% equity interest in the Target at the consideration of RMB12,750,000 from the Original Vendor. Despite completion thereof, the Group has paid only RMB900,000 to the Original Vendor and a sum of RMB11,850,000 (“**Outstanding Purchase Price**”) has remained unpaid by the Group to the Original Vendor.

As set out in the Acquisition Announcement, the Original Vendor warranted that the revenue of the Target as of 31 December 2022 shall not be less than RMB30,000,000. According to the latest management accounts of the Target, the revenue recorded for the year ended 31 December 2022 was approximately RMB4.51 million. Hence the said revenue guarantee was not met.

In view of the non-fulfillment of the revenue guarantee and unsatisfactory performance of the Target, Haidemu and the Original Vendor entered into the Disposal Agreement on 22 March 2023 whereby, among others, the Outstanding Purchase Price shall cease to be payable and neither parties shall have any further claims against the other in relation to the Acquisition Agreement.

THE DISPOSAL AGREEMENT

Date: 22 March 2023

Parties:

1. Shenzhen Haidemu Green Technology Co., Ltd. as vendor;
2. the Original Vendor as purchaser; and
3. the Target.

The Original Vendor is a substantial shareholder of the Target and therefore is a connected person of the Company at the subsidiary level.

Assets to be disposed

Haidemu shall sell 51% equity interest in the Target.

Consideration

The consideration is RMB1.00 to be paid upon completion.

Basis of consideration

The consideration of RMB1.00 was determined after arm's length negotiations between the Haidemu and the Original Vendor with reference to (i) the net liability of the Target as at 30 September 2022 of approximately RMB2.06 million, (ii) the Outstanding Purchase Price under the Acquisition Agreement shall cease to be payable, and (iii) the reason for the Disposal as set out under the section "REASONS FOR THE DISPOSAL" below.

The Directors consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion

Completion shall take place on the date of the Agreement.

After Completion, the Target shall cease to be a subsidiary of the Company and the Company shall not hold any interest in the Target.

INFORMATION ON THE TARGET

The Target is a company incorporated under the laws of the PRC with limited liability on 8 January 2010, which is principally engaged in the advertising business. The Target is held as to 51% by Haidemu, 30% by the Original Vendor and 19% by an independent third party.

Set out below is the financial information of the Target extracted from the unaudited financial statements of the Target for the year ended 31 December 2022 and 31 December 2021:

	For the year ended 31 December 2022	For the year ended 31 December 2021
Profit/(Loss) before taxation	28,000	(322,000)
Profit/(Loss) after taxation	28,000	(322,000)

The net liability of the Target Group as at 30 September 2022 was approximately RMB2.06 million.

REASONS FOR THE DISPOSAL

The Group is principally engaged in advertising and sales of vehicle.

Reference is made to the section “REVENUE GUARANTEE” above. Despite completion of the Acquisition, the Group has paid only RMB0.9 million to the Original Vendor and the Outstanding Purchase Price in the sum of RMB11,850,000 has remained unpaid. On the other hand, the Target recorded a revenue of approximately RMB4.51 million only as of 31 December 2022 which is substantially below the guaranteed revenue of RMB30 million.

In view of the unsatisfactory performance and failure to achieve the revenue guarantee by the Target, the Company negotiated with the Original Vendor and agreed that the Acquisition Agreement shall be terminated and the Outstanding Purchase Price shall cease to be payable and the Group shall put back the 51% equity interest in the Target to the Original Vendor at nominal consideration. After completion, the Company shall cease to hold any interest in the Target.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Disposal Agreement are fair and reasonable, on normal commercial terms or better and is in the interests of the Company and the Shareholders as a whole.

EXPECTED FINANCIAL EFFECT OF THE DISPOSAL

The Group expects to recognise a gain of approximately HK\$1,360,000 in relation to the Disposal based on (i) the consideration for the Disposal of RMB1.00, less (ii) the unaudited carrying amount of the Target’s net liability as at 30 September 2022 of HK\$2,420,000 and (iii) the consideration paid to the Original Vendor of RMB900,000. Shareholders should note that the actual results of the gain in relation to the Disposal shall be subject to review and audit by the Company’s auditors.

GEM LISTING RULES IMPLICATIONS

As the highest percentage ratio under the GEM Listing Rules exceeds 5% but is under 25%, the Disposal constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Original Vendor is a substantial shareholder of the Target and therefore is a connected person of the Company at the subsidiary level. The Disposal constituted a connected transaction of the Company. As the highest percentage ratio under the GEM Listing Rules is less than 25% and the total consideration is less than HK\$10,000,000, the Disposal is exempt from circular and shareholders approval requirements under Chapter 20 of the GEM Listing Rules. The Disposal is also exempt from circular and shareholders approval requirements under Chapter 20 of the GEM Listing Rules as the Board has approved the same and the independent non-executive Directors have confirmed that the terms and conditions of the Disposal are fair and reasonable, on normal commercial terms or better and is in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Acquisition Agreement”	the sale and purchase agreement dated 24 December 2021 made between the Original Vendor, Haidemu and the Target relating to the acquisition of 51% equity interest in the Target
“Acquisition Announcement”	the Company’s announcement dated 24 December 2021 relating to the acquisition of 51% equity interest in the Target
“Board”	the Board of directors of the Company
“business day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Jiading International Group Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
“Completion”	completion of the transactions under the Disposal Agreement pursuant to the terms thereof
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules

“Directors”	the directors of the Company
“Disposal”	the disposal of the Target pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 22 March 2023 made between Haidemu, the Original Vendor and the Target relating to the sale and purchase of 51% equity interest in the Target and termination of the Acquisition Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Haidemu”	Shenzhen Haidemu Green Technology Co., Ltd. (深圳市海德姆環保科技有限公司), a company incorporated under the laws of the PRC with limited liability, a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Original Vendor”	Zhu Ning
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary” has the meaning ascribed to it under the GEM Listing Rules

“Target” Beijing Creative Communication International Culture Media Co., Ltd. (北京創意樂喜國際文化傳媒有限公司), a company incorporated under the laws of the PRC with limited liability

By order of the Board
Jiading International Group Holdings Limited
Mou Zhongwei
Chairman

Hong Kong, 22 March 2023

As of the date of this announcement, the executive Directors are Mr. Mou Zhongwei, Ms. Liu Ching Man, Mr. Li Guangying and Ms. Cai Ying; the non-executive Directors are Ms. Wang Dongmei, Mr. Ye Wenxue and Ms. Liu Ying; and the independent non-executive Directors are Mr. Luo Ji, Mr. Lui Chi Kin, Ms. Sun Naimeng and Mr. Shin Ho Chuen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange 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 website of the Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.jiadingint.com.