

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Sijia Group Company Limited

思嘉集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1863)

DISCLOSEABLE TRANSACTION DISPOSAL OF A NON WHOLLY-OWNED SUBSIDIARY

On 4 December 2014 (after trading hours), Sijia International and the Purchaser entered into the Equity Transfer Agreement, pursuant to which Sijia International agreed to sell, and the Purchaser agreed to acquire, 51% of the equity interest in Hubei Outdoor at a consideration of RMB18,000,000 (equivalent to approximately HK\$22,680,000). Upon completion of the Disposal, Sijia International will cease to have any equity interest in Hubei Outdoor.

As one of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a disclosable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Please note that the trading of shares of the Company has been suspended since 14 February 2013 and will remain suspended until further notice.

BACKGROUND

On 4 December 2014 (after trading hours), Sijia International and the Purchaser entered into the Equity Transfer Agreement, pursuant to which Sijia International agreed to sell, and the Purchaser agreed to acquire, 51% of the equity interest in Hubei Outdoor at a consideration of RMB18,000,000 (equivalent to approximately HK\$22,680,000).

Principal terms of the Equity Transfer Agreement are set out below:

THE EQUITY TRANSFER AGREEMENT

Date : 4 December 2014

Parties : Sijia International (as vendor); and
the Purchaser.

Asset to be disposed of

Pursuant to the Equity Transfer Agreement, Sijia International will sell, and the Purchaser will acquire 51% equity interest in Hubei Outdoor. As at the date of this announcement, Hubei Outdoor was owned as to 51% and 49% by Sijia International and Fudeshi, respectively.

Consideration

The consideration for the Disposal was determined on arm's length negotiations between the parties by reference to the net asset value of Hubei Outdoor as at 31 October 2014.

The consideration for the Disposal is RMB18,000,000 (equivalent to approximately HK\$22,680,000), which will be payable by the Purchaser in cash as follows:

- RMB1,800,000 (equivalent to approximately HK\$2,268,000) within seven (7) days after the signing of the Equity Transfer Agreement;
- RMB7,200,000 (equivalent to approximately HK\$9,072,000) on the same day as the 51% equity interest in Hubei Outdoor is transferred to the Purchaser, which is expected to take place within 30 days after the signing of the Equity Transfer Agreement; and
- the remaining amount of RMB9,000,000 (equivalent to approximately HK\$11,340,000) will be transferred within 90 days after the signing of the Equity Transfer Agreement.

If the Purchaser fails to pay the consideration in accordance with the abovementioned payment schedule, Sijia International has the right to terminate the Equity Transfer Agreement.

In case the 51% equity interest in Hubei Outdoor has been transferred to the Purchaser and the Purchaser failed to pay the consideration in accordance with the abovementioned payment schedule, the Purchaser shall immediately transfer the relevant equity interest back to Sijia International unconditionally.

Conditions Precedent

The completion of Disposal is conditional upon making the disclosure of the Disposal in accordance with the Listing Rules and/or (if required) the approval of the Shareholders.

Completion

The completion of the Disposal shall take place upon the payment of consideration by the Purchaser in full, which is expected to be on or before 3 March 2015.

Upon completion of the Disposal, Sijia International will cease to have any equity interest in Hubei Outdoor.

INFORMATION OF THE PURCHASER

The Purchaser is a limited company incorporated in Hong Kong and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonably enquiry, the Company confirms that the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

INFORMATION OF HUBEI OUTDOOR

Hubei Outdoor is a company established in the PRC with limited liability by Sijia International and Fudeshi on 10 March 2011. As at the date of this announcement, Hubei Outdoor had a registered capital of HK\$60,000,000, all of which has been paid up. Hubei Outdoor is principally engaged in manufacturing and selling outdoor leisure, recreation and sports products. As at the date of this announcement, Hubei Outdoor was owned as to 51% and 49% by Sijia International and Fudeshi, respectively.

Financial information of Hubei Outdoor

Set out below are the audited financial information of Hubei Outdoor for each of the two financial years ended 31 December 2013 prepared according to the PRC accounting standard:

	For the year ended 31 December 2013 RMB'000	For the year ended 31 December 2012 RMB'000
Turnover	54,651	49,608
(Loss)/profit before taxation and extraordinary items	(551)	331
(Loss)/profit after taxation and extraordinary items	(567)	248
Net asset	35,890	23,575

The net asset value of Hubei Outdoor as at 31 October 2014 is RMB35,473,000 (equivalent to approximately HK\$44,695,980).

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal, the Group may record a loss of approximately RMB91,000 (equivalent to approximately HK\$114,660), which is calculated with reference to the difference between the consideration and the net assets value of Hubei Outdoor as per the management accounts (unaudited) of Hubei Outdoor as at 31 October 2014.

The sales proceeds from the Disposal will be utilised by the Group as general working capital.

INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the design, development, manufacture and sale of (i) polymer processed high strength polyester fabric composite materials and other reinforced composite materials, (ii) conventional materials and (iii) downstream related inflatable and waterproof products targeting the outdoor leisure, recreation and sports consumer market.

Although Hubei Outdoor may have certain potential of appreciation in the long term, the operation of Hubei Outdoor is highly labour intensive and the increasing labour costs in the PRC over the last two years has adversely affected the profitability of Hubei Outdoor. As a result, the Board considered that the Disposal will increase the Group's cash flows. Through the Disposal, the Group may also obtain additional working capital which can be used under its core operation, to optimise its financial resources and to enhance its profitability in the future.

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules for the Disposal exceeds 5% but is less than 25%, the Disposal under the Equity Transfer Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Listing Rules.

Please note that the trading of shares of the Company has been suspended since 14 February 2013 and will remain suspended until further notice.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Sijia Group Company Limited (思嘉集團有限公司), a company incorporated in the Cayman Islands with limited liability, and whose issued Shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the 51% equity interest in Hubei Outdoor by Sijia International under the Equity Transfer Agreement

“Equity Transfer Agreement”	equity transfer agreement dated 4 December 2014 and entered into between Sijia International and the Purchaser in relation to the Disposal
“Fudeshi”	Fujian Fudeshi Outdoor Product Co. Ltd.* (福建福德仕户外用品有限公司), a limited liability company established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hubei Outdoor”	Hubei Sijia Outdoor Products Co., Ltd. (湖北思嘉户外用品有限公司), a limited liability company incorporated in the PRC, an indirect non wholly-owned subsidiary of the Company and owned as to 51% by Sijia International and 49% by Fudeshi
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC for the purpose of this announcement
“Purchaser”	Hong Kong Dywsen International Limited (香港德威森國際有限公司), a company incorporated in Hong Kong with limited liability and an independent third party
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company

“Sijia International”	Sijia International Holding Limited (思嘉國際控股有限公司), a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustrative purpose only, amount denominated in RMB have been translated into HK\$ at the rate of RMB1.00 = HK\$1.26 in this announcement. No representation is made that any amount in RMB or HK\$ has been, could have been or could be converted at the above rate or any other.

By order of the Board
Sijia Group Company Limited
Lin Shengxiong
Executive Director

Hong Kong, 4 December 2014

As at the date of this announcement, the executive Directors are Mr. Lin Shengxiong, Mr. Zhang Hongwang and Mr. Huang Wanneng, and the independent non-executive Directors are Mr. Chong Chi Wah, Mr. Cai Weican and Mr. Wu Jianhua.

* the English translation of Chinese name is included for identification purpose only, and should not be regarded as the official English translation of such Chinese name.