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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 TRANSACTIONS TENANCY AGREEMENT FOR RESTAURANT PREMISES

THE TENANCY AGREEMENT

The Company is pleased to announce that it has received the Tenancy Agreement, countersigned and duly stamped, from Hang Lung on 1 September 2021. The Tenancy Agreement relates to a lease of the 1 Duddell Street Premises with Express Star, an indirect wholly-owned subsidiary of the Company, as tenant, and Hang Lung, as landlord, for a term of three years commencing on 22 June 2021 and expiring on 21 June 2024 (both days inclusive). The relevant 1 Duddell Street Premises would be used for the operation of the Group's Italian restaurant named "Estro".

GEM LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the 1 Duddell Street Premises as the right-of-use assets with a cost of approximately HK\$7.3 million at initial recognition and a corresponding lease liability which represented the present value of the future lease payments. Thus, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as deemed acquisitions of asset by the Group.

As one or more of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Tenancy Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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Set out below is a summary of the principal terms of the Tenancy Agreement:

Date:	12 August 2021
Parties:	(1) Express Star, an indirect wholly-owned subsidiary of the Company (as tenant); and (2) Hang Lung (as landlord). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hang Lung and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).
Premises:	2/F, 1 Duddell Street, Central, Hong Kong
Use:	The 1 Duddell Street Premises are currently used for the operation of the Group's Italian restaurant named "Estro".
Term:	Three years commencing on 22 June 2021 and expiring on 21 June 2024 (both days inclusive).
Consideration under the Tenancy Agreement:	Rent: The rent (exclusive of government rates, management fees and air-conditioning charges, utility and other charges and outgoings) shall comprise: (A) the basic rental (the " Monthly Basic Rent ") of: <ul style="list-style-type: none">• HK\$217,250 (from 22 June 2021 to 21 June 2022, both days inclusive);• HK\$238,975 (from 22 June 2022 to 21 June 2023, both days inclusive);• HK\$260,700 (from 22 June 2023 to 21 June 2024, both days inclusive); and

(B) the turnover rent, being an aggregated amount of the following after deducting the Monthly Basic Rent:

- 11% of the monthly gross receipt(s) up to HK\$2,500,000 of the business at the Premises of that month; and
- 12% of the portion of the monthly gross receipt(s) exceeding HK\$2,500,000 of the business at the Premises of that month.

Under the Tenancy Agreement, Express Star shall enjoy a three-month rent free period at the beginning of the term.

Management fee and air-conditioning charges: HK\$72,860 per calendar month, subject to review.

Deposit under the Tenancy Agreement:

(i) a rental deposit of HK\$782,100; (ii) an air-conditioning charges and management fees deposit of HK\$218,580; and (iii) a government rates deposit of HK\$39,200, are payable by Express Star.

Basis of determining the consideration:

The consideration under the Tenancy Agreement was determined after arms' length negotiation between Express Star and Hang Lung after taking into the prevailing market rent and lease terms of similar premises in the proximity of the 1 Duddell Street Premises.

The consideration is expected to be funded through the internal resources of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Group is principally engaged in operating restaurants in Hong Kong.

The Group believes that its multi-brand strategy remain key to the success of the Group. The Group will further consolidate and expand its brand and sales networks. Set up such restaurant named "Estro" will launch additional "star brands" to take advantage of the market trend and cater to customer preferences. In doing so, the Group would be able to enhance its market penetration, keep its creativity and maintain its leading position in the industry.

Based on the above, the Directors are of the view that the entering into of the Tenancy Agreement and the terms and conditions thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and Express Star

The Group is a well-established restaurant group in Hong Kong with award-winning restaurants serving a variety of cuisines including Chinese, Spanish, Italian, French, Nyonya, Thai and specialty coffee under different brands and themes.

Express Star is an indirect wholly-owned subsidiary of the Company which is the operational entity for the Group's Italian restaurant named "Estro".

Hang Lung

Hang Lung is a subsidiary of Hang Lung Properties Limited, a company listed on the Stock Exchange (stock code: 00101), and is principally engaged in property management and agency business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hang Lung and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

IMPLICATIONS OF THE GEM LISTING RULES

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the 1 Duddell Street Premises as the right-of-use assets with a cost of approximately HK\$7.3 million at initial recognition and a corresponding lease liability which represented the present value of the future lease payments. Thus, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as deemed acquisitions of asset by the Group.

As one or more of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Tenancy Agreement exceeds 5% but are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

"1 Duddell Street Premises"	2/F, 1 Duddell Street, Central, Hong Kong;
"Board"	the board of Directors;
"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);
"Director(s)"	the director(s) of the Company;

“Express Star”	Express Star Corporation Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“GEM”	GEM of The Stock Exchange of Hong Kong Limited;
“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 from time to time;
“Hang Lung”	Hang Lung Real Estate Agency Limited, a private company limited by guarantee and incorporated in Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which include standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Tenancy Agreement”	the tenancy agreement dated 12 August 2021 and entered into between Express Star as tenant and Hang Lung as landlord in respect of the 1 Duddell Street Premises; and
“%”	per cent.

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

Hong Kong, 2 September 2021

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 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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the day of its posting and on the website of the Company at www.jiagroup.co.