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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 TRANSACTION

RENEWAL OF LEASE IN CONNECTION WITH PREMISE FOR THE RESTAURANT “MONO”

RENEWAL OF OFFER TO LEASE

The Company is pleased to announce that it has received the Renewal Offer to Lease, countersigned and duly stamped, from the Landlords on 7 September 2022. The Renewal Offer of Lease relates to a lease of the Lease Premises (being the business premise occupied by the Group for the operation of its modern French restaurant under the trade name of “Mono”) with Loyal Talent, an indirect wholly-owned subsidiary of the Company, as tenant, and the Landlords, as landlords, for a term of three years commencing on 23 September 2022 and expiring on 22 September 2025 (both days inclusive). The Renewal Offer to Lease constitutes a legally binding agreement between Loyal Talent and the Landlords.

GEM LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the entering into of the Renewal Offer to Lease will require the Group to recognise the fixed portion of the lease fee for the Leased Premises as the right-of-use assets with a cost of approximately HK\$5.3 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 Renewal Offer to Lease and the transactions contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

As one of the percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the transaction exceeds 5% but is less than 25%, the transaction 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 Renewal Offer to Lease:

Date: 29 August 2022 (being the date which the Renewal Offer to Lease has been signed by all the Parties)

Parties: (1) Loyal Talent, an indirect wholly-owned subsidiary of the Company (as tenant); and
(2) The Landlords (as landlords).

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

Leased Premises: All that area on 5th floor of 18 On Lan Street, Hong Kong.

Use: For operation of the Group’s modern French restaurant under the trade name of “Mono”.

Term: Fixed term of three years commencing on 23 September 2022 and expiring on 22 September 2025 (both days inclusive) (the “**Fixed Term**”).

Monthly rental (i.e. the consideration in connection with the lease of the Leased Premises): The monthly rent (exclusive of government rates and management fee) shall comprise:

- (a) the monthly basic rental (the “**Monthly Basic Rent**”) of HK\$160,160 per month during the Fixed Term; and
- (b) the additional turnover rent, which shall be the amount equivalent to the amount which 9% of the monthly gross turnover of Loyal Talent’s business carried out at the Leased Premises exceed the Monthly Basic Rent.

**Basis of determining
the consideration:**

The consideration under the Renewal Offer to Lease was determined after arm's length negotiation between the Company and the Landlords taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Leased Premises.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWAL OFFER TO LEASE

The Group is principally engaged in operating restaurants and providing membership services for the Group's restaurants in Hong Kong.

Despite the challenging operating environment due to social distancing measures adopted in Hong Kong for combating the COVID-19 pandemic, the Group remains cautiously optimistic about operation of its restaurants in the long term. The Leased Premises are located in the heart of Central, and "Mono" has been offering feature modern French cuisine with South American influences since 2019. Given the strategic location of the Leased Premises, the Group considers that the continued use of the Leased Premises following expiry of the existing tenancy will reinforce the Group's multi-brand strategy and assist in maintaining its position as an established restaurant group in Hong Kong.

The terms of the Renewal Offer to Lease have been negotiated between the Company and the Landlords on an arm's length basis taking into account the prevailing market conditions in Hong Kong with reference to the lease terms of similar premises in the proximity of the Leased Premises as well as terms of the existing tenancy of the Leased Premises which expired on 22 September 2022.

The Directors consider that the transactions contemplated under the Renewal Offer to Lease has been entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Renewal Offer to Lease are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group and Loyal Talent

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

Loyal Talent is an indirect wholly-owned subsidiary of the Company and is the operational entity for the Group's modern French restaurant operated under the trade name "Mono".

The Landlords

The Landlords are private limited liabilities companies incorporated in Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (i) the Landlords are principally engaged in investment holding and property investment; and
- (ii) the Landlords and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, the entering into of the Renewal Offer to Lease will require the Group to recognise the fixed portion of the lease fee for the Leased Premises as the right-of-use assets with a cost of approximately HK\$5.3 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 Renewal Offer to Lease and the transactions contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

As one of the percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the transaction exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction for the Company under the GEM Listing Rules 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:

“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 from time to time;
“GEM”	GEM of the Stock Exchange;
“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;
“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;
“Landlords”	Smart Ease Development Limited and Gain Sheen Investment Limited;
“Leased Premises”	all that area on 5th floor of 18 On Lan Street, Hong Kong with a gross floor area of 2,464 square feet;
“Loyal Talent”	Loyal Talent International Limited (朗駿國際有限公司), being a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Parties”	Loyal Talent and the Landlords;
“Renewal Offer to Lease”	the renewal offer to lease in respect of the Leased Premises which has been signed by all the Parties on 29 August 2022;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 29 September 2022

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 “Latest Listed Company Information” page of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.jiagroup.co.