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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  
ENTERING INTO  
LEASE AGREEMENT**

**THE LEASE AGREEMENT**

The Board is pleased to announce that on 20 December 2023, the Company had received the Lease Agreement dated 1 December 2023 (but signed and returned by Hang Lung on 20 December 2023), pursuant to which Top Glorification, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement as tenant with Hang Lung as the landlord in respect of the Premises for a term of one year and eight months commencing on 1 November 2023 and expiring on 30 June 2025 (both days inclusive) for the operation of the Group's restaurant under the trade name of "Duddell's".

**IMPLICATIONS UNDER THE GEM LISTING RULES**

Pursuant to HKFRS 16, the entering into of the Lease Agreement will require the Group to recognise the fixed portion of the lease payment for the Premises as the right-of-use assets with a cost of approximately HK\$10.1 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 Lease Agreement and the transactions contemplated thereunder will be regarded as deemed acquisition of asset by the Group.

As the assets ratio and the consideration ratio calculated under Chapter 19 of the GEM Listing Rules in respect of the transactions exceed 5% but are less than 25%, the transactions constitute discloseable transactions for the Company and are therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

**IMPLICATIONS UNDER THE TAKEOVERS CODE**

Pursuant to Rule 4 of the Takeovers Code, once a bona fide offer has been communicated to the Board or the Board has reason to believe that a bona fide offer may be imminent, no action which could effectively result in an offer being frustrated, or in the Shareholders being denied an opportunity to decide on the merits of an offer, shall be taken by the Board in relation to the affairs of the company without the approval of the Shareholders in general meeting, unless the Offeror has given its consent to such action.

As the Lease Agreement was entered into at a time when the Board has reason to believe that the Offers may be imminent and involves the acquisition of assets of a material amount, the entering into of the Lease Agreement and the transactions contemplated thereunder would constitute frustrating actions under Rule 4 of the Takeovers Code and, unless the Offeror has given its consent in relation thereto, are subject to Shareholders' approval in general meeting.

As at the date of this announcement, the Company has obtained the written consent from the Offeror to the entering into of the Lease Agreement and transactions contemplated thereunder. Accordingly, the Company is not required to obtain Shareholders' approval in general meeting of the entering into of the Lease Agreement and the transactions contemplated thereunder.

## **THE LEASE AGREEMENT**

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

<b>Date:</b>	1 December 2023
<b>Parties:</b>	(1) Top Glorification, 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) and are not Shareholders.
<b>Premises:</b>	Third floor and fourth floor, 1 Duddell Street, Central, Hong Kong.
<b>Use:</b>	The Premises is currently used for the operation of the Group's Chinese restaurant named "Duddell's".
<b>Term:</b>	One year and eight months commencing on 1 November 2023 and expiring on 30 June 2025 (both days inclusive).

- Monthly rental:** The monthly rental (exclusive of government rates, management fees and air-conditioning charges, utility and other charges and outgoings) shall comprise:
- (1) Monthly Basic Rental of HK\$532,000.00 (from 1 November 2023 to 30 June 2025, both days inclusive);
  - (2) the turnover rent, being an amount by which 11% of the monthly gross receipt(s) of the business at the Premises of that month that exceeds the respective Monthly Basic Rental from 1 November 2023 to 30 April 2024; and
  - (3) the turnover rent, being an amount by which 12% of the monthly gross receipt(s) of the business at the Premises of that month that exceeds the respective Monthly Basic Rental from 1 May 2024 to 30 June 2025.

**Management fees and air-conditioning charges:** HK\$135,050.00 per calendar month, which is subject to review in accordance with the provisions of the Lease Agreement.

**Deposit under the Lease Agreement:** (i) a rent deposit of HK\$1,596,000.00; (ii) an air-conditioning and management fees deposit of HK\$405,150.00; and (iii) a government rates deposit of HK\$79,800.00, are payable by Top Glorification.

**Basis of determining the consideration:** The consideration under the Lease Agreement was determined after arms' length negotiation between Top Glorification and Hang Lung after taking into consideration the prevailing market rent and lease terms of similar premises in the proximity of the Premises.

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

## **THE RIGHT-OF-USE ASSETS**

The value of the right-of-use assets recognised by the Group under the Lease Agreement amounted to approximately HK\$10.1 million, which is calculated with reference to the present value of the aggregated lease payments to be made under the Lease Agreement, in accordance with HKFRS 16.

Since the Turnover Rent under the Lease Agreement can only be reliably estimated according to the gross sales turnover generated from the operation of the Group's restaurant "Duddell's", such amount constitutes variable lease payments and were not included in the measurement of the lease liability at initial recognition under HKFRS 16. Therefore, no right-of-use assets related to the Turnover Rent is recognised, and the Turnover Rent will be charged to the profit or loss of the Group in accordance with HKFRS 16.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE LEASE AGREEMENT**

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

The Premises have been leased to Top Glorification since May 2013 to operate the Group's restaurant "Duddell's" under its ordinary course of business. The existing lease agreement for the Premises will expire on 31 October 2023. The Lease Agreement allows "Duddell's" to operate in the same location at the Premises after the expiry of the existing lease agreement on 31 October 2023, which will facilitate the long-term success of the restaurant.

In evaluating the entering into of the Lease Agreement, the Directors consider that the Group's restaurant "Duddell's" has been operated in the Premises for approximately more than 10 years and the monthly rental per square feet of gross floor area of the Premises is fair and reasonable, taking into account that the monthly rental is comparable to the monthly rental in the lease agreement which was entered into by the Group in November 2020.

Moreover, the Directors consider that the location of 1 Duddell Street where the Premises are located at is popular, in the heart of Hong Kong's Central business and shopping district and is easily accessible by various means of transport. Hence, the entering of the Lease Agreement will enable the Group to continue its operation of the restaurant, "Duddell's", a Michelin-starred Chinese restaurant, at the Premises and secure a stable cashflow to the Group and is in the interest of the Company and its shareholders.

Based on the above and after considering the terms of the Lease Agreement, the prevailing market rent and rent of comparable premises in the vicinity of the Premises, the Directors are of the view that the terms and conditions of the Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Group and Top Glorification**

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

Top Glorification is an indirect wholly-owned subsidiary of the Company engaged in the operation of Duddell's, a Michelin-starred Chinese restaurant in Central, Hong Kong.

### **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) and are not Shareholders.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

Pursuant to HKFRS 16, the entering into of the Lease Agreement will require the Group to recognise the fixed portion of the lease payment for the Premises as the right-of-use assets with a cost of approximately HK\$10.1 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 Lease Agreement and the transactions contemplated thereunder will be regarded as deemed acquisition of asset by the Group.

As the assets ratio and the consideration ratio calculated under Chapter 19 of the GEM Listing Rules in respect of the transactions exceed 5% but are less than 25%, the transactions constitute discloseable transactions for the Company and are therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

References are made to the Joint Announcements of the Company and the Offeror dated 7 December 2023 and 13 December 2023 in relation to, among other things, the Share Purchase Agreement dated 4 December 2023 and the completion of the transactions contemplated thereunder, and the Offers. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Joint Announcements.

Pursuant to Rule 4 of the Takeovers Code, once a bona fide offer has been communicated to the Board or the Board has reason to believe that a bona fide offer may be imminent, no action which could effectively result in an offer being frustrated, or in the Shareholders being denied an opportunity to decide on the merits of an offer, shall be taken by the Board in relation to the affairs of the company without the approval of the Shareholders in general meeting, unless the Offeror has given its consent to such action.

As the Lease Agreement was entered into at a time when the Board has reason to believe that the Offers may be imminent and involves the acquisition of assets of a material amount, the entering into of the Lease Agreement and the transactions contemplated thereunder would constitute frustrating actions under Rule 4 of the Takeovers Code and, unless the Offeror has given its consent in relation thereto, are subject to Shareholders' approval in general meeting.

As at the date of this announcement, the Company has obtained the written consent from the Offeror to the entering into of the Lease Agreement and transactions contemplated thereunder. Accordingly, the Company is not required to obtain Shareholders' approval in general meeting of the entering into of the Lease Agreement and the transactions contemplated thereunder.

## **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;
“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;
“Hang Lung”	Hang Lung Real Estate Agency Limited;
“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;
“Joint Announcements”	the joint announcements dated 7 December 2023 and 13 December 2023 jointly issued by the Offeror and the Company in relation to, among other things, the Share Purchase Agreement dated 4 December 2023, the completion of the transactions contemplated thereunder and the Offers;
“Lease Agreement”	the tenancy agreement dated 1 December 2023 entered into between Top Glorification as tenant and Hang Lung as landlord in respect of the Premises;
“Monthly Basic Rental”	the basic rental of HK\$532,000.00 (from 1 November 2023 to 30 June 2025, both days inclusive) under the Lease Agreement;
“Offers”	collectively, the Share Offer and the Option Offer as defined in the Joint Announcements;
“Offeror”	Central Power Group Limited (中軍集團股份有限公司), a company incorporated in Hong Kong with limited liability, and is 51% owned by Mr. Peng Ben, and 49% owned by Mr. Zhao Hong;
“Premises”	Third floor and fourth floor, 1 Duddell Street, Central, Hong Kong;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong;

“Top Glorification”	Top Glorification Limited, being a company incorporated in the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company;
“Turnover Rent”	(1) the turnover rent, being an amount by which 11% of the monthly gross receipt(s) of the business at the Premises of that month that exceeds the respective Monthly Basic Rental from 1 November 2023 to 30 April 2024; and  (2) the turnover rent, being an amount by which 12% of the monthly gross receipt(s) of the business at the Premises of that month that exceeds the respective Monthly Basic Rental from 1 May 2024 to 30 June 2025, under the Lease Agreement; and
“%”	per cent.

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

Hong Kong, 22 December 2023

*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.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by the Directors in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Announcement” page of the Stock Exchange website at ([www.hkexnews.hk](http://www.hkexnews.hk)) for at least seven days from the date of its posting and on the Company’s website ([www.jiagroup.co](http://www.jiagroup.co)).*