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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
LICENSE AGREEMENT
FOR RESTAURANT PREMISES**

THE LICENSE AGREEMENT

The Board announces that on 11 September 2023, the Company had received the License Agreement dated 26 July 2023 (but signed and returned by PMQ Management on 11 September 2023), pursuant to which Profit Holder, an indirect wholly-owned subsidiary of the Company, entered into the License Agreement as licensee with PMQ Management as licensor in respect of the license to use the PMQ Premises for a term of 36 months commencing on 1 December 2023 and expiring on 30 November 2026 (both days inclusive) for the operation of the Group's French restaurant under the trade name of "Louise".

GEM LISTING RULES IMPLICATION

Pursuant to HKFRS 16, the entering into of the License Agreement will require the Group to recognise the fixed portion of the license fee for the PMQ Premises as the right-of-use assets with a cost of approximately HK\$11.5 million at initial recognition and a corresponding lease liability which represented the present value of the future lease or license fee payments. Thus, the entering into the License 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 License Agreement exceeds 5% but all are less than 25%, each of the transactions contemplated under the License 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 License Agreement:

- Date:** 26 July 2023
- Parties:**
- (1) Profit Holder, an indirect wholly-owned subsidiary of the Company (as licensee); and
 - (2) PMQ Management (as licensor).

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

Premises: Unit Nos. G/F & 1/F Restaurant, JPC Building, PMQ, 35 Aberdeen Street, Hong Kong

Use: The PMQ Premises are currently used for the operation of the Group's French restaurant named "Louise".

Term: 36 months commencing on 1 December 2023 and expiring on 30 November 2026 (both days inclusive).

Consideration under the License Agreement: **License fee:** The license fee (exclusive of government rates and management fee) shall comprise:

- a basic fee of HK\$354,800 for each calendar month; or
- the turnover fee of 11% of the gross revenue generated from the restaurant "Louise" at the PMQ Premises for each calendar month,

whichever is greater.

Under the License Agreement, Profit Holder shall enjoy a one and a half month's license fee free period at the beginning of the term.

Management fee: HK\$67,250 for each calendar month.

Additional arrangements related to the Qube: Under the License Agreement, Profit Holder has secured an arrangement under which Profit Holder has the right to provide catering services including any cooking activities in connection with banquet functions at the Qube, a multi-purpose function space at PMQ, at an agreed license fee (comprising a fixed fee of HK\$30,000 attributed to the provision of catering services from the Qube for every single use of the function space).

PMQ Management will also suggest that customers or guests who intend to organise event at the Qube that are introduced or referred by PMQ Management (the “**Referred Customers**”) to order the food and beverages consumed at the Qube from Profit Holder as a recommended food and beverages services provider without a charge of any extra License fee solely for the provision of catering services.

Profit Holder will also have the right to occupy Unit HG14, Hollywood (Block B), 35 Aberdeen Street, Central, Hong Kong for the purpose of storage of furniture and kitchen utensils in relation to the catering services for the Qube.

Basis of determining the consideration: The consideration under the License Agreement was determined after arms’ length negotiation between Profit Holder and PMQ Management after taking into the prevailing market licensing fee and license terms of similar premises in the proximity of the PMQ Premises.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENSE AGREEMENT

The Group is principally engaged in operating restaurants.

The PMQ Premises have been licensed to Profit Holder since May 2014 to operate the Group’s restaurant “Aberdeen Street Social” and subsequently the Group’s French restaurant “Louise” since 2019. The existing license agreement for the PMQ Premises will expire on 30 November 2023.

Since the relaxation of social distancing measures and immigration control policies at the end of 2022, the Group turned losses to profits, with good business performance in the half year of 2023. Louise, one of the profitable restaurants of our Group, was awarded a single Michelin star of 2023. Given the strategic location of the PMQ Premises, the Group considers that the continued use of the PMQ Premises following expiry of the License Agreement will reinforce the Group’s multi-brand strategy and assist in maintaining its position as an established restaurant group in Hong Kong.

Based on the above, the Directors are of the view that the entry of the License 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, Profit Holder

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 dishes under different brands and themes.

Profit Holder is an indirect wholly-owned subsidiary of the Company which is the operational entity for the Group's French restaurant named "Louise".

PMQ Management

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (i) PMQ Management is a private company limited by guarantee and incorporated in Hong Kong, which is a non-profit-making social enterprise principally engaged in general management and agency on behalf of PMQ; and
- (ii) PMQ Management 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 OF THE GEM LISTING RULES

Pursuant to HKFRS 16, the entering into of the License Agreement will require the Group to recognise the fixed portion of the license fee for the PMQ Premises as the right-of-use assets with a cost of approximately HK\$11.5 million at initial recognition and a corresponding lease liability which represented the present value of the future lease or license fee payments. Thus, the entering into the License 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 License Agreement exceeds 5% but all are less than 25%, each of the transactions contemplated under the License 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:

“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 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;
“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;
“License Agreement”	the license agreement dated 26 July 2023 and entered into between Profit Holder as licensee and PMQ Management as licensor in respect of the PMQ Premises;
“PMQ”	a historic site in Hong Kong located between Aberdeen Street, Staunton Street, Hollywood Road, and Shing Wong Street containing a grade III listed building, the old Hollywood Road Police Married Quarters, now used as a mixed-use venue for arts and design;
“PMQ Management”	PMQ Management Company Limited, a private company limited by guarantee and incorporated in Hong Kong;
“PMQ Premises”	Unit Nos. G/F & 1/F restaurant, JPC Building, PMQ, 35 Aberdeen Street, Hong Kong;

“Profit Holder” Profit Holder Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;

“%” per cent.

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

Hong Kong, 13 September 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.

This announcement will remain on the “Latest Company Announcement” page of the Stock Exchange website (www.hkexnews.hk) for at least 7 days from the date of its posting and will be published on the Company’s website at www.jiagroup.co