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JIMU GROUP LIMITED
積木集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8187)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE TENANCY AGREEMENT**

THE TENANCY AGREEMENT

The Board announces that on 9 December 2022, Million Harvest as landlord and Art Kingdom, an indirect wholly-owned subsidiary of the Company, as tenant entered into the Tenancy Agreement in respect of a lease of the Premises for a term of two (2) years commencing on 2 December 2022 and ending on 1 December 2024 (both days inclusive) for use as commercial office premises of the Group.

IMPLICATIONS UNDER THE GEM LISTING RULES

In accordance with HKFRS 16, the Company shall recognise an asset representing its rights to use the Premises as the lessee under the Tenancy Agreement. According to the GEM Listing Rules, the entering into of a lease transaction by the Group as lessee will be regarded as an acquisition of asset under the definition of transaction under the GEM Listing Rules.

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the lease transaction contemplated under the Tenancy Agreement exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

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THE TENANCY AGREEMENT

Details of the terms of the Tenancy Agreement are summarised below:

Date	:	9 December 2022
Landlord	:	Million Harvest
		To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Million Harvest and its ultimate beneficial owners are the Independent Third Parties.
Tenant	:	Art Kingdom, an indirect wholly owned subsidiary of the Company
The Premise	:	2nd Floor of Block H, East Sun Industrial Centre, No. 16 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong
Terms	:	Two (2) years from 2 December 2022 to 1 December 2024 both days inclusive
The aggregate value of rent payable	:	The aggregate value of rent payable under the Tenancy Agreement by Art Kingdom is HK\$2,760,000, representing a monthly rental of HK\$115,000 exclusive of government rent, rates and management fees to be paid in advance without any deduction.
		The rent under the Tenancy Agreement is determined after arm's length negotiations between Million Harvest and Art Kingdom after taking into consideration the prevailing market price for comparable premises in the vicinity of the Premises.
Payable term	:	The monthly rent shall be payable on the 2nd day of each and every calendar month

The payment of the monthly rent, the rental deposit and the stamp duty will be funded by the internal resources of the Group.

THE RIGHTS OF USE ASSETS

In accordance with HKFRS 16, the Company shall recognise an asset representing its rights to use the Premises as the lessee under the Tenancy Agreement.

The value of the right-of-use assets recognised by the Company under the Tenancy Agreement amounted to approximately HK\$2.53 million, which is the present value of aggregated lease payments less incentives (if any), plus initial direct costs and estimated reinstatement cost with the lease in accordance with HKFRS 16. Discount rate of 9.84% is applied to compute the present value of aggregate lease payments less incentives (if any) under the Tenancy Agreement.

INFORMATION ABOUT THE GROUP, ART KINGDOM AND MILLION HARVEST

The Company and the Group

The Company is an investment holding company which, together with its subsidiaries, is principally engaged in the footwear and apparel businesses and the loan facilitation and credit assessment businesses.

Art Kingdom

Art Kingdom is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, Art Kingdom is an indirect wholly-owned subsidiary of the Group and is principally engaged in trading.

Million Harvest

Million Harvest is a company incorporated in Hong Kong with limited liability. The principal or ancillary activities carried on by Million Harvest are investment and leasing of property.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Million Harvest and its ultimate beneficial owners are the Independent Third Parties.

REASONS FOR ENTERING INTO THE TENANCY AGREEMENT

In order to cater the incremental needs of the Group's business development, the Directors consider that more office spaces in Hong Kong are required to ensure sufficient space for immediate business expansion and avoid any interruption to the Group's operations incurred in case of a relocation.

Further, the terms of the Tenancy Agreement, including but not limited to the rental charge, were determined after arm's length negotiations between the parties and with reference to the open market rent of comparable office properties. The entering into of the Tenancy Agreement is necessary for continuing the operation of business of the Group for use as office premises and is in the ordinary and usual course of business of the Group. Therefore, the Board considers that the terms of the Tenancy Agreement are on normal commercial terms and fair and reasonable and entering into of the Tenancy Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

According to the GEM Listing rules, the entering into of a lease transaction by the Group as lessee will be regarded as an acquisition of asset under the definition of transaction under the GEM Listing Rules.

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the lease transaction contemplated under the Tenancy Agreement exceed 5% but are below 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Art Kingdom”	Art Kingdom Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Jimu Group Limited, company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM (stock code: 8187)
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or entity(ies) who is/are third party(ies) independent of and not connected with the Company and its connected persons
“Million Harvest”	Million Harvest Development and Management Limited, a company incorporated in Hong Kong with limited liability and the landlord under the Tenancy Agreement
“Premises”	2nd Floor of Block H, East Sun Industrial Centre, No. 16 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 9 December 2022 entered into between Art Kingdom and Million Harvest in relation to the lease of the Premises

By order of the Board
Jimu Group Limited
Wei Ju
Executive Director

Hong Kong, 9 December 2022

As at the date of this announcement, the executive Directors of the Company are Ms. Wei Ju and Mr. Tsang Hing Bun; the non-executive Director of the Company is Mr. Shum Tsz Yeung; and the independent non-executive Directors of the Company are Mr. Hung Wai Che, Mr. Choi Ho Yan and Mr. Yiu Yu Hong John.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) 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 Announcements” page of the Stock Exchange’s website at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company’s website at <http://www.jimugroup8187.com>.