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Yi Hua Holdings Limited

益華控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2213)

CONTINUING CONNECTED TRANSACTIONS

CCT AGREEMENTS

References are made to the announcements of the Company dated 18 November 2015, 26 November 2015 and 30 December 2016 in relation to, among other things, the Existing CCT Agreements.

As the Existing CCT Agreements will be expired on 31 December 2018, the Company and the counterparties entered into the CCT Agreements on 21 November 2018 (after the trading hours of the Stock Exchange), including the Hotel and Restaurant Agreement, the Master Supply Agreement and the Tenancy Agreements (namely the West Wing Yihua Commercial Center Tenancy Agreement, the Jinhui Century Square Tenancy Agreement, the Yihua Commerce Office Tenancy Agreement, the Guangdong Yihua Premises Tenancy Agreement, the Century Plaza Tenancy Agreement and the East Wing Yihua Building Tenancy Agreement).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yihua Investment is owned as to 49.6% by Shunyi Industrial (which is in turn owned as to 90% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder), 28.22% by Mr. Lu, 11.09% by Mr. Chen Zhengtao, an executive Director, and 11.09% by Mr. Chen Daren. Yihua Investment is therefore a connected person of the Company under the Listing Rules.

Therefore, the transactions contemplated under each of the Hotel and Restaurant Agreement and the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14A of the Listing Rules for the transactions contemplated under the Hotel and Restaurant Agreement, on an annual basis, is less than 5% and the total consideration is less than HK\$3,000,000, the transaction contemplated under the Hotel and Restaurant Agreement is fully exempt from the reporting, announcement and annual review requirements and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14A of the Listing Rules for the transactions contemplated under the Master Supply Agreement, on an annual basis, exceeds 1% but is below 5%, the transaction contemplated under the Master Supply Agreement is subject to the reporting, announcement and annual review requirements, but are exempt from Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, Yihua Management is owned as to 60% by Yihua Investment, as to 10% by Mr. Xu Chenghai (徐成海), as to 10% by Mr. Fan, an executive Director, as to 10% by Mr. Lu and as to 10% by Mr. Chen Zhengtao, an executive Director. Yihua Management is therefore a connected person of the Company under the Listing Rules.

As at the date of this announcement, Jinhui Century is owned as to 90% by Shunyi Industrial (which is in turn owned as to 90% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder and 10% by Mr. Chen Zhengtao, an executive Director). Jinhui Century is therefore a connected person of the Company under the Listing Rules.

As at the date of this announcement, Yihua Management, Zhongshan Yongde and Zhongshan Ruichang are non wholly-owned subsidiaries of Yihua Investment (which is in turn owned as to 49.60% by Shunyi Industrial (which is in turn owned as to 90% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder), approximately 28.22% by Mr. Lu, approximately 11.09% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder, and approximately 11.09% by Mr. Chen Zhengtao, an executive Director). Yihua Management, Yihua Investment, Zhongshan Yongde and Zhongshan Ruichang are therefore connected persons of the Company.

Therefore, the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14A of the Listing Rules for the transactions contemplated under the Tenancy Agreements, when aggregated, is, on an annual basis, expected to be more than 5% and the aggregate annual consideration is more than HK\$10,000,000, the transaction contemplated under the Tenancy Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

GENERAL

The Directors (including the independent non-executive Directors) consider that (i) the Hotel and Restaurant Agreement and the Master Supply Agreement were entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of each of the agreements and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Chen Zhengtao and Mr. Chen Daren, who have a material interest in the Hotel and Restaurant Agreement and the Master Supply Agreement and the transactions contemplated thereunder, had abstained from voting on the resolutions of the Board approving the Hotel and Restaurant Agreement and the Master Supply Agreement and the transactions contemplated thereunder.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that (i) each of the Tenancy Agreements was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms; and (ii) the terms of each of the Tenancy Agreements and their respective annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Chen Jianren, Mr. Fan, Mr. Chen Zhengtao and Mr. Chen Daren, who have a material interest in the Tenancy Agreements and the transactions contemplated thereunder, had abstained from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

The Independent Board Committee (which consists all the independent non-executive Directors) has been established to consider the terms of the Tenancy Agreements and to advise the Independent Shareholders as to whether the terms of the Tenancy Agreements, including their respective annual caps, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same to be given by the independent financial adviser. The Company has appointed Halcyon Capital Limited as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Tenancy Agreements, including their respective annual caps and the transactions contemplated thereunder.

An EGM will be convened and held at which the Independent Shareholders will consider, and, if thought fit, approve the Tenancy Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Tenancy Agreements and the transactions contemplated thereunder, a letter of recommendation from the Independent Board Committee, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Tenancy Agreements and a notice convening the EGM will be despatched to the Shareholders on or before 7 December 2018 in compliance with the Listing Rules.

INTRODUCTION

References are made to the announcements of the Company dated 18 November 2015, 26 November 2015 and 30 December 2016 in relation to, among other things, the Existing CCT Agreements.

As the Existing CCT Agreements will be expired on 31 December 2018, the Company and the counterparties entered into the CCT Agreements on 21 November 2018 (after the trading hours of the Stock Exchange).

Details of the CCT Agreements are set out below:

A. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT UNDER THE LISTING RULES

(1) Hotel and Restaurant Agreement

Date: 21 November 2018

Parties: (1) Guangdong Yihua Department Store, as service user; and
(2) Yihua Investment, as service provider

Guangdong Yihua Department Store is a wholly-owned subsidiary of the Company.

Yihua Investment is a connected person of the Company under the Listing Rules. For details, please refer to the section headed "Listing Rules Implications" in this announcement below.

Services: Yihua Investment shall, and shall procure its subsidiaries to, make available their hotel rooms, restaurants and related services therefrom to Guangdong Yihua Department Store and its subsidiaries. The transactions under the Hotel and Restaurant Agreement would be mainly for the provision of meals in the restaurants and the accommodation services in the hotels of Yihua Investment and its subsidiaries to the staff of Guangdong Yihua Department Store and its subsidiaries during their business trips.

Term: Subject to approval by the Independent Shareholders (if necessary), the term shall be the period commencing on 1 January 2019 and ending on 31 December 2021 and, subject to the compliance with the relevant requirements under the Listing Rules and the agreement of the parties, be renewed for a further term of not more than three years.

Pricing basis: The prices of the services provided under the Hotel and Restaurant Agreement shall be determined by the parties on a case by case basis according to prevailing market rates and on an arm's length basis.

The parties will make reference to the hotel fixed price for the guest rooms and restaurant in the relevant hotels of Yihua Investment and its subsidiaries from time to time with the prices determined on case by case basis with a discount. The discount offered by Yihua Investment and its subsidiaries to the Group for hotel guest rooms is approximately 60% to 70% discount to the hotel fixed price. The charge for restaurant services will be on their standard price. Yihua Investment Group will issue invoice on monthly basis and provide credit period to Guangdong Yihua Department Store.

In order to ensure that the transactions under the Hotel and Restaurant Agreement will be conducted on normal commercial terms, the Group will check the room rate of hotels operated by Independent Third Parties with similar rank and service in the vicinity before making a room booking and ensure that the room rates offered by the hotels of Yihua Investment and its subsidiaries to the Group are more favourable than those from Independent Third Parties. The management of the Group will also review annually the room rates provided by Yihua Investment and its subsidiaries and other hotels with similar rank and service to ensure that the rates offered by Yihua Investment and its subsidiaries to the Group are more favourable than the rates provided by other hotels with similar rank and service.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount under the Existing Hotel and Restaurant Agreement for the two years ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Hotel and Restaurant Agreement	843	526 ¹	424 ¹

Note 1: The actual transaction amounts for the year ended 31 December 2017 and the ten months ended 31 October 2018 decreased as fewer meetings were held hence fewer business trips were arranged during the period as the businesses of the Group had not yet entered into a stage where substantive meetings and site visits were needed for the mentioned period.

Historical annual caps

The historical annual caps for the transactions under the Existing Hotel and Restaurant Agreement for the three years ending 31 December 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)	For the year ending 31 December 2018 (RMB'000)
Existing Hotel and Restaurant Agreement	2,875	3,306	3,802

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Hotel and Restaurant Agreement, and the annual cap for each of the two years ended 31 December 2017 has not been exceeded. As at the date of this announcement, the annual cap for the transactions under the Existing Hotel and Restaurant Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Hotel and Restaurant Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000)	For the year ending 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)
Hotel and Restaurant Agreement	2,000	2,000	2,000

In arriving at the proposed annual caps, the Directors have taken into account the following factors:

- (a) the historical costs and expenses incurred on such meals and accommodation services;
- (b) anticipated hotel room rate fluctuation;
- (c) the anticipated inflation rate over the years; and

- (d) the expected increase in the number of meetings with distributors of the Game Console Business, including the expected number of large-scaled conferences with approximately 100 participants of 4 times a year, each of which is expected to cost approximately RMB400,000 in relation to accommodations and related hotel and restaurant services provided by the Group in light of the launching of the online game platform in first half of 2019 of the Game Console Business.

The Directors (including independent non-executive Directors) consider that the Hotel and Restaurant Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Hotel and Restaurant Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(2) Master Supply Agreement

Date: 21 November 2018

Parties: (1) Guangdong Yihua Department Store, as supplier;
and
(2) Yihua Investment, as purchaser

Guangdong Yihua Department Store is a wholly-owned subsidiary of the Company.

Yihua Investment is a connected person of the Company under the Listing Rules. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Services: Guangdong Yihua Department Store shall, and shall procure its subsidiaries to, supply Yihua Investment and its subsidiaries with goods, service and utility. The transactions under the Master Supply Agreement would be mainly for the supply of electrical appliances and grocery items to hotels and restaurants of Yihua Investment and its subsidiaries and gaming products to the Yihua Investment and its subsidiaries.

Term: Subject to approval by the Independent Shareholders (if necessary), the term shall be the period commencing on 1 January 2019 and ending on 31 December 2021 and, subject to the compliance with the relevant requirements under the Listing Rules and the agreement of the parties, be renewed for a further term of not more than three years.

Pricing basis: The prices of the services provided under the Master Supply Agreement shall be determined by the parties on a case by case basis according to prevailing market rates and on an arm's length basis.

The actual pricing to be offered by the Group to Yihua Investment and its subsidiaries under the Master Supply Agreement will be the regular retail price offered by the Group to its customers. The Group will not offer any discount to Yihua Investment and its subsidiaries. Therefore, the transactions under the Master Supply Agreement will be conducted on normal commercial terms.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount under the Existing Master Supply Agreement for the two years ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Master Supply Agreement	1,809	1,376	214 ¹

Note 1: The decrease in the actual transaction amount for the ten months ended 31 October 2018 was due to the decrease in demand of electrical appliances and grocery items to hotels and restaurants of Yihua Investment and its subsidiaries due to the deterioration of their hotel and restaurant business, as advised by Yihua Investment.

Historical annual caps

The historical annual caps for the transactions under the Existing Master Supply Agreement for the three years ending 31 December 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000)	For the year ended 31 December 2017 (RMB'000)	For the year ending 31 December 2018 (RMB'000)
Existing Master Supply Agreement	3,900	5,070	6,591

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Master Supply Agreement, and the annual cap for each of the two years ended 31 December 2017 has not been exceeded. As at the date of this announcement, the annual cap for the transactions under the Existing Master Supply Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Master Supply Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000)	For the year ending 31 December 2020 (RMB'000)	For the year ending 31 December 2021 (RMB'000)
Master Supply Agreement	7,909	9,491	11,389

The annual cap for each of the years ending 31 December 2019, 2020 and 2021 was calculated with reference to the annual cap for the respective preceding year with a growth rate of 20%.

In arriving at the proposed annual caps, the Directors have taken into account the following factors:

- (a) the historical transaction amount under the Existing Master Supply Agreement;
- (b) the increase in the demand for the domestic products and imported products due to the growth of business in the hotels and restaurants;

- (c) the anticipated inflation rate over the years for such goods; and
- (d) the expected increase in demand of gaming related products to be supplied to Yihua Investment and its subsidiaries in light of the launch of the game consoles in relation to the Game Console Business in late 2018, which amounts to approximately RMB4,000 per game console and with reference to the expected production volume of over 1,000 game consoles.

The Directors (including the independent non-executive Directors) consider that the Master Supply Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Master Supply Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS SUBJECT TO INDEPENDENT SHAREHOLDERS' APPROVAL UNDER THE LISTING RULES

(1) West Wing Yihua Commercial Center Tenancy Agreement

Date: 21 November 2018

Parties:

- (i) Yihua Investment, as lessor;
- (ii) Guangdong Yihua Department Store, as lessee;
and
- (iii) Zhongshan Yihua Shijia, as lessee

Each of Guangdong Yihua Department Store and Zhongshan Yihua Shijia is a wholly-owned subsidiary of the Company.

Yihua Investment is a connected person of the Company under the Listing Rules. For details, please refer to the section headed "Listing Rules Implications" in this announcement below.

Premises:	<p>(i) <i>Guangdong Yihua Department Store as lessee:</i></p> <p>Levels 1 to 2, West Wing of Yihua Commercial Center, with a total area of approximately 4,807.25 sq.m..</p> <p>(ii) <i>Zhongshan Yihua Shijia as lessee:</i></p> <p>Levels 3 to 4 West Wing of Yihua Commercial Center, with a total area of approximately 5,056.76 sq.m..</p>
Term:	<p>Subject to approval by the Independent Shareholders (if necessary), the term shall be the period commencing on 1 January 2019 and ending on 31 December 2021. Upon expiry, Guangdong Yihua Department Store and Zhongshan Yihua Shijia shall have the priority to renew the agreement.</p>
Permitted use:	<p>Levels 1 to 2 – department store; and levels 3 to 4 – general commercial use.</p>
Monthly rent:	<p>The monthly rent (inclusive of management fee) payable shall be as follows:</p> <p>(i) For the year ending 31 December 2019: RMB886,506.2 (equivalent to approximately HK\$992,887.0) – i.e. average of RMB89.9 per sq.m. (equivalent to approximately HK\$100.7 per sq.m.);</p> <p>(ii) for the year ending 31 December 2020: an increase of not more than 3% of the monthly rent (inclusive of management fee) agreed in 2019; and</p> <p>(iii) for the year ending 31 December 2021: an increase of not more than 3% of the monthly rent (inclusive of management fee) agreed in 2020.</p>
Termination:	<p>Guangdong Yihua Department Store and/or Zhongshan Yihua Shijia shall give Yihua Investment a written notice not less than 3 months before the expiry of the term if it does not intend to renew the term.</p>

Yihua Investment shall give Guangdong Yihua Department Store and/or Zhongshan Yihua Shijia a written notice not less than 3 months before the expiry of the term if it does not intend to renew the term.

Pricing basis:

The monthly rent (inclusive of management fee) for the year ending 31 December 2019 was determined on an arm's length basis with reference to the market rent of comparable properties in Zhongshan City, Guangdong Province, the PRC and with reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

The monthly rent (inclusive of management fee) for the years ending 31 December 2020 and 2021 was calculated on the basis of a maximum growth rate of 3%. In setting the increment percentage of the monthly rents in 2020 and 2021, the Board will consider, among others, the market price, size of the premises, the then market conditions and the historical figures of the actual value of the transactions in the previous years and the Board considered that an increase of no more than 3% is in line with the trend of the property leasing market in the vicinity, having made reference to rents payable by the Group to Independent Third Parties and the general trend in the business of department stores.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount paid by the Group under the Existing West Wing Yihua Commercial Center Tenancy Agreement for the two years ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing West Wing Yihua Commercial Center Tenancy Agreement ¹	9,959	10,470	8,411

Note 1: The lease area at Levels 1 to 2, West Wing of Yihua Commercial Center under the Existing West Wing Yihua Commercial Center Tenancy Agreement is approximately 5,115.25 sq.m. while lease area at the same levels under the West Wing Yihua Commercial Center Tenancy Agreement is approximately 4,807.25 sq.m..

The lessor is changed from Yihua Management, under the Existing West Wing Yihua Commercial Center Tenancy Agreement to Yihua Investment, under the West Wing Yihua Commercial Center Tenancy Agreement.

Historical annual caps

The historical annual caps for the Existing West Wing Yihua Commercial Center Tenancy Agreement for the two years ended 31 December 2017 and the year ending 31 December 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the year ending 31 December 2018 (RMB'000) (approx.)
Existing West Wing Yihua Commercial Center Tenancy Agreement ¹	10,375	10,686	11,007

Note 1: The lease area at Levels 1 to 2, West Wing of Yihua Commercial Center under the Existing West Wing Yihua Commercial Center Tenancy Agreement is approximately 5,115.25 sq.m. while lease area at the same levels under the West Wing Yihua Commercial Center Tenancy Agreement is approximately 4,807.25 sq.m..

The lessor is changed from Yihua Management, under the Existing West Wing Yihua Commercial Center Tenancy Agreement to Yihua Investment, under the West Wing Yihua Commercial Center Tenancy Agreement.

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing West Wing Yihua Commercial Center Tenancy Agreement, and the annual cap for each of the two years ended 31 December 2017 has not been exceeded. As at the date of this announcement, the annual cap for the Existing West Wing Yihua Commercial Center Tenancy Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the West Wing Yihua Commercial Center Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
West Wing Yihua Commercial Center Tenancy Agreement	10,638	10,957	11,286

The annual cap for the year ending 31 December 2019 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB886,506.2 (equivalent to approximately HK\$992,887.0) by 12 months. The annual caps for the years ending 31 December 2020 and 2021 were calculated with reference to the annual cap for the respective preceding year with a maximum growth rate of 3% as agreed in the West Wing Yihua Commercial Center Tenancy Agreement.

In arriving at the monthly rent (inclusive of management fee) and the proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar properties in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;
- (b) the rent for similar properties in the vicinity offered by Yihua Investment to other third parties;
- (c) the historical figures of monthly rent (inclusive of management fee) for the leases under the Existing West Wing Yihua Commercial Center Tenancy Agreement of RMB85.77 per sq.m. for the year ending 31 December 2018 as compared with that under the West Wing Yihua Commercial Center Tenancy Agreement; and
- (d) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the West Wing Yihua Commercial Center Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent under the West Wing Yihua Commercial Center Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the West Wing Yihua Commercial Center Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the West Wing Yihua Commercial Center Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(2) Jinhui Century Square Tenancy Agreement

Date: 21 November 2018

Parties: (i) Jinhui Century as lessor; and
(ii) Jiangmen Yihua Department Store as lessee

Jiangmen Yihua Department Store is a wholly-owned subsidiary of the Company.

Jinhui Century is a connected person of the Company under the Listing Rules. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Premises: Basement 1 and levels 1 to 3 of Jinhui Century Square, with an area of approximately 32,520 sq.m. for commercial use (“**Property 1**”); an area of approximately 11,603 sq.m. of car parking spaces at basement 1 of Jinhui Century Square (“**Property 2**”); and an open area located at 1/F of No. 118 Yingbin Avenue, Jiangmen City# (江門市迎賓大道118號) with an area of approximately 15,640 sq.m. (“**Property 3**”).

Term: The term shall be the period commencing on (i) 1 January 2019; or (ii) the date of passing by the Independent Shareholders at the EGM of ordinary resolution(s) approving the Jinhui Century Square Tenancy Agreement and the transactions contemplated thereunder, whichever is the later, and ending on 31 December 2021 (both days inclusive). Upon expiry, Jiangmen Yihua Department Store shall have the priority to renew the agreement.

Permitted use: For commercial use and car parking only.

Monthly rent: **Property 1:**
RMB1,604,869 (equivalent to approximately HK\$1,797,453.3 (inclusive of management fee) – i.e. average of RMB49.3 per sq.m. (equivalent to approximately HK\$55.2 per sq.m.), which shall be payable on or before the 5th day of the current month.

Property 2:
RMB240,404 (equivalent to approximately HK\$269,252.5 (inclusive of management fee) – i.e. average of RMB20.7 per sq.m. (equivalent to approximately HK\$23.2 per sq.m.), which shall be payable on or before the 5th day of the current month.

Property 3:
RMB324,066 (equivalent to approximately HK\$362,953.9) (inclusive of management fee) – i.e. average of RMB20.7 per sq.m. (equivalent to approximately HK\$23.2 per sq.m.), which shall be payable on or before the 5th day of the current month.

A daily default interest rate of 0.03% on the outstanding amount payable will be accrued should Jiangmen Yihua Department Store fails to pay the outstanding amount payable on the due date.

Termination: The Jinhui Century Square Tenancy Agreement shall terminate upon its expiry, by mutual consent, in case of defaults by a party, or the existence of force majeure circumstances.

Without prejudice to the right of any party to terminate the Jinhui Century Square Tenancy Agreement pursuant to the terms thereof, the Jinhui Century Square Tenancy Agreement shall be automatically terminated if:

- (a) Jiangmen Yihua Department Store considers that the performance of its obligations under the Jinhui Century Square Tenancy Agreement would result in a failure to comply with the requirements of the Listing Rules at the relevant time; or

- (b) compliance with the Listing Rules would require change(s) to the Jinhui Century Square Tenancy Agreement which is/are not acceptable to any of the parties.

Pricing basis: The monthly rent (inclusive of management fee) was determined on an arm's length basis with reference to the market rent of comparable properties in Jiangmen City, Guangdong Province, the PRC and with reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount paid by the Group under the Existing Jinhui Century Square Tenancy Agreements for the year ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Jinhui Century Square Tenancy Agreement 1	22,502	18,752
Existing Jinhui Century Square Tenancy Agreement 2	4,606	3,838
Total	27,108	22,590

Historical annual caps

The historical annual caps for the Existing Jinhui Century Square Tenancy Agreements for the year ended 31 December 2017 and the year ending 31 December 2018 are set out below:

	For the year ended 31 December 2017 (RMB'000) (approx.)	For the year ending 31 December 2018 (RMB'000) (approx.)
Existing Jinhui Century Square Tenancy Agreement 1	23,793	23,793
Existing Jinhui Century Square Tenancy Agreement 2	4,870	4,870
Total	28,663	28,663

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Jinhui Century Square Tenancy Agreements, and the annual cap for the year ended 31 December 2017 has not been exceeded. As at the date of this announcement, the annual cap for the Existing Jinhui Century Square Tenancy Agreements for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Jinhui Century Square Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
Jinhui Century Square Tenancy Agreement	26,032	26,032	26,032

The annual cap for each of the years ending 31 December 2019, 2020 and 2021 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB2,169,339 (equivalent to approximately HK\$2,429,660) by 12 months.

In arriving at the monthly rent (inclusive of management fee) and proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar properties in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;
- (b) the rent for similar properties in the vicinity offered by Jinhui Century to other third parties;
- (c) the historical figures of monthly rent (inclusive of management fee) for the leases under the Existing Jinhui Century Square Tenancy Agreements of RMB49.4 sq.m. (in respect of Property 1); RMB39.6 sq.m. (in respect of Property 2); and RMB20.7 sq.m. (in respect of Property 3), as compared with that under the Jinhui Century Square Tenancy Agreement; and
- (d) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the Jinhui Century Square Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent under the Jinhui Century Square Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the Jinhui Century Square Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Jinhui Century Square Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(3) Yihua Commerce Office Tenancy Agreement

Date: 21 November 2018

Parties: (i) Yihua Management as authorised agent for and on behalf of Zhongshan Ruichang as lessor; and
(ii) Yihua Commerce as lessee

Yihua Commerce is a non wholly-owned subsidiary of the Company.

Yihua Management and Zhongshan Ruichang are connected person of the Company. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Premises: Unit 912 of 9/F of East Wing of Yihua Building, with an aggregate area of approximately 363 sq.m..

Term: The term shall be the period commencing on (i) 1 January 2019; or (ii) the date of passing by the Independent Shareholders at the EGM of ordinary resolution(s) approving the Yihua Commerce Office Tenancy Agreement and the transactions contemplated thereunder, whichever is the later, and ending on 31 December 2021 (both days inclusive). Upon expiry, Yihua Commerce shall have the priority to renew the agreement.

Permitted use: For commercial office use only.

Monthly rent: RMB24,949 (equivalent to approximately HK\$27,943) (inclusive of management fee) – i.e. RMB68.7 per sq.m. (equivalent to approximately HK\$76.9 per sq.m.), which shall be payable on or before the 10th day of the current month.

A daily default interest rate of 0.03% on the outstanding amount payable will be accrued should Yihua Commerce fails to pay the outstanding amount payable on the due date.

Termination: The Yihua Commerce Office Tenancy Agreement shall terminate upon its expiry, by mutual consent, in case of defaults by a party, or the existence of force majeure circumstances.

Without prejudice to the right of any party to terminate the Yihua Commerce Office Tenancy Agreement pursuant to the terms thereof, the Yihua Commerce Office Tenancy Agreement shall be automatically terminated if:

- (a) Yihua Commerce considers that the performance of its obligations under the Yihua Commerce Office Tenancy Agreement would result in a failure to comply with the requirements of the Listing Rules at the relevant time; or
- (b) compliance with the Listing Rules would require change(s) to the Yihua Commerce Office Tenancy Agreement which is/are not acceptable to any of the parties.

Pricing basis: The monthly rent (inclusive of management fee) was determined on an arm's length basis with reference to the market rent of comparable properties in Zhongshan City, Guangdong Province, the PRC and with reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount paid by the Group under the Existing Yihua Commerce Office Tenancy Agreement for the year ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Yihua Commerce Office Tenancy Agreement ¹	499	426

Note 1: The lease area at East Wing of Yihua Building under the Yihua Commerce Office Tenancy Agreement was changed from Unit 815 of 8/F, and 912 of 9/F under the Existing Yihua Commerce Office Tenancy Agreement to Unit 912 of 9/F only, representing a decrease of lease area of approximately 283 sq.m..

Historical annual caps

The historical annual caps for the Existing Yihua Commerce Office Tenancy Agreement for the year ended 31 December 2017 and the year ending 31 December 2018 are set out below:

	For the year ended 31 December 2017 (RMB'000) (approx.)	For the year ending 31 December 2018 (RMB'000) (approx.)
Existing Yihua Commerce Office Tenancy Agreement ¹	518	533

Note 1: The lease area at East Wing of Yihua Building under the Yihua Commerce Office Tenancy Agreement was changed from Unit 815 of 8/F, and 912 of 9/F under the Existing Yihua Commerce Office Tenancy Agreement to Unit 912 of 9/F only, representing a decrease of lease area of approximately 283 sq.m..

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Yihua Commerce Office Tenancy Agreement, and the annual cap for the year ended 31 December 2017 has not been exceeded. As at the date of this announcement, the annual cap for the Yihua Commerce Office Tenancy Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Yihua Commerce Office Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
Yihua Commerce Office Tenancy Agreement	299	299	299

The annual cap for each of the years ending 31 December 2019, 2020 and 2021 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB299,388 (equivalent to approximately HK\$335,259) by 12 months.

In arriving at the monthly rent (inclusive of management fee) and proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar properties in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;
- (b) the rent for similar properties in the vicinity offered by Zhongshan Ruichang to other third parties;
- (c) the historical figures of monthly rent (inclusive of management fee) for the leases under the Existing Yihua Commerce Office Tenancy Agreement of RMB64.4 per sq.m. (in respect of unit 912 of 9/F of East Wing of Yihua Building) as compared with that under the Yihua Commerce Office Tenancy Agreement; and
- (d) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the Yihua Commerce Office Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent under the Yihua Commerce Office Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the Yihua Commerce Office Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Yihua Commerce Office Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(4) Guangdong Yihua Premises Tenancy Agreement

Date: 21 November 2018

Parties: (i) Yihua Investment as authorised agent for and on behalf of Zhongshan Yongde as lessor; and
(ii) Guangdong Yihua Department Store as lessee

Guangdong Yihua Department Store is a wholly-owned subsidiary of the Company.

Yihua Investment and Zhongshan Yongde are connected persons of the Company. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Premises: Unit 9A of 9/F of West Wing of Yihua Building with an area of approximately 759 sq.m..

Term: The term shall be the period commencing on (i) 1 January 2019; or (ii) the date of passing by the Independent Shareholders at the EGM of ordinary resolution(s) approving the Guangdong Yihua Premises Tenancy Agreement and the transactions contemplated thereunder, whichever is the later, and ending on 31 December 2021 (both days inclusive). Upon expiry, Guangdong Yihua Department Store shall have the priority to renew the agreement.

Permitted use: For commercial office use only.

Monthly rent: RMB50,853.0 (equivalent to approximately HK\$56,955.4) (inclusive of management fee) – i.e. RMB67.0 per sq.m. (equivalent to approximately HK\$75.0 per sq.m.), which shall be payable on or before the 10th day of the current month.

A daily default interest rate of 0.03% on the outstanding amount payable will be accrued should Guangdong Yihua Department Store fails to pay the outstanding amount payable on the due date.

Termination: The Guangdong Yihua Premises Tenancy Agreement shall terminate upon its expiry, by mutual consent, in case of defaults by a party, or the existence of force majeure circumstances.

Without prejudice to the right of any party to terminate the Guangdong Yihua Premises Tenancy Agreement pursuant to the terms thereof, the Guangdong Yihua Premises Tenancy Agreement shall be automatically terminated if:

- (a) Guangdong Yihua Department Store considers that the performance of its obligations under the Guangdong Yihua Premises Tenancy Agreement would result in a failure to comply with the requirements of the Listing Rules at the relevant time; or
- (b) compliance with the Listing Rules would require change(s) to the Guangdong Yihua Premises Tenancy Agreement which is/are not acceptable to any of the parties.

Pricing basis: The monthly rent (inclusive of management fee) was determined on an arm's length basis with reference to the market rent of comparable properties in Zhongshan City, Guangdong Province, the PRC and with reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount paid by the Group under the Existing Guangdong Yihua Premises Tenancy Agreement for the year ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Guangdong Yihua Premises Tenancy Agreement ¹	3,226	2,777

Note 1: The lease area of Yihua Building under the Guangdong Yihua Premises Tenancy Agreement was changed from Unit 503 of 5/F and Unit 818 of 8/F of East Wing, and 7/F and Unit 9A of 9/F of West Wing under the Existing Guangdong Yihua Premises Tenancy Agreement to Unit 9A of 9/F of West Wing only, representing a decrease of lease area of approximately 3,208 sq.m..

The authorised agent for and on behalf of the lessor is changed from Yihua Management, under the Existing Guangdong Yihua Premises Tenancy Agreement to Yihua Investment, under the Guangdong Yihua Premises Tenancy Agreement.

Historical annual caps

The historical annual caps for the Existing Guangdong Yihua Premises Tenancy Agreement for the year ended 31 December 2017 and the year ending 31 December 2018 are set out below:

	For the year ended 31 December 2017 (RMB'000) (approx.)	For the year ending 31 December 2018 (RMB'000) (approx.)
Existing Guangdong Yihua Premises Tenancy Agreement ¹	3,226	3,333

Note 1: The lease area of Yihua Building under the Guangdong Yihua Premises Tenancy Agreement was changed from Unit 503 of 5/F and Unit 818 of 8/F of East Wing, and 7/F and Unit 9A of 9/F of West Wing under the Existing Guangdong Yihua Premises Tenancy Agreement to Unit 9A of 9/F of West Wing only, representing a decrease of lease area of approximately 3,208 sq.m..

The authorised agent for and on behalf of the lessor is changed from Yihua Management, under the Existing Guangdong Yihua Premises Tenancy Agreement to Yihua Investment, under the Guangdong Yihua Premises Tenancy Agreement.

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Guangdong Yihua Premises Tenancy Agreement, and the annual cap for the year ended 31 December 2017 has not been exceeded. As at the date of this announcement, the annual cap for the Existing Guangdong Yihua Premises Tenancy Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Guangdong Yihua Premises Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
Guangdong Yihua Premises Tenancy Agreement	610	610	610

The annual cap for each of the years ending 31 December 2019, 2020 and 2021 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB50,853.0 (equivalent to approximately HK\$56,955.4) by 12 months.

In arriving at the monthly rent (inclusive of management fee) and proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar properties in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;

- (b) the rent for similar properties in the vicinity offered by Zhongshan Yongde to other third parties;
- (c) the historical figures of monthly rent (inclusive of management fee) for the leases under the Existing Guangdong Yihua Premises Tenancy Agreement of RMB70 per sq.m. (in respect of unit 9A of 9/F of West Wing Yihua Building) as compared with that under the Guangdong Yihua Premises Tenancy Agreement; and
- (d) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the Guangdong Yihua Premises Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent for under the Guangdong Yihua Premises Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the Guangdong Yihua Premises Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Guangdong Yihua Premises Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(5) Century Plaza Tenancy Agreement

Date: 21 November 2018

Parties: (i) Yihua Management, as lessor; and
(ii) Guangdong Yihua Department Store, as lessee

Guangdong Yihua Department Store is a wholly-owned subsidiary of the Company.

Yihua Management is a connected person of the Company under the Listing Rules. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Premises:	Car park lots with an area of approximately 5,386.5 sq. m. at level B2, Century Plaza
Term:	The term shall be the period commencing on (i) 1 January 2019; or (ii) the date of passing by the Independent Shareholders at the EGM of ordinary resolution(s) approving the Century Plaza Tenancy Agreement and the transactions contemplated thereunder, whichever is the later, and ending on 31 December 2021 (both days inclusive). Upon expiry, Guangdong Yihua Department Store shall have the priority to renew the agreement.
Permitted use:	For office use and car parking only.
Monthly rent:	<p>RMB45,000 (equivalent to approximately HK\$50,400) (inclusive of management fee) – i.e. RMB8.4 per sq.m. (equivalent to HK\$9.4 per sq.m.) which shall be payable on or before the 10th day of the current month.</p> <p>The monthly rent (inclusive of management fee) shall be payable on or before the 10th day of the current month.</p> <p>A daily default interest rate of 0.03% on the outstanding amount payable will be accrued should Guangdong Yihua Department Store fails to pay the outstanding amount payable on the due date.</p>
Termination:	The Century Plaza Tenancy Agreement shall terminate upon its expiry, by mutual consent, in case of defaults by a party, or the existence of force majeure circumstances.

Without prejudice to the right of any party to terminate the Century Plaza Tenancy Agreement pursuant to the terms thereof, the Century Plaza Tenancy Agreement shall be automatically terminated if:

- (a) Guangdong Yihua Department Store considers that the performance of its obligations under the Century Plaza Tenancy Agreement would result in a failure to comply with the requirements of the Listing Rules at the relevant time; or
- (b) compliance with the Listing Rules would require change(s) to the Century Plaza Tenancy Agreement which is/are not acceptable to any of the parties.

Pricing basis: The monthly rent (inclusive of management fee) was determined on an arm's length basis with reference to the market rent of comparable properties in Zhongshan City, Guangdong Province, the PRC and with reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount paid by the Group under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement for the two years ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Century Plaza and East Wing Yihua Building Tenancy Agreement ¹	1,232	1,219	1,100

Note 1: The lease area of Century Plaza under the Century Plaza Tenancy Agreement was changed from car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza and Units 907, 916 and 909, East Wing, and Unit 603, West Wing of Yihua Building under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, to car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza only, representing decrease of lease area of approximately 1,104.0 sq.m..

The lease of Unit 907, East Wing of Yihua Building was entered into between Yihua Management as authorised agent for and on behalf of Zhongshan Ruichang as lessor and Zhongshan Yihua Xiatian as lessee under the East Wing Yihua Building Tenancy Agreement.

Historical annual caps

The historical annual caps for the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement for the two years ended 31 December 2017 and the year ending 31 December 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the year ending 31 December 2018 (RMB'000) (approx.)
Existing Century Plaza and East Wing Yihua Building Tenancy Agreement ¹	1,253	1,297	1,320

Note 1: The lease area of Century Plaza under the Century Plaza Tenancy Agreement was changed from car park lots with an area of 5,386.5 sq. m. at level B2 of Century Plaza and Units 907, 916 and 909, East Wing, and Unit 603, West Wing of Yihua Building under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, to car park lots with an area of 5,386.5 sq. m. at level B2 of Century Plaza only, representing decrease of lease area of approximately 1,104.0 sq.m..

The lease of Unit 907, East Wing of Yihua Building was entered into between Yihua Management as authorised agent for and on behalf of Zhongshan Ruichang as lessor and Zhongshan Yihua Xiatian as lessee under the East Wing Yihua Building Tenancy Agreement.

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, and the annual cap for the years ended 31 December 2016 and 2017 have not been exceeded. As at the date of this announcement, the annual cap for the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Century Plaza Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
Century Plaza Tenancy Agreement	540	540	540

The annual cap for each of the years ending 31 December 2019, 2020 and 2021 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB45,000 (equivalent to approximately HK\$50,400) by 12 months.

In arriving at the monthly rent (inclusive of management fee) and proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar carpark lots in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;
- (b) the rent for similar carpark lots in the vicinity offered by Yihua Management to other third parties;
- (c) the historical figures of monthly rent (inclusive of management fee) for the leases under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement of RMB8.35 per sq.m. (in respect of the car park lots) as compared with that under the Century Plaza Tenancy Agreement; and
- (d) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the Century Plaza Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent under the Century Plaza Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the Century Plaza Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Century Plaza Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(6) East Wing Yihua Building Tenancy Agreement

Date: 21 November 2018

Parties: (i) Yihua Management as authorised agent for an on behalf of Zhongshan Ruichang, as lessor; and

(ii) Zhongshan Yihua Xintian, as lessee

Zhongshan Yihua Xintian is a wholly-owned subsidiary of the Company.

Yihua Management and Zhongshan Ruichang are connected persons of the Company under the Listing Rules. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Premises: Unit 907 of East Wing of Yihua Building, with an area of approximately 427 sq.m..

Term: The term shall be the period commencing on (i) 1 January 2019; or (ii) the date of passing by the Independent Shareholders at the EGM of ordinary resolution(s) approving the East Wing Yihua Building Tenancy Agreement and the transactions contemplated thereunder, whichever is the later, and ending on 31 December 2021 (both days inclusive). Upon expiry, Zhongshan Yihua Xintian shall have the priority to renew the agreement.

Permitted use: For commercial office use only.

Monthly rent: RMB27,178.6 (equivalent to approximately HK\$30,440.0) (inclusive of management fee) – i.e. RMB63.7 per sq.m. (equivalent to approximately HK\$71.3 per sq.m.), which shall be payable on or before the 10th day of current month.

A daily default interest rate of 0.03% on the outstanding amount payable will be accrued should Zhongshan Yihua Xintian fails to pay the outstanding amount payable on the due date.

Termination:

The East Wing Yihua Building Tenancy Agreement shall terminate upon its expiry, by mutual consent, in case of defaults by a party, or the existence of force majeure circumstances.

Without prejudice to the right of any party to terminate the East Wing Yihua Building Tenancy Agreement pursuant to the terms thereof, the East Wing Yihua Building Tenancy Agreement shall be automatically terminated if:

- (a) Zhongshan Yihua Xintian considers that the performance of its obligations under the East Wing Yihua Building Tenancy Agreement would result in a failure to comply with the requirements of the Listing Rules at the relevant time; or
- (b) compliance with the Listing Rules would require change(s) to the East Wing Yihua Building Tenancy Agreement which is/are not acceptable to any of the parties.

Pricing basis:

The monthly rent (inclusive of management fee) was determined on an arm's length basis with reference to the market rent of comparable properties in Zhongshan City, Guangdong Province, the PRC and reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

Actual transaction amount and historical annual caps

Actual transaction amount

The actual transaction amount paid by the Group under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement for the two years ended 31 December 2017 and for the ten months ended 31 October 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the ten months ended 31 October 2018 (RMB'000) (approx.)
Existing Century Plaza and East Wing Yihua Building Tenancy Agreement ¹	1,232	1,219	1,100

Note 1: The lease area of Century Plaza and Yihua Building under the East Wing Yihua Building Tenancy Agreement was changed from car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza and Units 907, 916 and 909 of East Wing, and Unit 603 of West Wing of Yihua Building under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, to Unit 907 of East Wing of the Yihua Building only, representing decrease of lease area of approximately 6,063.5 sq.m..

The lease of car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza was entered into between Yihua Management as lessor and Guangdong Yihua Department Store as lessee under the Century Plaza Tenancy Agreement.

Historical annual caps

The historical annual caps for the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement for the two years ended 31 December 2017 and the year ending 31 December 2018 are set out below:

	For the year ended 31 December 2016 (RMB'000) (approx.)	For the year ended 31 December 2017 (RMB'000) (approx.)	For the year ending 31 December 2018 (RMB'000) (approx.)
Existing Century Plaza and East Wing Yihua Building Tenancy Agreement ¹	1,253	1,297	1,320

Note 1: The lease area of Century Plaza and Yihua Building under the East Wing Yihua Building Tenancy Agreement was changed from car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza and Units 907, 916 and 909 of East Wing, and Unit 603 of West Wing of Yihua Building under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, to Unit 907 of East Wing of the Yihua Building only, representing decrease of lease area of approximately 6,063.5 sq.m..

The lease of car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza was entered into between Yihua Management as lessor and Guangdong Yihua Department Store as lessee under the Century Plaza Tenancy Agreement.

The Directors have been monitoring the transaction amount in respect of the transactions under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, and the annual cap for the years ended 31 December 2016 and 2017 have not been exceeded. As at the date of this announcement, the annual cap for the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement for the year ending 31 December 2018 has not been exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the East Wing Yihua Building Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
East Wing Yihua Building Tenancy Agreement	327	327	327

The annual cap for each the years ending 31 December 2019, 2020 and 2021 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB27,178.6 (equivalent to approximately HK\$30,440.0) by 12 months.

In arriving at the monthly rent (inclusive of management fee) and proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar properties in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;

- (b) the rent for similar properties in the vicinity offered by Zhongshan Ruichang to other third parties;
- (c) the historical figures of monthly rent (inclusive of management fee) for the leases under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement of RMB63.65 per sq.m. (in respect of unit 907 of East Wing of Yihua Building) as compared with that under the East Wing Yihua Tenancy Agreement; and
- (d) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the East Wing Yihua Building Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent under the East Wing Yihua Building Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the East Wing Yihua Building Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the East Wing Yihua Building Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

(7) West Wing Yihua Building Tenancy Agreement

Date: 21 November 2018

Parties:

- (i) Yihua Management as authorised agent for an on behalf of Zhongshan Yongde, as lessor; and
- (ii) Yihua International, as lessee

Yihua International is a wholly-owned subsidiary of the Company.

Yihua Management and Zhongshan Yongde are connected persons of the Company under the Listing Rules. For details, please refer to the section headed “Listing Rules Implications” in this announcement below.

Premises: Units 808 of West Wing of Yihua Building, with an area of approximately 227.6 sq.m..

Term: The term shall be the period commencing on (i) 1 January 2019; or (ii) the date of passing by the Independent Shareholders at the EGM of ordinary resolution(s) approving the West Wing Yihua Building Tenancy Agreement and the transactions contemplated thereunder, whichever is the later, and ending on 31 December 2021 (both days inclusive). Upon expiry, Yihua International shall have the priority to renew the agreement.

Permitted use: For commercial office use only.

Monthly rent: RMB11,380.0 (equivalent to approximately HK\$12,745.6) (inclusive of management fee) – i.e. RMB50.0 per sq.m. (equivalent to approximately HK\$56.0 per sq.m.), which shall be payable on or before the 10th day of current month.

A daily default interest rate of 0.03% on the outstanding amount payable will be accrued should Yihua International fails to pay the outstanding amount payable on the due date.

Termination: The West Wing Yihua Building Tenancy Agreement shall terminate upon its expiry, by mutual consent, in case of defaults by a party, or the existence of force majeure circumstances.

Without prejudice to the right of any party to terminate the West Wing Yihua Building Tenancy Agreement pursuant to the terms thereof, the West Wing Yihua Building Tenancy Agreement shall be automatically terminated if:

- (a) Yihua International considers that the performance of its obligations under the West Wing Yihua Building Tenancy Agreement would result in a failure to comply with the requirements of the Listing Rules at the relevant time; or
- (b) compliance with the Listing Rules would require change(s) to the West Wing Yihua Building Tenancy Agreement which is/are not acceptable to any of the parties.

Pricing basis: The monthly rent (inclusive of management fee) was determined on an arm's length basis with reference to the market rent of comparable properties in Zhongshan City, Guangdong Province, the PRC and with reference to the opinion letter issued by an independent valuer, LCH (Asia-Pacific) Surveyors Limited.

Actual transaction amount and historical annual caps

Not applicable as the West Wing Yihua Building Tenancy Agreement is a new tenancy agreement.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the West Wing Yihua Building Tenancy Agreement for the three years ending 31 December 2021 are set out below:

	For the year ending 31 December 2019 (RMB'000) (approx.)	For the year ending 31 December 2020 (RMB'000) (approx.)	For the year ending 31 December 2021 (RMB'000) (approx.)
West Wing Yihua Building Tenancy Agreement	137	137	137

The annual cap for each the years ending 31 December 2019, 2020 and 2021 was calculated by multiplying the agreed monthly rent (inclusive of management fee) of RMB11,380.0 (equivalent to approximately HK\$12,745.6) by 12 months.

In arriving at the monthly rent (inclusive of management fee) and proposed annual caps, the Directors have taken into account the following factors:

- (a) the rent for similar properties in the vicinity offered by Independent Third Parties obtained through the Company's enquiries with estate agents;
- (b) the rent for similar properties in the vicinity offered by Zhongshan Yongde to other third parties; and
- (c) the view of LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, that the rent (inclusive of management fee) under the West Wing Yihua Building Tenancy Agreement is comparative to market level of similar properties in the locality and are fair and reasonable.

LCH (Asia-Pacific) Surveyors Limited, the independent valuer, is of the view that the rent under the West Wing Yihua Building Tenancy Agreement is comparative to the prevailing market rent as at 16 November 2018.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that the West Wing Yihua Building Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the West Wing Yihua Building Tenancy Agreement and its annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE CCT AGREEMENTS

The Group is principally engaged in the operation of department stores (which also includes operation of supermarkets, and electrical appliances stores), as well as property investment and property development, in the PRC.

Yihua Investment is principally engaged in investment in corporations (including catering, entertainment, service, processing and manufacturing, hotel and commercial), interior decoration and design, real estate investment consultancy, real estate investment management, and intellectual property service.

Yihua Management is principally involved in property leasing and management service.

Jinhui Century is principally involved in property leasing, maintenance and management, catering, and club house project planning.

Zhongshan Yongde is principally engaged in real estate development and leasing of owned properties.

Zhongshan Ruichang is principally engaged in investment in corporations.

The Hotel and Restaurant Agreement and the Master Supply Agreement

The transactions contemplated under the Hotel and Restaurant Agreement and the Master Supply Agreement will be entered into by the Group with the connected persons for the purposes of carrying out its ordinary and usual course of business. As a common intention when performing other business transactions during the Group's ordinary course of business with the existing customers/suppliers and Independent Third Parties, the Directors expected the entering into of the transactions contemplated under the Hotel and Restaurant Agreement and the Master Supply Agreement would bring more revenue and profits to the Group. The terms of the Hotel and Restaurant Agreement and the Master Supply Agreement were determined after arm's length negotiations between the Group and the Yihua Investment with reference to the prevailing market rates. The

Directors consider that it is in the commercial interests of the Group to continue to receive/provide such services and it is in the commercial interest of the Group to enter into the Hotel and Restaurant Agreement and Master Supply Agreement with Yihua Investment.

The Directors (including the independent non-executive Directors) consider that (i) the Hotel and Restaurant Agreement and the Master Supply Agreement were entered into in the ordinary and usual course of business of the Group on normal commercial terms; and (ii) the terms of each of the agreements and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Chen Zhengtao and Mr. Chen Daren, who have a material interest in the Hotel and Restaurant Agreement and the Master Supply Agreement and the transactions contemplated thereunder, had abstained from voting on the resolutions of the Board approving the Hotel and Restaurant Agreement and the Master Supply Agreement and the transactions contemplated thereunder.

The Tenancy Agreements

The Tenancy Agreements were entered into by the Group for the purposes of carrying out its ordinary and usual course of business. The Group has been renting and using the offices and/or car parking lots at Jinhui Century Square, Century Plaza, Yihua Commercial Center and Yihua Building for its department store business, office and/or car parking purposes.

Save and except the following change, there is no material change to the premises to be rented by the Group under the Tenancy Agreements as compared with those currently rented by the Group under the Existing CCT Agreements, save and except the West Wing Yihua Building Tenancy Agreement, which is a new tenancy agreement:-

- (a) the lease area at Levels 1 to 2, West Wing of Yihua Commercial Center under the Existing West Wing Yihua Commercial Center Tenancy Agreement is approximately 5,115.25 sq.m while lease area at the same levels under the West Wing Yihua Commercial Center Tenancy Agreement is approximately 4,807.25 sq.m.;
- (b) the lessor is changed from Yihua Management, under the Existing West Wing Yihua Commercial Center Tenancy Agreement to Yihua Investment, under the West Wing Yihua Commercial Center Tenancy Agreement;
- (c) the lease area at East Wing of Yihua Building under the Yihua Commerce Office Tenancy Agreement was changed from Unit 815 of 8/F, and 912 of 9/F under the Existing Yihua Commerce Office Tenancy Agreement to Unit 912 of 9/F only, representing a decrease of lease area of approximately 283 sq.m.;

- (d) the lease area of Yihua Building under the Guangdong Yihua Premises Tenancy Agreement was changed from Unit 503 of 5/F and Unit 818 of 8/F of East Wing, and 7/F and Unit 9A of 9/F of West Wing under the Existing Guangdong Yihua Premises Tenancy Agreement to Unit 9A of 9/F of West Wing only, representing a decrease of lease area of approximately 3,208 sq.m.;
- (e) the authorised agent for and on behalf of the lessor is changed from Yihua Management, under the Existing Guangdong Yihua Premises Tenancy Agreement to Yihua Investment, under the Guangdong Yihua Premises Tenancy Agreement.
- (f) the lease area of Century Plaza and Yihua Building under the Century Plaza Tenancy Agreement was changed from car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza and Units 907, 916 and 909, East Wing, and Unit 603, West Wing of Yihua Building under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, to car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza only, representing decrease of lease area of approximately 1,104.0 sq.m.; and
- (g) the lease area of Century Plaza and Yihua Building under the East Wing Yihua Building Tenancy Agreement was changed from car park lots with an area of 5,386.5 sq.m. at level B2 of Century Plaza and Units 907, 916 and 909, East Wing, and Unit 603, West Wing of Yihua Building under the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement, to Unit 907, East Wing of the Yihua Building only, representing decrease of lease area of approximately 6,063.5 sq.m..

The Company confirms that the above changes in lease areas in the Tenancy Agreements are to facilitate smooth operation and for better logistic arrangement within the same buildings.

The Group would perform due diligence on properties prior to leasing them so as to ensure that the landlord is the real owner and has the right to lease the property in accordance with the PRC laws, rules and regulations. Before entering into future leases where the owner has not provided the building ownership certificates, the Group would seek approval from all the independent non-executive Directors, who would have access to the PRC legal counsel (and where deemed appropriate by them, other professional advisers and experts) to address their queries and such PRC legal counsel will be engaged to issue a report on the reason for the title defect, verification that the purported landlords are the legal owners of the property and investigate the expected timetable for rectification in the title defect.

The Company had previously conducted due diligence on the relevant premises before entering into the Existing Tenancy Agreements. The Directors (including the independent non-executive Directors) were satisfied that the relevant parties have the authority to enter into the respective Tenancy Agreements and have the right to lease such premises in accordance with the PRC laws, rules and regulations.

The terms of the Tenancy Agreements (including the monthly rent and the management fees) were determined after arm's length negotiations between the Group and the respective lessors with reference to the prevailing market rent and management fee of similar properties in the vicinity. LCH (Asia-Pacific) Surveyors Limited, an independent property valuer, is of the view that the rent and management fees under the Tenancy Agreements are comparative to market level of similar properties in the locality and are fair and reasonable. In determining whether the rent and management fees under the Tenancy Agreements were comparative to market level of similar properties in the locality, the valuer has conducted inspections to the properties, conducted relevant market research including verbal enquiries/study with local agent and/or leasing team of comparable developments on the prevailing rent level and management fee of similar properties in the vicinity and city. In the PRC, rental and management fee are usually separately charged/quoted to tenant and the valuer has gathered separate information for rental and management fees of comparable properties. The valuer was also given to understand that market participants/tenants usually consider the sum of rental and the management fee as a whole instead of simply looking at a single element.

The Directors (excluding the independent non-executive Directors who will form their views after considering the recommendation from the independent financial adviser of the Company) consider that (i) each of the Tenancy Agreements was entered into in the ordinary and usual course of business of the Group and is on normal commercial terms; and (ii) the terms of each of the Tenancy Agreements and their respective annual caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Chen Jianren, Mr. Fan, Mr. Chen Zhengtao and Mr. Chen Daren, who have a material interest in the Tenancy Agreements and the transactions contemplated thereunder, had abstained from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Yihua Investment is owned as to 49.6% by Shunyi Industrial (which is in turn owned as to 90% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder), 28.22% by Mr. Lu, 11.09% by Mr. Chen Zhengtao, an executive Director, and 11.09% by Mr. Chen Daren. Yihua Investment is therefore a connected person of the Company under the Listing Rules.

Therefore, the transactions contemplated under each of the Hotel and Restaurant Agreement and the Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14A of the Listing Rules for the transactions contemplated under the Hotel and Restaurant Agreement, on an annual basis, is less than 5% and the total consideration is less than HK\$3,000,000, the transaction contemplated under the Hotel and Restaurant Agreement is fully exempt from the reporting, announcement and annual review requirements and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14A of the Listing Rules for the transactions contemplated under the Master Supply Agreement, on an annual basis, exceeds 1% but is below 5%, the transaction contemplated under the Master Supply Agreement is subject to the reporting, announcement and annual review requirements, but are exempt from Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, Yihua Management is owned as to 60% by Yihua Investment, as to 10% by Mr. Xu Chenghai (徐成海), as to 10% by Mr. Fan, an executive Director, as to 10% by Mr. Lu and as to 10% by Mr. Chen Zhengtao, an executive Director. Yihua Management is therefore a connected person of the Company under the Listing Rules.

As at the date of this announcement, Jinhui Century is owned as to 90% by Shunyi Industrial (which is in turn owned as to 90% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder) and 10% by Mr. Chen Zhengtao, an executive Director. Jinhui Century is therefore a connected person of the Company under the Listing Rules.

As at the date of this announcement, Yihua Management, Zhongshan Yongde and Zhongshan Ruichang are non wholly-owned subsidiaries of Yihua Investment (which is in turn owned as to 49.60% by Shunyi Industrial (which in turn is owned as to 90% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder), approximately 28.22% by Mr. Lu, approximately 11.09% by Mr. Chen Daren, a non-executive Director and a controlling Shareholder, and approximately 11.09% by Mr. Chen Zhengtao, an executive Director). Yihua Management, Yihua Investment, Zhongshan Yongde and Zhongshan Ruichang are therefore connected persons of the Company.

Therefore, the transactions contemplated under the Tenancy Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio under Chapter 14A of the Listing Rules for the transactions contemplated under the Tenancy Agreements, when aggregated, is, on an annual basis, expected to be more than 5% and the aggregate annual consideration is more than HK\$10,000,000, the transaction contemplated under the Tenancy Agreements are subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee (which consists all the independent non-executive Directors) has been established to consider the terms of the Tenancy Agreements and to advise the Independent Shareholders as to whether the terms of the Tenancy Agreements, including their respective annual caps, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations on the same to be given by the independent financial adviser. The Company has appointed Halcyon Capital Limited as its independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Tenancy Agreements, including their respective annual caps and the transactions contemplated thereunder.

An EGM will be convened and held at which the Independent Shareholders will consider, and, if thought fit, approve the Tenancy Agreements (including but not limited to their respective annual caps) and the transactions contemplated thereunder.

A circular containing, among other things, further details of the Tenancy Agreements and the transactions contemplated thereunder, a letter of recommendation from the Independent Board Committee, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Tenancy Agreements and a notice convening the EGM will be despatched to the Shareholders on or before 7 December 2018 in compliance with the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCT Agreements”	collectively, the Hotel and Restaurant Agreement, the Master Supply Agreement and the Tenancy Agreements
“Century Plaza”	Century Plaza, Zhongshan Third Road, East District, Zhongshan City# (中山市東區中山三路世紀廣場)
“Century Plaza Tenancy Agreement”	the tenancy agreement dated 21 November 2018 and entered into between (i) Yihua Management as lessor; and (ii) Guangdong Yihua Department Store as lessee, in relation to the lease of car park lots at level B2, Century Plaza from Yihua Management to Guangdong Yihua Department Store

“Company”	Yi Hua Holdings Limited (益華控股有限公司), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Tenancy Agreements, including their respective annual caps and the transactions contemplated thereunder
“East Wing Yihua Building Tenancy Agreement”	the tenancy agreement dated 21 November 2018 and entered into between (i) Yihua Management as authorised agent for and on behalf of Zhongshan Ruichang as lessor; and (ii) Zhongshan Yihua Xintian as lessee, in relation to the lease of Unit 907, East Wing of Yihua Building from Zhongshan Ruichang to Zhongshan Yihua Xintian
“Existing CCT Agreements”	collectively, the Existing Hotel and Restaurant Agreement, the Existing Master Supply Agreement, the Existing West Wing Yihua Commercial Center Tenancy Agreement, the Existing Jinhui Century Square Tenancy Agreement 1, the Existing Jinhui Century Square Tenancy Agreement 2, the Existing Yihua Commerce Office Tenancy Agreement, the Existing Guangdong Yihua Premises Tenancy Agreement and the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement
“Existing Century Plaza and East Wing Yihua Building Tenancy Agreement”	the tenancy agreement dated 18 November 2015 and entered into between (i) Yihua Management as lessor; and (ii) Guangdong Yihua Department Store as lessee, in relation to the lease of car park lots at level B2, Century Plaza and Units 907, 916 and 909, East Wing, and Unit 603, West Wing of Yihua Building from Yihua Management to Guangdong Yihua Department Store

“Existing Yihua Commerce Office Tenancy Agreement”	the tenancy agreement dated 30 December 2016 and entered into between (i) Yihua Management as authorised agent for and on behalf of Zhongshan Ruichang and Zhongshan Yongde; and (ii) Yihua Wanguo in relation to the lease of Unit 815 of 8/F and Unit 912 of 9/F, East Wing of Yihua Building from Zhongshan Yongde and Zhongshan Ruichang to Yihua Wanguo
“Existing Guangdong Yihua Premises Tenancy Agreement”	the tenancy agreement dated 30 December 2016 and entered into between (i) Yihua Management as authorised agent for and on behalf of Zhongshan Yijun, Zhongshan Yongde and Zhongshan Langma; and (ii) Guangdong Yihua Department Store, in relation to the lease of Unit 503 of 5/F and Unit 818 of 8/F of East Wing, and 7/F and Unit 9A of 9/F of West Wing of Yihua Building from Zhongshan Yijun, Zhongshan Yongde and Zhongshan Langma to Guangdong Yihua Department Store
“Existing Hotel and Restaurant Agreement”	the hotel and restaurant agreement dated 1 January 2013 and entered into between Guangdong Yihua Department Store and Yihua Investment in relation to the provision of hotel rooms, restaurants and related services therefrom by Yihua Investment and its subsidiaries to Guangdong Yihua Department Store and its subsidiaries, as supplemented by the supplemental agreement entered into between Guangdong Yihua Department Store and Yihua Investment dated 18 November 2015
“Existing Jinhui Century Square Tenancy Agreements”	together, the Existing Jinhui Century Square Tenancy Agreement 1 and Existing Jinhui Century Square Tenancy Agreement 2
“Existing Jinhui Century Square Tenancy Agreement 1”	the long term framework tenancy agreement dated 10 August 2009 and entered into between Jiangmen Yihua Department Store and Jinhui Century in relation to the lease of the property located at Basement 1 and Levels 1 to 3 of Jinhui Century Square from Jinhui Century to Jiangmen Yihua Department Store, as supplemented by the supplemental agreement entered into between Jiangmen Yihua Department Store and Jinhui Century dated 18 November 2015

“Existing Jinhui Century Square Tenancy Agreement 2”	the tenancy agreement dated 18 November 2015 and entered into between Jiangmen Yihua Department Store and Jinhui Century in relation to the lease of properties of (i) the remaining part of Basement 1 of Jinhui Century Square and (ii) an open area of No.118 Yingbin Avenue, Jiangmen City# (江門市迎賓大道118號) from Jinhui Century to Jiangmen Yihua Department Store
“Existing Master Supply Agreement”	the master supply agreement dated 1 January 2013 and entered into between Guangdong Yihua Department Store and Yihua Investment in relation to the provisions of the supply of goods, services and utility by Guangdong Yihua Department Store and its subsidiaries to Yihua Investment and its subsidiaries, as supplemented by the supplemental agreement entered into between Guangdong Yihua Department Store and Yihua Investment dated 18 November 2015
“Existing Tenancy Agreements”	collectively, the Existing West Wing Yihua Commercial Center Tenancy Agreement, the Existing Jinhui Century Square Tenancy Agreement 1, the Existing Jinhui Century Square Tenancy Agreement 2, the Existing Yihua Commerce Office Tenancy Agreement, the Existing Guangdong Yihua Premises Tenancy Agreement and the Existing Century Plaza and East Wing Yihua Building Tenancy Agreement
“Existing West Wing Yihua Commercial Center Tenancy Agreement”	the long term framework tenancy agreement dated 12 March 2013 and entered into between Yihua Management, Guangdong Yihua Department Store and Zhongshan Yihua Shijia in relation to the leases of the properties located at: (i) Levels 1 to 2, West Wing of Yihua Commercial Center and (ii) Levels 3 to 4 West Wing of Yihua Commercial Center, as supplemented by the supplemental agreement dated 18 November 2015 and entered into between Yihua Management, Guangdong Yihua Department Store and Zhongshan Yihua Shijia
“Game Console Business”	the production of game consoles and launching of an online game platform to be launched in first half of 2019 by Subor Cultural Development Company Limited, a joint venture company held as to 49% by the Group

“Guangdong Yihua Department Store”	廣東益華百貨有限公司 (Guangdong Yihua Department Store Limited#), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company
“Guangdong Yihua Premises Tenancy Agreement”	the tenancy agreement dated 21 November 2018 and entered into between (i) Yihua Management as authorised agent for and on behalf of Zhongshan Yongde; and (ii) Guangdong Yihua Department Store, in relation to the lease of Unit 9A of 9/F of West Wing of Yihua Building from Zhongshan Yongde to Guangdong Yihua Department Store
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel and Restaurant Agreement”	the hotel and restaurant agreement dated 21 November 2018 and entered into between Guangdong Yihua Department Store and Yihua Investment in relation to the provision of hotel rooms, restaurants and related services therefrom by Yihua Investment and its subsidiaries to Guangdong Yihua Department Store and its subsidiaries
“Independent Board Committee”	an independent committee of the Board consisting of all independent non-executive Directors, namely Mr. Sun Hong, Mr. Xu Yinzhou, Ms. Hung Wan Fong, Joanne and Ms. Lai Pou Lam, Mina, established for the purpose of advising the Independent Shareholders as to the fairness and reasonableness of the Tenancy Agreements (including their respective annual caps) and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholder(s) other than Mr. Chen Daren, Mr. Chen Jianren, Mr. Chen Zhengtao, Mr. Fan and Mr. Lu and their respective associates and all other Shareholders who are interested in the Tenancy Agreements and the transactions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons

“Jiangmen Yihua Department Store”	江門市益華百貨有限公司 (Jiangmen Yihua Department Store Limited [#]), a company established in PRC with limited liability on 24 August 2004, which is a wholly-owned subsidiary of the Company
“Jinhui Century”	江門市金匯世紀廣場物業管理有限公司(Jiangmen Jinhui Century Square Property Management Company Limited [#]), a company established in the PRC with limited liability on 27 November 2003, which is owned as to 90% by Shunyi Industrial, which in turn was owned as to 90% by Mr. Chen Daren
“Jinhui Century Square”	Jinhui Century Square, No. 116 Yingbin Avenue Road, Jiangmen City [#] (江門市迎賓大道116號金匯世紀廣場)
“Jinhui Century Square Tenancy Agreement”	the tenancy agreement dated 21 November 2018 and entered into between Jinhui Century and Jiangmen Yihua Department Store in relation to the lease of properties of basement 1 and levels 1 to 3 of Jinhui Century Square, an area of car parking spaces at basement 1 of Jinhui Century Square, and an open area located at 1/F of No. 118 Yingbin Avenue, Jiangmen City [#] (江門市迎賓大道118號)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	the supply agreement dated 21 November 2018 and entered into between Guangdong Yihua Department Store and Yihua Investment in relation to the provisions of the supply of goods, services and utility by Guangdong Yihua Department Store and its subsidiaries to Yihua Investment and its subsidiaries
“Mr. Chen Daren”	Mr. Chen Daren (陳達仁), a non-executive Director, a controlling Shareholder, and brother of Mr. Chen Jianren and uncle of Mr. Chen Zhengtao
“Mr. Chen Jianren”	Mr. Chen Jianren (陳健仁), an executive Director and chairman of the Company, and brother of Mr. Chen Daren and father of Mr. Chen Zhengtao
“Mr. Chen Zhengtao”	Mr. Chen Zhengtao (陳正陶), an executive Director, and son of Mr. Chen Jianren and nephew of Mr. Chen Daren

“Mr. Fan”	Mr. Fan Xinpei (范新培), an executive Director and the chief executive officer of the Company
“Mr. Lu”	Mr. Lu Hanxing (陸漢興), a former non-executive Director who ceased to be a Director with effect from 4 May 2015
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Shunyi Industrial”	中山市順益實業發展有限公司 (Zhongshan Shunyi Industrial Development Company Limited [#]), a company established in the PRC with limited liability, which is owned as to 90% by Mr. Chen Daren and 10% by Mr. Chen Zhengtao
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	collectively, the West Wing Yihua Commercial Center Tenancy Agreement, the Jinhui Century Square Tenancy Agreement, the Yihua Commerce Office Tenancy Agreement, the Guangdong Yihua Premises Tenancy Agreement, the Century Plaza Tenancy Agreement, the East Wing Yihua Building Tenancy Agreement and the West Wing Yihua Building Tenancy Agreement
“West Wing Yihua Building Tenancy Agreement”	the tenancy agreement dated 21 November 2018 and entered into between Yihua Management as authorised agent for and on behalf of Zhongshan Yongde and Yihua International in relation to the lease of Unit 808, 8/F of West Wing of Yihua Building from Zhongshan Yongde to Yihua International

“West Wing Yihua Commercial Center Tenancy Agreement”	the supplemental tenancy agreement dated 21 November 2018 and entered into between Yihua Management, Guangdong Yihua Department Store and Zhongshan Yihua Shijia in relation to the leases of the properties located at: (i) Levels 1 to 2, West Wing of Yihua Commercial Center and (ii) Levels 3 to 4 West Wing of Yihua Commercial Center to supplement the Existing West Wing Yihua Commercial Center Tenancy Agreement
“Yihua Building”	Yihua Building, Zhongshan Third Road, East District, Zhongshan City# (中山市東區中山三路怡華大廈)
“Yihua Commercial Center”	Yihua Commercial Center, Zhongshan Third Road East District, Zhongshan City# (中山市東區中山三路怡華商業中心)
“Yihua Commerce”	廣東益華商業發展有限公司 (Guangdong Yihua Commerce Limited#), a company incorporated in the PRC with limited liability, which is wholly-owned by Yihua Wanguo Commercial Technology Limited (益華萬果商業科技有限公司), a company incorporated in Hong Kong with limited liability. Yihua Wanguo Commercial Technology Limited (益華萬果商業科技有限公司) is owned as to 70% by the Company and as to 30% by Yitailihua Investment Group (Hong Kong) Limited (香港益泰利華投資集團有限公司), a company incorporated in Hong Kong with limited liability which is wholly-owned by 中山益泰利華投資有限公司 (Zhongshan Yitailihua Investment Limited#), which is in turn owned as to 40%, 25%, 25% and 10% by 4 individuals who are Independent Third Parties, respectively
“Yihua Commerce Office Tenancy Agreement”	the tenancy agreement dated 21 November 2018 and entered into between (i) Yihua Management as authorised agent for and on behalf of Zhongshan Ruichang; and (ii) Yihua Commerce in relation to the lease of Unit 912 of 9/F, East Wing of Yihua Building from Zhongshan Ruichang to Yihua Commerce
“Yihua International”	廣東益華國際商貿發展有限公司 (Guangdong Yihua International Commerce Development Limited#), a company established in PRC with limited liability, which is a wholly-owned subsidiary of the Company

“Yihua Investment”	廣東益華集團投資有限公司 (Guangdong Yihua Group Investment Company Limited [#]), a company established in the PRC with limited liability, which is owned as to 49.60% by Shunyi Industrial, approximately 28.22% by Mr. Lu, approximately 11.09% by Mr. Chen Daren and approximately 11.09% by Mr. Chen Zhengtao
“Yihua Management”	廣東益華廣場管理有限公司 (Guangdong Yihua Plaza Management Limited [#]), a company established in the PRC with limited liability, which is owned as to 60% by Yihua Investment, 10% by Mr. Fan, 10% by Mr. Chen Zhengtao, 10% by Mr. Lu and 10% by Mr. Xu Chenghai (徐成海)
“Zhongshan Langma”	中山市朗瑪光電器材有限公司 (Zhongshan Langma Optoelectronic Devices Co., Ltd. [#]), a company established in the PRC with limited liability, which is owned as to 90% by Yihua Investment and approximately 10% by Shunyi Industrial
“Zhongshan Ruichang”	中山市瑞昌實業發展有限公司 (Zhongshan Ruichang Industrial Development Limited [#]), a company established in the PRC with limited liability, which is owned as to 90% by Yihua Investment and 10% by Shunyi Industrial
“Zhongshan Yihua Shijia”	中山市益華世家家居有限公司 (Zhongshan Yihua Shijia Jiaju Limited [#]), a company established in the PRC with limited liability on 11 September 2012, which is a wholly-owned subsidiary of the Company
“Zhongshan Yihua Xintian”	中山益華新天物業管理有限公司 (Zhongshan Yihua Xintian Management Co. Ltd. [#]), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Zhongshan Yijun”	中山市怡俊貿易有限公司 (Zhongshan Yijun Trading Co., Ltd. [#]), a company established in the PRC with limited liability, which is owned as to 90% by Yihua Investment and approximately 10% by Shunyi Industrial

“Zhongshan Yongde”	中山市永德房地產開發有限公司 (Zhongshan Yongde Real Estate Development Co., Ltd. [#]), a company established in the PRC with limited liability, which is owned as to 90% by Yihua Investment and 10% by Shunyi Industrial
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metre

[#] *The English translation of the Chinese names in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English names of such Chinese names.*

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.12. This exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

By Order of the Board
Yi Hua Holdings Limited
Fan Xinpei
Chief Executive Officer and Executive Director

Hong Kong, 21 November 2018

As at the date of this announcement, the executive Directors are Mr. Chen Jianren, Mr. Fan Xinpei, Mr. Su Weibing, Mr. Lin Guangzheng, Mr. Chen Zhengtao, Mr. Leung Wai Kwan and Mr. Wei Chaoling; the non-executive Director is Mr. Chen Daren; and the independent non-executive Directors are Mr. Sun Hong, Mr. Xu Yinzhou, Ms. Hung Wan Fong, Joanne and Ms. Lai Pou Lam, Mina.