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**佳華百貨控股有限公司**  
**Jiahua Stores Holdings Limited**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 00602)**

**VERY SUBSTANTIAL ACQUISITIONS  
AND CONNECTED TRANSACTIONS  
IN RELATION TO THE LEASE AGREEMENTS**

**LEASE AGREEMENTS**

On 27 April 2023 (after trading hours), the Tenants entered into the Lease Agreements with the Connected Landlord and Independent Landlord in respect of the leasing of certain properties for the operation of the Group's shopping mall and for sub-leasing purposes respectively.

Pursuant to HKFRS 16, the entering into the Lease Agreements as a lessee will require the Group to recognise the right-of-use of the Premises as the right-of-use assets of an estimated aggregate value of approximately RMB127.8 million on its consolidated statement of financial position. Thus, the entering into the Lease Agreements and the transactions contemplated thereunder will be regarded as acquisition of assets by the Group under the Listing Rules.

As on an aggregate basis, certain applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of right-of-use asset to be recognized by the Group under the Retail Lease Agreements are more than 100%, the entering into of the Retail Lease Agreements constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Mr. Zhuang, the controlling Shareholder, executive Director and Chairman of the Company is interested in 535,485,000 Shares representing approximately 51.61% of the total issued Shares and is a connected person of the Company. As the Connected Landlord is a company beneficially owned by Mr. Zhuang and Mrs. Zhuang, his spouse, the Connected Landlord is therefore also a connected person of the Company under the Listing Rules. Accordingly, the entering into the Connected Lease Agreements (which comprised of the Long-Term Lease Agreement and the Commercial Lease Agreement) constitutes connected transactions of the Company. As the total lease payment in respect of the Connected Lease Agreements is more than HK\$10 million, the entering into the Connected Lease Agreements is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the terms of the Connected Lease Agreements, and Red Sun has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same matters.

The EGM will be convened and held for the relevant Shareholders to consider and, if thought fit, approve the Lease Agreements and the transactions contemplated thereunder. In view of the interests of Mr. Zhuang and Mrs. Zhuang in the Connected Landlord, Mr. Zhuang, Mrs. Zhuang and their respective associates (including Mr. Zhuang Xiao Xiong, son of Mr. Zhuang and Mrs. Zhuang, Ms. Chen Li Jun, daughter-in-law of Mr. Zhuang and Mrs. Zhuang, and Ms. Zhuang Xiao Yun, daughter of Mr. Zhuang and Mrs. Zhuang) will abstain from voting in relation to the resolution(s) to approve the Connected Lease Agreements at the EGM.

## **GENERAL**

A circular containing, amongst other things, further information on the terms of the Lease Agreements, a letter from the Independent Board Committee in respect of the Connected Lease Agreements, an opinion of the Independent Financial Adviser in respect of the Connected Lease Agreements, together with a notice to convene the EGM to approve the Lease Agreements, is expected to be issued to the Shareholders as soon as possible and in any event, no later than 2 June 2023, as additional time is required by the Company for the preparation of certain relevant information for inclusion in the circular.

## **INTRODUCTION**

On 27 April 2023 (after trading hours), the Tenants entered into the Lease Agreements with the Connected Landlord and Independent Landlord in respect of the leasing of certain properties for the operation of the Group's shopping mall and for sub-leasing purposes respectively.

## THE LEASE AGREEMENTS

The principal terms of the Lease Agreements being entered into are summarized as follows.

### The Long-Term Lease Agreement

Parties:	Connected Landlord as the landlord of the Retail Premises  Tenant I as the tenant of the Retail Premises
Premises:	The Retail Premises comprised of certain retail spaces located at the intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC (深圳市寶安區新橋街道中心路西與蠓鄉路南交匯處) with a total area of 34,945.39 sq.m. owned by the Connected Landlord
Term:	1 May 2023 to 30 April 2038 (both days inclusive)
Rent-Free period:	1 May 2023 to 31 October 2024
Rent:	An initial monthly rent of RMB1,223,088.65 per month (approximately RMB35 per sq.m. per month), with a 10% increment on the monthly rent for every 5 years

<b>Period</b>	<b>Rent per sq.m</b>	<b>Rent per month</b>
1 May 2023 to 31 October 2024	–	–
1 November 2024 to 31 October 2029	RMB35	RMB1,223,088.65
1 November 2029 to 31 October 2034	RMB38.5	RMB1,345,397.52
1 November 2034 to 30 April 2038	RMB42.35	RMB1,479,937.26

In the event Tenant I rents a premise located in the same area from an independent third party at a monthly rent per sq.m lower than that stipulated in the Long-Term Lease Agreement, the monthly rent per sq.m of the premises will be adjusted to match that amount offered by the independent third party

Monthly rent is payable by way of bank transfer before the 5th of each month and will be financed by internal resources of the Company

Deposit: A rental deposit of RMB1,223,088.65 payable by Tenant I to the Connected Landlord

Usage: For commercial purposes  
  
(Tenant I intended to rent the Retail Premises together with Independent Premises, for the operation of the Group's shopping mall)

Sub-let: The Connected Landlord allows Tenant I to sub-lease any part of the Premises to other independent parties provided that the usage purpose and structure of the Retail Premises remain unchanged

Termination: The Long-Term Lease Agreement may be terminated among other things, the mutual agreement between Tenant I and the Connected Landlord

Should the Long-Term Lease Agreement be terminated by Tenant I as a result of the compliance of the Listing Rules, Tenant I would not be responsible for any damages or payable to the Connected Landlord

A shopping mall will be operated by occupying both the Retail Premises and the Independent Premises. Hence if the Independent Landlord early terminated the Independent Lease Agreement or does not renew the Independent Lease Agreement, Tenant I shall have the right to terminate the Long-Term Lease Agreement and Tenant I would not be responsible for any damages or payable to the Connected Landlord

Condition precedent: Effectiveness of the Long-Term Lease Agreement is conditional upon obtaining approval in the EGM

Save for the condition precedent above, the Long-Term Lease Agreement is not subject to any other conditions precedent. As at the date of this announcement, none of the condition precedent of the Long-Term Lease Agreement has been fulfilled.

When determining the basis of the 10% increment on the monthly rent for every 5 years, the Company has taken into consideration the terms of the lease agreements entered into by the Group with independent third parties in relation to the leasing out of the Group's investment properties and noted that such increment adjustment clauses were also incorporated to such lease agreements.

The terms of the Long-Term Lease Agreement (including the rent) were determined after arm's length negotiations between the parties, with reference to standard terms of the lease agreements adopted for lease of similar properties and taking into account the initial market rental prices of the Premises.

When determining the rent of the Long-Term Lease Agreement, the Company considered the rent agreed with the Independent Landlord for the leasing of the Independent Premises which are located at the same building complex of the Retail Premises. The initial rent of the Independent Premises was also endorsed by a fair rent letter dated 27 April 2023 prepared by Valor Appraisal & Advisory Limited, an independent professional property valuer, that the initial monthly rent of the Independent Premises as of the date of the valuation certificate is reasonable in the market and on normal commercial terms.

As the size of the Retail Premises is larger than the Independent Premises, the Company further negotiated a discount on top of the initial rent of the Independent Premises (RMB42 per sq. meter) and agreed at the initial rent of RMB35 per sq. meter. for the Retail Premises.

### **The Commercial Lease Agreement**

Parties:	The Connected Landlord as the landlord of the Commercial Premises
	Tenant II as the tenant of the Commercial Premises
Premises:	The Commercial Premises are located at 1st Floor, Building 1, Jiahua Shuyuan Yage, Dabao South Road, Xinan Street, Baoan District, Shenzhen, Guangdong Province, the PRC (深圳市新安街道大寶路南側佳華書苑雅閣1棟商場01層) with a total area of 2,693.69 sq.m.
Term:	3 years commencing from 1 June 2023 to 31 May 2026 (both days inclusive)
Rent:	A monthly rent of RMB62,224.23 per month (approximately RMB23.1 per sq.m. per month)
	Monthly rent is payable before the 5th of each month by way of bank transfer and will be financed by internal resources of the Company

- Deposit: A rental deposit of RMB62,224.23 payable by Tenant II to the Connected Landlord upon handover
- Usage: For commercial purposes  
  
(Tenant II intended to sub-lease the Commercial Property to independent third parties)
- Sub-let: The Connected Landlord allows Tenant II to sub-lease part of or the entire Commercial Premises with the written approval of the Connected Landlord to other independent parties provided that the term is within the lease term of the Commercial Lease Agreement
- First right of purchase: In the event the Connected Landlord intends to transfer part of or its entire interest in the Commercial Premises to another party, the Landlord should inform Tenant II of its intention one month before the intended transfer by way of written notice and within 10 days of receiving such written notice Tenant II shall have the first right to purchase the interests in the Commercial Premises
- Termination: The Commercial Lease Agreement may be terminated among other things, the mutual agreement between Tenant II and the Connected Landlord  
  
Should the Commercial Lease Agreement be terminated by Tenant II by way of written notice as a result of the compliance of the Listing Rules, Tenant II would not be responsible for any damages or payable to the Landlord
- Others: Should the Commercial Lease Agreement to be renewed in 3 years' time, a 5% increment on the rent will apply

The terms of the Commercial Lease Agreement (including the rent) were determined after arm's length negotiations between the parties, with reference to standard terms of the lease agreements adopted for lease of similar properties and taking into account the initial market rental of the Commercial Premises (which was endorsed by a fair rent letter dated 27 April 2023 prepared by Valor Appraisal & Advisory Limited, an independent professional property valuer, that such monthly rent as of the date of the valuation certificate is reasonable in the market and on normal commercial terms).

## The Independent Lease Agreement

Parties: Independent Landlord as the landlord of the Independent Premises

Tenant I as the tenant of the Independent Premises

Premises: Independent Premises comprised of certain retail spaces located at the intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC (深圳市寶安區新橋街道中心路西與蠓鄉路南交匯處) with a total area of 18,730.09 sq.m. owned by the Independent Landlord

Term and rental payment period: 1 April 2024 to 28 February 2034 (both days inclusive)

Rent: An initial monthly rent of RMB786,663.78 per month (approximately RMB42 per sq.m. per month), with a 10% increment on the monthly rent for every 3 years

<b>Period</b>	<b>Rent per sq.m</b>	<b>Total rent per month</b>
1 April 2024 to 31 March 2027	RMB42.0	RMB786,663.78
1 April 2027 to 31 March 2030	RMB46.2	RMB865,330.16
1 April 2030 to 31 March 2033	RMB50.82	RMB951,863.17
1 April 2033 to 28 February 2034	RMB55.90	RMB1,047,012.03

First monthly rental payment shall be paid on or before 10 April 2024 by way of bank transfer and will be financed by internal resources of the Company.

Monthly rent is payable before the 10th of each month. Late fee of 0.5% on the outstanding rental amount will be charged.

**Deposit:** A rental deposit of RMB2,359,991.34 shall be payable by Tenant I to the Independent Landlord 3 days after the execution of the Independent Lease Agreement

**Insurance:** Tenant I shall purchase relevant property insurance in the benefit of the Independent Landlord in respect of the Independent Premises and the ancillary facilities within 30 days from the execution of the Independent Lease Agreement

**Renovation and safety:** Tenant I shall comply with relevant fire safety requirements

Any renovation shall not alter the structure of the Independent Premises, advertisement signage shall be erected after complying with relevant government regulations and registration procedures.

**Usage:** For commercial purposes

(Tenant I intended to rent the Independent Premises together with Retail Premises, for the operation of the Group's shopping mall)

Usage of the Independent Premises shall not be altered prior to obtaining the Independent Landlord's approval and upon compliance of relevant rules and regulatory requirements

**Sub-let:** The Independent Landlord allows Tenant I to sub-lease any part of the Premises to other independent parties provided that the usage purpose and structure of the Independent Premises remains unchanged, complies with relevant rules and regulations and the sub-let term shall not exceed the term of the Independent Lease Agreement

**Termination and renewal:** The Independent Lease Agreement may only be terminated among other things, (i) the mutual agreement between Tenant I and the Independent Landlord; (ii) occurrence of force majeure events; and (iii) any change of rules and regulations

If Tenant I intended to renew the Independent Lease Agreement, Tenant I shall notify the Independent Landlord by way of written notification 12 months prior to the expiry of the Independent Lease Agreement



Tenant I shall have the first right to renew the Independent Lease Agreement should the terms offered by Tenant I are comparable to terms offered by other parties

Condition precedent: Effectiveness of the Independent Lease Agreement is conditional upon obtaining approval in the EGM

Saved for the condition precedent above, the Independent Lease Agreement is not subject to any other conditions precedent. As at the date of this announcement, none of the condition precedent of the Independent Lease Agreement has been fulfilled.

When determining the basis of the 10% increment on the monthly rent for every 3 years, the Company has taken into consideration the terms of the lease agreements entered into by the Group with other independent third parties in relation to the leasing out of the Group's investment properties and noted that such increment adjustment clauses were also incorporated to such lease agreements.

The terms of the Independent Lease Agreement (including the rent) were determined after arm's length negotiations between the parties, with reference to standard terms of the lease agreements adopted for lease of similar properties. The initial rent of the Independent Premises was also endorsed by a fair rent letter dated 27 April 2023 prepared by Valor Appraisal & Advisory Limited, an independent professional property valuer that such monthly rent as of the date of the valuation certificate is reasonable in the market and on normal commercial terms.

## **FINANCIAL INFORMATION OF THE PREMISES**

Pursuant to HKFRS16, the right to use the Premises leased under the Lease Agreements will be recognised as a right-of-use asset. Upon commencement of the lease, the value of the right-of-use asset would be calculated with reference to the aggregated present value of the fixed lease payments as discounted by a discount rate which is the theoretical incremental borrowing rate of the Company ranging from 13.095% to 13.647% as at the date of this announcement. Along with the recognition of the estimated value of the right-of-use asset of approximately RMB72.1 million, RMB1.8 million and RMB53.9 million for the Retail Premises, the Commercial Premises and the Independent Premises respectively, an estimated lease liability amounted to approximately RMB72.1 million, RMB1.8 million and RMB53.9 million for the Retail Premises, the Commercial Premises and the Independent Premises respectively will be recognized by the Group. The right-of-use asset and lease liability will be recognized at the discount rate prevailing at the point of recognition.

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

The Group is principally engaged in property investment and operation and management of retail stores and shopping mall in the PRC. The Group commenced tapping into the operation of shopping mall in 2017 by opening its first shopping mall in Shenzhen. As at the date of this announcement, there are 8 retail stores and 2 shopping malls under the Group's operation.

To further expand the retail network of the Group, the Group entered into the Retail Lease Agreements with the Connected Landlord and Independent Landlord, to rent the relevant retail space for the opening of a new shopping mall in Baoan District, Shenzhen, Guangdong Province, the PRC.

The Group have also been renting the Commercial Premises from the Landlord since 2009 for sub-letting such space to the Group's tenants. As the current commercial lease agreement will expire in May 2023, Tenant II entered into the Commercial Lease Agreement with the Connected Landlord to renew the lease term for on-going sub-letting of the Commercial Premises.

In view of such, the Directors (excluding the independent non-executive Directors in respect of the Connected Lease Agreements) are of the view that the transactions contemplated under the Lease Agreements are conducted (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and that (iii) the terms contemplated under the Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PREMISES, THE TENANTS AND THE LANDLORDS**

### **The Retail and Independent Premises**

The Retail and Independent Premises are located in the intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC. The Retail and Independent Premises were developed by the Connected Landlord and was completed in August 2022 with a total cost of approximately RMB294.3 million and RMB157.7 million respectively, in total amounting to RMB452.0 million. The Retail and Independent Premises will be recognized as a right-of-use asset with estimated value of approximately RMB126.0 million as assessed by an independent professional valuer in April 2023. Tenant I is expected to occupy the Retail and Independent Premises and commence operation of a new shopping mall in 2023.

## The Commercial Premises

The Commercial Premises are located at 1st Floor, Building 1, Jiahua Shuyuan Yage, Dabao South Road, Xinan Street, Baoan District, Shenzhen, Guangdong Province, the PRC. The Commercial Premises were developed by the Connected Landlord in 2008 at a total cost of approximately RMB47 million. The Commercial Premises will be recognized as a right-of-use asset with estimated value of approximately RMB1.8 million as assessed by an independent professional valuer in April 2023. The Commercial Premises have been sub-let by Tenant II to independent third parties for commercial purposes.

No identifiable net income was identified in respect of the Retail and Independent Premises, as the shopping mall to be operated at the Retail and Independent Premises have yet to commence operation. Set out below is the profit and loss statements of identifiable net income stream attributable to the Commercial Premises for the two years ended 31 December 2022:

	For the year ended 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	807	820
Profit before income tax expenses	33	93
Profit after income tax expenses	25	70

## Tenants

Tenant I is a wholly-owned subsidiary of the Company and is principally engaged in operation and management of shopping malls in the PRC.

Tenant II is a wholly owned subsidiary of the Company and a wholly foreign-owned enterprise incorporated in the PRC with limited liability and is principally engaged in the operation and management of retail stores in the PRC.

## The Connected Landlord

The Connected Landlord is principally engaged in property development and property management in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Connected Landlord is held as to 18% by Mrs. Zhuang and 82% by Jiahua Group which is held as to 90% by Mr. Zhuang and 10% by Mrs. Zhuang as at the date of this announcement.

## **The Independent Landlord**

The Independent Landlord is principally engaged in trading, property letting and building management in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Independent Landlord is held as to approximately 85% and 15% by village co-operative of Sha-i village and Shenzhen Sha-i Asset Management Association respectively as at the date of this announcement.

To the best of the knowledge of the Directors, the village co-operative of Sha-i village (the "Co-operative") is owned by over 500 individuals, with no individual holding more than 0.55% interest in the Independent Landlord, while Shenzhen Sha-i Asset Management Association is beneficially held by Shenzhen Administration For Market Regulation.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Independent Landlord and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## **LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into the Lease Agreements as a lessee will require the Group to recognise the right-of-use of the Premises as the right-of-use assets of an estimated aggregate value of approximately RMB127.8 million on its consolidated statement of financial position. Thus, the entering into the Lease Agreements and the transactions contemplated thereunder will be regarded as acquisition of assets by the Group under the Listing Rules.

As on an aggregate basis, certain applicable percentage ratios as defined under the Listing Rules in respect of the acquisition of right-of-use asset to be recognized by the Group under the Retail Lease Agreements are more than 100%, the entering into of the Retail Lease Agreements constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Mr. Zhuang, the controlling Shareholder, executive Director and Chairman of the Company is interested in 535,485,000 Shares representing approximately 51.61% of the total issued Shares and is a connected person of the Company.

As the Connected Landlord is a company beneficially owned by Mr. Zhuang and Mrs. Zhuang, his spouse, the Connected Landlord is therefore also a connected person of the Company under the Listing Rules. Accordingly, the entering into the Connected Lease Agreements constitutes connected transactions of the Company. As the total lease payment in respect of the Connected Lease Agreements are more than HK\$10 million, the entering into the Connected Lease Agreements is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Zhuang and Mr. Zhuang Xiao Xiong are connected persons and have material interest in the transaction stipulated in the Connected Lease Agreements, they have abstained from voting on the board resolutions.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the terms of the Connected Lease Agreements, and Red Sun has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same matters.

The EGM will be convened and held for the relevant Shareholders to consider and, if thought fit, approve the Lease Agreements and the transactions contemplated thereunder. In view of the interest of Mr. Zhuang and Mrs. Zhuang in the Connected Landlord, Mr. Zhuang, Mrs. Zhuang and their respective associates (including Mr. Zhuang Xiao Xiong, son of Mr. Zhuang and Mrs. Zhuang, Ms. Chen Li Jun, daughter-in-law of Mr. Zhuang and Mrs. Zhuang, and Ms. Zhuang Xiao Yun, daughter of Mr. Zhuang and Mrs. Zhuang) will abstain from voting in relation to the resolution(s) to approve the Connected Lease Agreements at the EGM.

## **GENERAL**

A circular containing, amongst other things, further information on the terms of the Lease Agreements, a letter from the Independent Board Committee in respect of the Connected Lease Agreements, an opinion of the Independent Financial Adviser in respect of the Connected Lease Agreements, together with a notice to convene an extraordinary general meeting to approve the Lease Agreements, is expected to be issued to the Shareholders as soon as possible and in any event, no later than 2 June 2023, as additional time is required by the Company for the preparation of certain relevant information for inclusion in the circular.

## **DEFINITIONS**

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Commercial Lease Agreement”	the commercial lease agreement entered into between the Landlord and Tenant II in respect of the leasing of Commercial Premises
“Commercial Premises”	深圳市新安街道大寶路南側佳華書苑雅閣1棟商場01層 (1st Floor, Building 1, Jiahua Shuyuan Yage, Dabao South Road, Xinan Street, Baoan District, Shenzhen, Guangdong Province, the PRC)

“Company”	Jiahua Stores Holdings Limited (佳華百貨控股有限公司) (stock code: 00602), an exempted company incorporated in Cayman Islands on 4 September 2006 and the issued shares of which are listed on the main board of the Stock Exchange
“Connected Landlord”	Shenzhen Jiahua Real Estate Development Company Limited (深圳市佳華房地產開發有限公司), a company incorporated in the PRC, which is held as to 18% by Mrs. Zhuang and 82% by Jiahua Group as at the date of this announcement
“Connected Lease Agreements”	the Commercial Lease Agreement and the Long-Term Lease Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and to approve the Lease Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	the Hong Kong Financial Reporting Standard 16 – Leases issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in relation to the Lease Agreements and the transaction contemplated thereunder

“Independent Financial Adviser” or “Red Sun”	Red Sun Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser that has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Lease Agreements and the transactions contemplated thereunder
“Independent Landlord”	Shenzhen Shajing Shayi Stock Cooperative Company (深圳市沙井沙一股份合作公司), a company incorporated in the PRC, which is held as to approximately 85% and 15% by village co-operative of Sha-i village and Shenzhen Sha-i Asset Management Association respectively as at the date of this announcement
“Independent Lease Agreement”	the lease agreement entered into between the Independent Landlord and Tenant I in respect of the leasing of Independent Premises
“Independent Premises”	Certain retail spaces located at the intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC (深圳市寶安區新橋街道中心路西與蠓鄉路南交匯處) owned by the Independent Landlord
“Independent Shareholders”	Shareholders other than Mr. Zhuang and his associates
“Jiahua Group”	Shenzhen Baijiahua Group Company Limited (深圳市百佳華集團有限公司), a company incorporated in the PRC with limited liability, which is held as to 90% by Mr. Zhuang and 10% by Mrs. Zhuang as at the date of this announcement
“Lease Agreements”	the Commercial Lease Agreement, the Long-Term Lease Agreement and the Independent Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long-Term Lease Agreement”	the long-term lease agreement entered into between the Connected Landlord and Tenant I in respect of the leasing of Retail Premises



“Mr. Zhuang”	Mr. Zhuang Lu Kun, an executive Director
“Mrs. Zhuang”	Mrs. Zhuang Su Lan, spouse of Mr. Zhuang
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	The Commercial Premises, the Retail Premises and the Independent Premises
“Retail Lease Agreements”	the Long-Term Lease Agreement and the Independent Lease Agreement
“Retail Premises”	Certain retail spaces located at the intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC (深圳市寶安區新橋街道中心路西與蠓鄉路南交匯處) owned by the Connected Landlord
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenants”	Tenant I and Tenant II
“Tenant I”	Shenzhen Baijiahua Commercial Management Limited (深圳市百佳華商業管理有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of the Company
“Tenant II”	Shenzhen Baijiahua Department Stores Company Limited (深圳市百佳華百貨有限公司), a wholly owned subsidiary of the Company and a wholly foreign-owned enterprise incorporated in the PRC with limited liability
“%”	per cent.

By Order of the Board  
**Jiahua Stores Holdings Limited**  
**Zhuang Lu Kun**  
*Chairman*

Shenzhen, the PRC, 27 April 2023



*As at the date of this announcement, (a) the executive Directors are Mr. Zhuang Lu Kun, Mr. Zhuang Pei Zhong and Mr. Zhuang Xiao Xiong; (b) the independent non-executive Directors are Mr. Chin Kam Cheung, Mr. Sun Ju Yi and Mr. Ai Ji.*