THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiahua Stores Holdings Limited** (the "**Company**"), you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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 TRANSACTION IN RELATION TO THE LEASE AGREEMENTS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

軟庫中華 SBI China

SBI China Capital Hong Kong Securities Limited

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the content requires otherwise.

A letter from the Board is set out on pages 6 to 20 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 21 to 22 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 51 of this circular.

A notice convening the EGM to be held at 4/F., Jiahua Ming Yuan, 246 Xinhu Road, Baoan Central District, Shenzhen, the PRC on Monday, 20 April 2026 at 2:30 p.m., is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (http://www.szbjh.com).

Whether or not you are able to attend the EGM in person, you are requested to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the form of proxy shall be deemed to be revoked.

27 March 2026

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

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"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
"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 "SBI China Capital"	SBI China Capital Hong Kong Securities Limited, a licensed corporation to carry out 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 Shareholders"	Shareholders other than Mr. Zhuang and his associates
"Individual Landlords"	all landlords of the Individual Premises
"Individual Lease Agreement"	the lease agreements entered into between the Individual Landlords and the Tenant in respect of the leasing of Individual Premises and as supplemented by the supplemental lease agreements
"Individual Lease Agreement I"	the lease agreements entered into between Mr. Li and the Tenant in respect of the leasing of Individual Premises I and as supplemented by the supplemental lease agreements
"Individual Lease Agreement II"	the lease agreements entered into between Shenzhen Pingshan Xinhe and the Tenant in respect of the leasing of Individual Premises II and as supplemented by the supplemental lease agreements
"Individual Lease Agreement III"	the lease agreements entered into between Ms. Lin and the Tenant in respect of the leasing of Individual Premises III and as supplemented by the supplemental lease agreements
"Individual Lease Agreement IV"	the lease agreements entered into between Ms. Lin and the Tenant in respect of the leasing of Individual Premises IV and as supplemented by the supplemental lease agreements
"Individual Lease Agreement V"	the lease agreements entered into between Shenzhen Pingshan Liulian and the Tenant in respect of the leasing of Individual Premises V and as supplemented by the supplemental lease agreements

"Individual Lease Agreement VI"	the lease agreements entered into between Shenzhen Pingshan Liuhe and the Tenant in respect of the leasing of Individual Premises VI and as supplemented by the supplemental lease agreements
"Individual Premises"	Retail premises subject to the Individual Lease Agreement
"Individual Premises I"	Retail premise subject to the Individual Lease Agreement I owned by Mr. Li
"Individual Premises II"	Retail premise subject to the Individual Lease Agreement II owned by Shenzhen Pingshan Xinhe
"Individual Premises III"	Retail premise subject to the Individual Lease Agreement III owned by Ms. Lin
"Individual Premises IV"	Retail premise subject to the Individual Lease Agreement IV owned by Ms. Lin
"Individual Premises V"	Retail premise subject to the Individual Lease Agreement V owned by Shenzhen Pingshan Liulian
"Individual Premises VI"	Retail premise subject to the Individual Lease Agreement VI owned by Shenzhen Pingshan Liuhe
"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 Latest Practicable Date
"Landlord"	Shenzhen Chuangjian Technology Co., Ltd. (深圳創健科技實業有限公司), a company incorporated in the PRC, which is held as to 100% by Mr. Liu Yufeng (廖宇鋒) as at the Latest Practicable Date
"Latest Practicable Date"	24 March 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Lease Agreements"	the Long-Term Lease Agreement and the Individual Lease Agreements
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Long-Term Lease Agreement"	the lease agreement entered into between the Landlord and the Tenant in respect of the leasing of the Premises and as supplemented by the supplemental lease agreement
"Mr. Li"	Mr. Li Jinxin* (李錦新), landlord of the Individual Lease Agreement I, a third party, independent of the Company and connected persons of the Company
"Mr. Zhuang"	Mr. Zhuang Lu Kun, an executive Director
"Mrs. Zhuang"	Mrs. Zhuang Su Lan, spouse of Mr. Zhuang
"Ms. Lin"	Ms. Lin Ying Tong* (林盈彤), landlord of the Individual Lease Agreement III and Individual Lease Agreement IV, a third party, independent of the Company and connected persons of the Company
"PRC"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Premises"	the commercial premises subject to the Lease Agreements
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	Shares of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Baijiali Hua"	Shenzhen Baijiali Hua Investment Co., Ltd.* (深圳市百佳利華投資有限公司), a company incorporated in the PRC, held as to 26% and 74% by Huang Weixin and Shenzhen Jiahua Real Estate respectively as at the Latest Practicable Date
"Shenzhen Jiahua Real Estate"	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 Latest Practicable Date

"Shenzhen Pingshan Liuhe"	Shenzhen Pingshan Liuhe Shareholding Cooperative Company* (深圳市坪山六和股份合作公司), landlord of the Individual Lease Agreement VI, a third party, independent of the Company and connected persons of the Company
"Shenzhen Pingshan Liulian"	Shenzhen Pingshan Liulian Shareholding Cooperative Company* (深圳市坪山六聯股份合作公司), landlord of the Individual Lease Agreement V, a third party, independent of the Company and connected persons of the Company
"Shenzhen Pingshan Xinhe"	Shenzhen Pingshan Xinhe Shareholding Cooperative Company* (深圳市坪山新和股份合作公司), landlord of the Individual Lease Agreement II, a third party, independent of the Company and connected persons of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tenant"	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
"%"	per cent.

* *For Identification purpose only*

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)

Executive Directors:
Mr. Zhuang Lu Kun *(Chairman)*
Mr. Zhuang Pei Zhong
Mr. Zhuang Xiao Xiong

Non-executive Director:
Madam Yan Xiao Min

Independent non-executive Directors:
Mr. Chin Kam Cheung
Mr. Sun Ju Yi
Mr. Ai Ji
Madam Ying Chi Kwan

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 715, 7th Floor
Ocean Centre, Harbour City
5 Canton Road
Tsimshatsui
Kowloon
Hong Kong

27 March 2026

To the Shareholders,

Dear Sirs or Madams,

VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENTS

1. INTRODUCTION

Reference is made to the announcements of the Company dated 26 January 2026, 27 February 2026 and 17 March 2026 in relation to the entering into the Lease Agreements.

On 26 January 2026 (after trading hours), the Tenant entered into the Long-Term Lease Agreement with the Landlord in respect of the leasing of certain properties (together with the Individual Lease Premises) for the operation of the Group's shopping mall, retail shops and other commercial purposes.

The purpose of this circular is to provide you with information regarding the resolutions proposed at the EGM in relation to (i) further details of the Lease Agreements and the transactions contemplated thereunder; (ii) a letter setting out the opinions and recommendations from the Independent Board Committee to the Independent Shareholders regarding the Lease Agreements; (iii) the advice provided by the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Lease Agreements; (iv) the valuation report on the market rent of the Premises; and (v) a notice convening the EGM.

2. THE LEASE AGREEMENTS

Set out below are the principal terms of the Long-Term Lease Agreement being entered into:

The Long-Term Lease Agreement

Parties:	The Landlord as the landlord of the Premises The Tenant as the tenant of the Premises
Premises:	The Premises comprised of certain commercial space located at Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Pingshan District, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC ("**Jiahua Lingyue Plaza**") (廣東省深圳市坪山區蘭竹西路和龍坪路交匯處西南側區佳華領悦廣場負一樓、負二樓以及一樓至五樓), (excluding units subject to the Individual Lease Agreements) with a total area of 33,812.46 sq.m. leased by the Landlord for sub-leasing purposes.
Term:	15 years from 1 December 2025 to 30 November 2040 (both days inclusive). If delivery of the Premises would be delayed, the term of the Long-Term Lease Agreement will be postponed accordingly. The term of the Long-Term Lease Agreements will only be effective upon obtaining the approval by the Independent Shareholders at the EGM, upon which, the term of the Long-Term Lease Agreements will be applied retroactively from 1 December 2025.

Rent-Free period: 1 December 2025 to 31 December 2026

Rent: An initial monthly rent of RMB1,014,373.8 per month (approximately RMB30 per sq.m. per month) (including 9% value added tax), with a 10% increment on the monthly rent for every 5 years

Period	**Rent per sq.m.** *(RMB)*	**Rent per month** *(RMB)*
1 December 2025 to 31 December 2026*	–	–
1 January 2027 to 31 December 2031	30	1,014,373.8
1 January 2032 to 31 December 2036	33	1,115,811.18
1 January 2037 to 30 November 2040	36.3	1,227,392.298

* Rent free period

Monthly rent is payable before the 5th of each month

Deposit: A rental deposit of RMB1,014,373.8 payable by the Tenant to the Landlord

Management and maintenance fees: Management fee:
RMB10 per sq.m. per month (including 6% value added tax)

Maintenance fee:
RMB0.25 per sq.m. per month

Payable commencing from 1 January 2026

Usage: For commercial and ancillary commercial facilities purposes

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

Termination:	The Long-Term Lease Agreement may be terminated among other things, the mutual agreement between the Tenant and the Landlord Should the Long-Term Lease Agreement be terminated by the Tenant as a result of the compliance of the Listing Rules, the Tenant would not be responsible for any damages or payable to the Landlord
Condition precedent:	Effectiveness of the Long-Term Lease Agreement is conditional upon obtaining approval in the EGM

The shopping mall to be operated at the Premises and the Individual Premises were leased from different landlords with various lease terms. Should lease agreements which the Premises and the Individual Premises were subject to, were early terminated or could not be renewed, the Tenant may also terminate the Long-Term Lease Agreement accordingly.

As at the Latest Practicable Date, the Premises have been handed over to the Company, pending official opening.

Saved as the condition precedent above, the Long-Term Lease Agreement is not subject to any other condition precedent. As at the Latest Practicable Date, none of the condition precedent of the Long-Term Lease Agreement has been fulfilled.

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 leasing of properties and taking into account the initial market rental of the Premises. 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 leasing out of the Group's investment properties and noted that such increment adjustment clauses were also incorporated into such lease agreements. The payment of rent will be financed with internal resources and/or external borrowings of the Company.

The Individual Lease Agreements (as supplemented by the supplemental lease agreements)

Set out below are the major terms of the Individual Lease Agreements (as supplemented by the respective supplemental agreements) entered into by the Tenant with the respective landlords:

	Individual Lease Agreement I	**Individual Lease Agreement II**	**Individual Lease Agreement III**	**Individual Lease Agreement IV**	**Individual Lease Agreement V**	**Individual Lease Agreement VI**
Date:	24 May 2024	2 September 2025	11 October 2025	11 October 2025	27 November 2025	5 December 2025
Landlord:	Mr. Li	Shenzhen Pingshan Xinhe	Ms. Lin	Ms. Lin	Shenzhen Pingshan Liulian	Shenzhen Pingshan Liuhe
Term *(Note 1)*:	1 June 2024 to 1 June 2029	1 October 2025 to 30 September 2035	1 October 2025 to 30 September 2030	1 October 2025 to 30 September 2033	1 December 2025 to 30 November 2035	1 December 2025 to 30 November 2035
Premises:	Individual Premises I	Individual Premises II	Individual Premises III	Individual Premises IV	Individual Premises V	Individual Premises VI
Rent-Free period:	1 June 2024 to 31 October 2024	N/A	N/A	N/A	1 December 2025 to 31 May 2027	1 December 2025 to 31 May 2027
Rent *(Note 2)*:	An initial monthly rent of RMB24,798 from 1 November 2024 to 1 February 2025, followed by a monthly rent of RMB30,000 for the remaining of the term	Period / Monthly rent *(RMB)* 1 Oct 25 – 30 Sep 28: 203,119 1 Oct 28 – 30 Sep 31: 213,275 1 Oct 31 – 30 Sep 34: 223,939 1 Oct 34 – 30 Sep 35: 235,136	A monthly rent of RMB24,000	An initial monthly rent of RMB24,000 from 1 October 2025 to 30 September 2030, followed by a monthly rent of RMB25,200 for the remaining of the term	Period / Monthly rent *(RMB)* 1 Jun 27 – 30 Nov 28: 82,333 1 Dec 28 – 30 Nov 31: 86,449 1 Dec 31 – 30 Nov 34: 90,772 1 Dec 34 – 30 Nov 35: 95,310	Period / Monthly rent *(RMB)* 1 Jun 27 – 30 Nov 28: 56,315 1 Dec 28 – 30 Nov 31: 59,131 1 Dec 31 – 30 Nov 34: 62,088 1 Dec 34 – 30 Nov 35: 65,192
Deposit:	RMB90,000	RMB500,000	RMB72,000	RMB72,000	RMB164,665	RMB112,630
Usage:	Commercial purposes					
Sub-let:	Subject to, among others, (i) compliance with relevant regulations, (ii) usage of premises remains unchanged; and (iii) premises may not be further subleased without approval of the landlord, the Tenant is allowed to sub-lease any part of the Premises to other independent parties					
Termination:	The Individual Lease Agreements may be terminated among other things, the mutual agreement between the Tenant and the respective landlords Should the Individual Lease Agreements be terminated by the Tenant as a result of the compliance of the Listing Rules, the Tenant would not be responsible for any damages or payable to the respective landlords					
Condition precedent:	Effectiveness of the Individual Lease Agreements is conditional upon the Tenant fulfilling relevant Listing Rules Requirements (including but not limited to obtaining approval in the EGM) as well the Long-Term Lease Agreement being effective.					

Notes:

1. The term of the Individual Lease Agreements will only be effective upon the entering of the Long-Term Lease Agreement and the Long-Term Lease Agreement becoming effective after obtaining the approval by the Independent Shareholders at the EGM, upon which, the term of the Individual Lease Agreements will be applied retroactively from the respective signing dates of the Individual Lease Agreements.

2. Prior to the effective day of the Individual Lease Agreements, all payments made will be prepayment to the respective landlords of the Individual Lease Agreements for the purpose of securing the Premises. The payments will be treated as rent upon approval by the Independent Shareholders at the EGM.

The address of the premises to be rented under each of the Individual Premises Agreements are set out in the section headed "Information on the Premises, the Individual Premises, the Tenant, the Landlord and the Individual Landlords" below.

Saved as the condition precedent above, the Individual Premises Agreements are not subject to any other condition precedent. As at the Latest Practicable Date, none of the condition precedent of the Individual Premises Agreements has been fulfilled.

The terms of the Individual Premises Agreements (including the rent) were determined after arm's length negotiations between the parties, with reference to standard terms of the lease agreements adopted for leasing of properties and taking into account the initial market rental of the Individual Premises. When determining the basis of the 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 leasing out of the Group's investment properties and noted that such increment adjustment clauses were also incorporated into such lease agreements. The payment of rent will be financed with internal resources and/or external borrowings of the Company.

3. FINANCIAL INFORMATION OF THE PREMISES AND THE INDIVIDUAL PREMISES

Pursuant to HKFRS 16, the right to use the Premises and the Individual Premises leased under the Lease Agreements will be recognised as a right-of-use asset. Upon commencement of the lease, the value of the Premises and the Individual Premises 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 5.627% to 6.429% as at the Latest Practicable Date. The estimated aggregate value of the right-of-use assets of the Premises and the Individual Premises to be recognized by the Group would amounted to RMB181.4 million as summarised below:

	RMB' million
Individual Premises I	1.4
Individual Premises II	19.1
Individual Premises III	1.3
Individual Premises IV	1.8
Individual Premises V	6.3
Individual Premises VI	4.3
Individual Premises	**34.2**
The Premises	**147.2**
Total	**181.4**

Along with the estimated aggregate value of the right-of-use assets of the Premises and the Individual Premises of RMB181.4 million, an aggregate estimated lease liability amounted to approximately RMB181.4 million, will also 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.

4. FINANCIAL EFFECTS OF ENTERING INTO THE LEASE AGREEMENTS

Pursuant to HKFRS 16, the entering into of the Lease Agreements as a lessee will require the Group to recognise the Premises as the right-of-use assets in which the aggregate considerations of approximately RMB181.4 million, thus the entering into the Lease Agreements and the transactions contemplated thereunder will be regarded as deemed acquisition of asset by the Group. Upon effective of the lease terms, the Group along with the recognition of the right-of-use asset of RMB181.4 million, a lease liability also amounted to RMB181.4 million will be recognised by the Group.

Set out below is the accounting treatment of the Group in relation to the right-of-use assets:

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After lease commencement (i.e. the lease agreement becoming effective), a lessee shall measure the right-of-use asset using a cost model, unless:

(i) the right-of-use asset is an investment property and the lessee fair values its investment property under HKAS 40; or

(ii) the right-of-use asset relates to a class of plant, property and equipment ("**PPE**") to which the lessee applies HKAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability and are initially measured using the index or rate as at the commencement date. Amounts expected to be payable by the lessee under residual value guarantees are also included.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss in the period in which the event or condition that triggers payment occurs, unless the costs are included in the carrying amount of another asset under another Standard.

As confirmed by the management of the Group, the Lease Agreements do not contain terms regarding variable lease payments.

The lease liability is subsequently remeasured to reflect changes in:

The lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The remeasurements are treated as adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases.

5. 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 Latest Practicable Date, there are 9 retail stores and 3 shopping malls under the Group's operation.

To further expand the retail network of the Group, the Group will from time to time explore possible suitable properties and enter into lease agreements for operations of retail shops and shopping malls.

In 2024, the Group considered opening a new shopping mall and retail shops at a commercial complex located at Pingshan District, Shenzhen, Guangdong Province, the PRC. Understanding that the commercial premises in the complex the Group identified were held by various owners and with more than 100 ultimate beneficiaries, discussion on lease terms arrangement could be time consuming. To secure the commercial spaces in the targeted complex to open the shopping mall and retail shops, the Group commenced negotiation of lease terms with various owners in the targeted complex and entered into various Individual Lease Agreements between second quarter of 2024 and December 2025 in the complex which in aggregate has commercial space of over 10,000 sq.m. with various landlords. All the Individual Lease Agreements will become effective upon the entering into and the effective of the Long-Team Lease Agreement of which substantial commercial space of around 34,000 sq.m. will be subject to the lease.

Considering the entering into of the Lease Agreements will secure around 44,000 sq.m. of commercial space for the Group, the Directors (including the independent non-executive Directors after having been advised by the Independent Financial Adviser) 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.

6. INFORMATION ON THE PREMISES, THE INDIVIDUAL PREMISES, THE TENANT, THE LANDLORD AND THE INDIVIDUAL LANDLORDS

The Premises and the Individual Premises were leased by the Tenant for the purpose of operating a shopping mall in a retail complex located at Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Pingshan District, Shenzhen, Guangdong Province, the PRC (i.e. Jiahua Lingyue Plaza). The Premises and the Individual Premises comprised different units within Jiahua Lingyue Plaza.

The Premises

The Premises comprised of certain retail space located at Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Pingshan District, Southwest side of the

intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (i.e. Jiahua Lingyue Plaza) (excluding units subject to the Individual Lease Agreements) with a total of area of 33,812.46 sq.m. leased by the Landlord from six owners for sub-leasing purposes. The construction of the Premises is completed and is available for usage as at the Latest Practicable Date. The Premises has been handed over to the Company, pending for official opening.

Among the owners of the Premises included Shenzhen Baijiali Hua, a company held as to 74%, by Shenzhen Jiahua Real Estate, which is held as to 18% by Mrs. Zhuang and 82% by Jiahua Group (a company owned as to 90% by Mr. Zhuang, an executive Director and 10% by Mrs. Zhuang, the spouse of Mr. Zhuang). Accordingly Shenzhen Baijiali Hua is a connected person of the Company. The remaining 26% of Shenzhen Baijiali Hua was held by Huang Wei Xin, a third party independent of the Company and connected persons of the Company. The premises owned by Shenzhen Baijiali Hua have a total area of over 8,793.06 sq.m. For ease of management, Shenzhen Baijiali Hua leased out such property to the Landlord together with other owners of Jiahua Lingyue Plaza so as to arrange a sizeable retail leasing space also for better attraction of retail tenants. The rent payable by the Landlord to Shenzhen Baijiali Hua is RMB27.0 per sq.m. which is comparable to the rent of the Premises payable by the Tenant to the Landlord.

Saved as Shenzhen Baijiali Hua, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the other owners of the Premises and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The Landlord

Shenzhen Chuangjian Technology Co., Ltd. (深圳創健科技實業有限公司), is a company incorporated in the PRC, which is held as to 100% by Mr. Liu Yufeng as at the Latest Practicable Date, who is a third party independent of the Company and connected persons of the Company.

Shenzhen Chuangjian Technology Co., Ltd. principally engages in, among other things, investment in and establishment of industrial enterprises and engagement in specific projects.

The Individual Premises and the Individual Landlords

Set out below are the summary of details of each of the Individual Premises and the Individual Landlords:

Premises	Address	Size *(sq.m.)*	Landlord	Background
Individual Premises I	Unit 102 in Jiahua Lingyue Plaza	309.98	Mr. Li	A third party, independent of the Company and connected persons of the Company.
Individual Premises II	Unit 103, 104, 105, 202, 203, 303, 304, 305a, 305b in Jiahua Lingyue Plaza	5,345.24	Shenzhen Pingshan Xinhe	Shenzhen Pingshan Xinhe, a company incorporated in the PRC, primarily engaged in, among other things, domestic trading and is held as to in aggregate of 62.7% by more than 60 individual equity holders collectively via individual equity holdings (each of which held less than 2% interests in Shenzhen Pingshan Xinhe) and 37.3% via collective shares held by the Shenzhen Pingshan Xinhe Collective Asset Management Committee which is collectively controlled by all the villagers in the area comprising not less than 100 individuals. Shenzhen Pingshan Xinhe and its ultimate beneficial owners are third party, independent of the Company and connected persons of the Company.

Premises	Address	Size *(sq.m.)*	Landlord	Background
Individual Premises III	Unit 201, Commercial Level 02, Podium Building 3, Jiahua Lingyue Plaza	599.54	Ms. Lin	A third party, independent of the Company and connected persons of the Company.
Individual Premises IV	Unit 301, Commercial Level 03, Podium Building 3, Jiahua Lingyue Plaza	595.35	Ms. Lin	A third party, independent of the Company and connected persons of the Company.
Individual Premises V	Units 107, 205, 226, 302, Building 3, Jiahua Lingyue Plaza	2,166.65	Shenzhen Pingshan Liulian	Shenzhen Pingshan Liulian, a company primarily engaged in, among other things, trade, investment management, consultation and property letting and is held as to in aggregate of 30.0% by 7 individual equity holders collectively via cooperative company equity holdings (each of which held less than 10% interests in Shenzhen Pingshan Liulian) and 70% by Shenzhen Pingshan Liulian Collective Asset Management Committee which is collectively controlled by all the villagers in the area comprising not less than 100 individuals. Shenzhen Pingshan Liulian and its ultimate beneficial owners are third party, independent of the Company and connected persons of the Company.

Premises	Address	Size *(sq.m.)*	Landlord	Background
Individual Premises VI	Unit 106, 204, 306, Building 3, Jiahua Lingyue Plaza	1,481.98	Shenzhen Pingshan Liuhe	Shenzhen Pingshan Liuhe, a company primarily engaged in domestic trade and held as to in aggregate of 30.0% by 6 individual equity holders collectively via cooperative company equity holdings (each of which held less than 10% interests in Shenzhen Pingshan Liuhe) and 70% by Shenzhen Pingshan Liuhe Collective Asset Management Committee which is collectively controlled by all the villagers in the area comprising not less than 100 individuals. Shenzhen Pingshan Liuhe and its ultimate beneficial owners are third party, independent of the Company and connected persons of the Company.

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

Tenant

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

7. LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the entering into the Lease Agreements as a lessee (together with the Individual Lease Agreements) 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 RMB181.4 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 assets to be recognized by the Group under the Lease Agreements are more than 100%, the entering into of the Lease Agreements constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Independent 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 Latest Practicable Date, among the owners of the Premises included Shenzhen Baijiali Hua, a company held as to 74% by Shenzhen Jiahua Real Estate, a company incorporated in the PRC, which is held as to 18% by Mrs. Zhuang and 82% by Jiahua Group (a company owned as to 90% by Mr. Zhuang, an executive Director and 10% by Mrs. Zhuang, the spouse of Mr. Zhuang). Accordingly Shenzhen Baijiali Hua is a connected person of the Company. Accordingly, the entering into the Long-Term Lease Agreement (together with the Individual Lease Agreement which will only become effective upon the effective of the Long-Term Lease Agreement) for renting the Premises and the Individual Premises constitutes connected transactions of the Company. As the total lease payment in respect of the Lease Agreements is more than HK$10 million, the entering into the Lease Agreements are 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, they have abstained from voting on the board resolution.

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the terms of the Lease Agreements, and SBI China Capital 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 Premises, 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 Lease Agreements at the EGM.

8. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution put to the vote at the EGM will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM.

After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Jiahua Stores Holdings Limited
Mr. Zhuang Lu Kun
Chairman

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of this circular.

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)

27 March 2026

To: the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENTS

We refer to the circular of the Company dated 27 March 2026 (the "**Circular**") of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Lease Agreements and the transactions contemplated, thereunder was entered into in the ordinary and usual course of business of the Group on normal commercial terms, and the terms of the Lease Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Lease Agreements and the advice of Independent Financial Adviser in relation thereto as set out on pages 23 to 51 of this Circular, we are of the opinion that the Lease Agreements was entered into in the ordinary and usual course of business of the Group; on normal commercial terms, and the terms of the Lease Agreements and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Lease Agreements and the transactions thereunder.

Yours faithfully,
Independent Board Committee

Mr. Chin Kam Cheung **Mr. Sun Ju Yi** **Mr. Ai Ji** **Madam Ying Chi Kwan**
Independent Non-executive Director

Set out below is the full text of a letter of advice from SBI China Capital Hong Kong Securities Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for inclusion in this circular.

軟庫中華 SBI China

27 March 2026

To: The Independent Board Committee and the Independent Shareholders of Jiahua Stores Holdings Limited

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENTS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the entering into the Lease Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 27 March 2026 (the "**Circular**") of which this letter forms part. Capitalised terms in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 26 January 2026 (after trading hours), the Tenant entered into the Long-Term Lease Agreement with the Landlord in respect of the leasing of certain properties (together with the Individual Lease Premises) for the operation of the Group's shopping mall, retail shops and other commercial purposes.

Pursuant to HKFRS 16, the entering into of the Lease Agreements as a lessee (together with the Individual Lease Agreements) 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 RMB181.4 million on its consolidated statement of financial position. Thus, the entering into of 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 Lease Agreements are more than 100%, the entering into of the Lease Agreements constitutes a very substantial acquisition of the Company and is subject to the reporting, announcement, circular and Independent 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 Latest Practicable Date, among the owners of the Premises included Shenzhen Baijiali Hua, a company held as to 74% by Shenzhen Jiahua Real Estate, a company incorporated in the PRC, which is held as to 18% by Mrs. Zhuang and 82% by Jiahua Group (a company owned as to 90% by Mr. Zhuang, an executive Director and 10% by Mrs. Zhuang, the spouse of Mr. Zhuang). Accordingly, Shenzhen Baijiali Hua is a connected person of the Company. The entering into the Long-Term Lease Agreement (together with the Individual Lease Agreement which will only become effective upon the effective of the Long-Term Lease Agreement) for renting the Premises and the Individual Premises constitutes connected transactions of the Company. As the total lease payment in respect of the Lease Agreements is more than HK$10 million, the entering into the Lease Agreements are 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, they have abstained from voting on the board resolution.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Chin Kam Cheung, Mr. Sun Ju Yi, Mr. Ai Ji and Madam Ying Chi Kwan has been established to advise the Independent Shareholders as to (i) whether the transactions contemplated under the Lease Agreements (the "**Transactions**") are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and whether the terms of the Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how to vote on the resolution(s) relating to the Transactions.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion as to whether (i) the Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms; and whether the terms of the Lease Agreements are fair and reasonable so far as the Independent Shareholders are concerned; and whether they are in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution(s) relating to the Transactions at the EGM. Our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Transactions has been approved by the Independent Board Committee.

During the past two years, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the information and facts supplied and opinions expressed by the management of the Group. We have assumed that all information and representations provided by the management of the Group, for which they are solely responsible, were true and accurate at the time they were prepared or made and will continue to be so up to the Latest Practicable Date. Should there be any subsequent material changes which occurred during the period from the date of the Circular up to the date of the EGM and would affect or alter our opinion, we will notify the Independent Board Committee and the Independent Shareholders as soon as possible. We have no reason to doubt the truth, accuracy or completeness of the information and representations made to us by the management of the Group. We have been advised that no material facts have been omitted from the information supplied and opinions expressed. As such, we have no reason to suspect that any relevant information has been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided by the management of the Group to us, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information provided by the management of the Group.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Transactions, we have taken into consideration the following principal factors and reasons:

(1) Background information of the Company

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 Latest Practicable Date, there are 9 retail stores and 3 shopping malls under the Group's operation.

Financial performance

The following table summarises the financial performance of the Group for the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2024 and 2025 as extracted from the annual reports of the Company for the years ended 31 December 2023 and 2024 (the "**2023 Annual Report**" and "**2024 Annual Report**" respectively) and the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**") respectively.

	For the six months ended 30 June		**For the year ended 31 December**	
	2025	**2024**	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Revenue	**177,580**	**207,763**	**378,901**	**353,966**
– Operation and management of retail stores and other related businesses	177,580	207,763	378,901	351,428
– Provision of financing services	–	–	–	2,538
Cost of inventories sold	(56,555)	(83,256)	(151,121)	(139,169)
Other operating income and gains	36,780	23,193	37,918	35,213
Decrease in fair value of investment properties	–	–	(19,500)	(12,600)
Selling and distribution costs	(124,254)	(130,973)	(215,734)	(266,797)
Administrative expenses	(17,356)	(15,613)	(35,123)	(42,532)
Impairment loss on loan receivables	–	–	–	(36,377)
Finance costs	(18,697)	(25,004)	(48,423)	(46,859)
Other operating expenses	(1,026)	(1,079)	(2,156)	(1,177)
Income tax (expenses)/credit	(53)	(498)	(489)	3,754
Loss for the period/year	**(3,581)**	**(25,467)**	**(55,727)**	**(152,578)**

For the six months ended 30 June 2024 and 2025

Revenue amounted to approximately RMB177.6 million for the six months ended 30 June 2025, representing a decrease of approximately RMB30.2 million (or approximately 14.5%) as compared to approximately RMB207.8 million for the six months ended 30 June 2024. As mentioned in the 2025 Interim Report, the decrease in revenue was mainly attributable to the weak general economic condition and the decline in spending spirit of residents. Besides, the increase in competition surrounding the stores and shopping malls, the change in spending pattern and attitude, and the divestment of foreign enterprise resulting in closure of factory and reduction of resident population, the income of most of the stores has therefore been restricted. Commodity sales decreased by approximately RMB22.2 million, commissions from concessionaire sales decreased by approximately RMB0.6 million, rental income from sub-leasing of shop premises decreased by approximately RMB2.3 million, rental income from investment property decreased by approximately RMB0.1 million, and rental income from sub-leasing of shopping malls decreased by approximately RMB5.0 million.

Cost of inventories sold amounted to approximately RMB56.6 million for the six months ended 30 June 2025, representing a decrease of approximately RMB26.7 million (or approximately 32.1%) as compared to approximately RMB83.3 million for the six months ended 30 June 2024. The decrease in cost of inventories sold was mainly due to the decrease in sales of goods.

Other operating income increased by approximately 58.6% from approximately RMB23.2 million in the same period in 2024 to approximately RMB36.8 million for the six months ended 30 June 2025, mainly due to recognition of gain on early termination of leases of approximately RMB13.9 million.

As mentioned in the 2025 Interim Report, staff costs decreased by approximately RMB1.6 million from approximately RMB35.2 million in the same period in 2024 to approximately RMB33.6 million for the six months ended 30 June 2025 mainly due to streamlining of staff base. The depreciation of right-of-use assets decreased by approximately RMB2.4 million from approximately RMB26.7 million in the same period in 2024 to approximately RMB24.3 million for the six months ended 30 June 2025, mainly due to the shrinkage of procurement centre last year and aging of old leases. Depreciation of property, plant and equipment decreased by approximately RMB3.4 million to approximately RMB23.6 million for the six months ended 30 June 2025 from approximately RMB27.0 million in the corresponding period in 2024, mainly due to decrease in additions to fixed assets. Operating lease rental expenses decreased by approximately RMB2.1 million from approximately RMB6.0 million in the same period in 2024 to approximately RMB3.9 million for the six months ended 30 June 2025, mainly due to reduction of rent by landlords.

Finance costs decreased by approximately RMB6.3 million from approximately RMB25.0 million in the same period in 2024 to approximately RMB18.7 million for the six months ended 30 June 2025. As mentioned in the 2025 Interim Report, interest on lease liabilities was approximately RMB15.8 million and interest on bank borrowings was approximately RMB2.9 million for the six months ended 30 June 2025, compared with approximately RMB21.7 million and approximately RMB3.3 million respectively in the same period in 2024, which was down by approximately RMB5.9 million and approximately RMB0.4 million respectively. The decrease in interest on lease liabilities was mainly due to (i) shrinkage of procurement centre last year; and (ii) aging of old leases, while the decrease in interest on bank borrowings was mainly due to decrease in bank interest rate and decreasing principal balance of outstanding loans.

Given the above, net loss narrowed from approximately RMB25.5 million for the six months ended 30 June 2024 to approximately RMB3.6 million for the six months ended 30 June 2025.

For the two years ended 31 December 2023 and 2024

Revenue amounted to approximately RMB378.9 million for the year ended 31 December 2024, representing an increase of approximately RMB24.9 million (or approximately 7.0%) as compared to approximately RMB354.0 million for the year ended 31 December 2023. The increase in revenue was principally attributable to (i) the increase in sales of goods by approximately RMB7.4 million, which was mainly due to the addition of a new store in Shenzhen, the PRC in July 2024; and the change of fresh foods counters from concessionaire to self-operation; (ii) the increase in rental income from sub-leasing of shop premises by approximately RMB0.3 million; and (iii) the increase in rental income from sub-leasing of shopping malls by approximately RMB24.6 million, which was mainly due to full year operation of Shajing shopping mall. The increases were partially offset by (i) the decrease in commissions from concessionaire sales by approximately RMB4.2 million, which was mainly due to the change of fresh goods counters from concessionaire to self-operation; (ii) the decrease in rental income from investment properties by approximately RMB0.6 million, which was mainly due to the early termination of certain lease tenant; and (iii) the absence of interest income from financing services as compared to approximately RMB2.5 million for the year ended 31 December 2023, which was mainly due to cessation of business by a major customer.

Cost of inventories sold amounted to approximately RMB151.1 million for the year ended 31 December 2024, representing an increase of approximately RMB12.0 million (or approximately 8.6%) as compared to approximately RMB139.2 million for the year ended 31 December 2023. As mentioned in the 2024 Annual Report, the increase in cost of inventories sold was mainly due to the addition of a new store and change of fresh goods counters from concessionaire to self-operation.

Other operating income and gains was up by approximately RMB2.7 million to approximately RMB37.9 million for the year ended 31 December 2024 from approximately RMB35.2 million for the year ended 31 December 2023. As mentioned in the 2024 Annual Report, the increase was mainly due to newly incurred gain on early termination leases of approximately RMB5.5 million, which was partially offset by the decrease in administrative and management fee income by approximately RMB0.7 million corresponding to the drop in commission from concessionaire sales, the decrease in government grants by approximately RMB0.6 million due to tightening of local government budget, the decrease in interest income by approximately RMB0.4 million and the decrease in others by approximately RMB1.3 million.

As mentioned in the 2024 Annual Report, staff costs decreased by approximately RMB2.2 million from approximately RMB72.2 million for the year ended 31 December 2023 to approximately RMB70.0 million for the year ended 31 December 2024, mainly due to streamlining of manpower. The depreciation of right-of-use assets decreased by approximately RMB13.2 million from approximately RMB59.2 million for the year ended 31 December 2023 to approximately RMB46.0 million for the year ended 31 December 2024, mainly due to the decrease in depreciation charges after provision of impairment loss in previous years for loss making stores. The provision of impairment loss on right of-use assets (net) of approximately RMB10.7 million compared with approximately RMB26.6 million in 2023 has been decreased due to adequate provision of impairment loss in prior years. Depreciation of property, plant and equipment decreased by approximately RMB13.0 million to approximately RMB42.4 million for the year ended 31 December 2024 from approximately RMB55.4 million for the year ended 31 December 2023, mainly due to decrease in depreciation charges after provision of impairment loss in previous years for loss making stores. The reversal of impairment loss on property, plant and equipment (net) of approximately RMB0.5 million compared with provision of impairment loss of approximately RMB11.4 million in 2023 was due to adequate provision of impairment loss in prior years.

No impairment loss on loan receivables for year ended 31 December 2024 as compared with approximately RMB36.4 million for the year ended 31 December 2023 which represented expected credit loss on loan receivables from financing services business.

Other operating expenses increased by approximately RMB1.0 million from approximately RMB1.2 million for the year ended 31 December 2023 to approximately RMB2.2 million for the year ended 31 December 2024. As mentioned in the 2024 Annual Report, this was mainly due to disposal of certain motor vehicle.

Finance costs maintained at similar level of approximately RMB46.9 million and approximately RMB48.4 million for the year ended 31 December 2023 and 2024 respectively.

Given the above, net loss narrowed from approximately RMB152.6 million for the year ended 31 December 2023 to approximately RMB55.7 million for the year ended 31 December 2024.

Financial position

Set out below is the summary of the financial position of the Group as at 31 December 2023 and 2024 and 30 June 2025 as extracted from the 2023 Annual Report, the 2024 Annual Report and the 2025 Interim Report, respectively:

	As at 30 June 2025	**As at 31 December**	
		2024	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Audited)	(Audited)
Total assets	779,600	809,748	897,375
Total liabilities	852,076	878,643	910,543
Net liabilities	(72,476)	(68,895)	(13,168)

Comparison between 31 December 2024 and 30 June 2025

Total assets decreased by approximately RMB30.1 million from approximately RMB809.7 million as at 31 December 2024 to approximately RMB779.6 million as at 30 June 2025. Such decrease was mainly attributable to the decrease in property, plant and equipment by approximately RMB21.9 million and the decrease in right-of-use assets by approximately RMB24.3 million, which was partially offset by the increase in cash and cash equivalents by approximately RMB15.7 million.

Total liabilities decreased by approximately RMB26.6 million from approximately RMB878.6 million as at 31 December 2024 to approximately RMB852.1 million as at 30 June 2025. Such decrease was mainly due to the decrease in lease liabilities by approximately RMB21.1 million from approximately RMB441.2 million as at 31 December 2024 to approximately RMB420.1 million as at 30 June 2025; and the decrease in borrowings by approximately RMB3.6 million from approximately RMB145.8 million as at 31 December 2024 to approximately RMB142.2 million as at 30 June 2025.

Given the above, net liabilities increased by approximately RMB3.6 million from approximately RMB68.9 million as at 31 December 2024 to approximately RMB72.5 million as at 30 June 2025.

Comparison between 31 December 2023 and 31 December 2024

Total assets decreased by approximately RMB87.6 million from approximately RMB897.4 million as at 31 December 2023 to approximately RMB809.8 million as at 31 December 2024. Such decrease was mainly attributable to (i) the decrease in property, plant and equipment by approximately RMB12.3 million and the decrease in right-of-use assets by approximately RMB20.1 million; (ii) the decrease in investment properties by approximately RMB19.5 million due to decrease in fair value of investment properties; (iii) the decrease in deferred tax assets by approximately RMB10.3 million; (iv) the decrease in deposits paid, prepayments and other receivables by approximately RMB11.9 million mainly due to the decrease in value added tax receivables arising from purchases by approximately RMB9.2 million; and (v) the decrease in cash and cash equivalents by approximately RMB14.9 million.

Total liabilities decreased by approximately RMB31.9 million from approximately RMB910.5 million as at 31 December 2023 to approximately RMB878.6 million as at 31 December 2024. Such decrease was mainly due to the decrease in lease liabilities by approximately RMB39.8 million from approximately RMB481.0 million as at 31 December 2023 to approximately RMB441.2 million as at 31 December 2024.

Given the above, net liabilities increased by approximately RMB55.7 million from approximately RMB13.2 million as at 31 December 2023 to approximately RMB68.9 million as at 31 December 2024.

(2) Reasons for and the benefits of entering into the Lease Agreements

As mentioned in the Letter from the Board, to further expand the retail network of the Group, the Group will from time to time explore possible suitable properties and enter into lease agreements for operations of retail shops and shopping malls.

We noted from the Letter from the Board that in 2024, the Group considered opening a new shopping mall and retail shops at a commercial complex located at Pingshan District, Shenzhen, Guangdong Province, the PRC. Understanding that the commercial premises in the complex the Group identified were held by various owners and with more than 100 ultimate beneficiaries, discussion on lease terms arrangement could be time consuming. To secure the commercial spaces in the targeted complex to open the shopping mall and retail shops, the Group commenced negotiation of lease terms with various owners in the targeted complex and entered into various Individual Lease Agreements between second quarter of 2024 and December 2025 in the complex which in aggregate has commercial space of over 10,000 sq.m. with various landlords. All the Individual Lease Agreements will become effective upon the entering into and the effective of the Long-Team Lease Agreement of which substantial commercial space of around 34,000 sq.m. will be subject to the lease. The entering into of the Lease Agreements will secure around 44,000 sq.m. of commercial space for the Group.

The Directors (including the independent non-executive Directors) are of the view that the Transactions 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.

According to an article named "Total retail sales of consumer goods in November 2025" released by National Bureau of Statistics of China (https://www.stats.gov.cn/english/PressRelease/202512/t20251218_1962115.html) on 16 December 2025, in November, the total retail sales of consumer goods in the PRC reached RMB4,389.8 billion, up by 1.3% year on year. Specifically, the retail sales of consumer goods excluding automobiles reached RMB3,944.4 billion, up by 2.5%. From January to November, the total retail sales of consumer goods reached RMB45,606.7 billion, up by 4.0%; and the retail sales of consumer goods excluding automobiles reached RMB41,163.7 billion, up by 4.6%.

With reference to an article named "Shenzhen Retail" published by Savills plc., a global real estate services provider listed on the London Stock Exchange (https://pdf.savills.asia/asia-pacific-research/asia-pacific-research/acr---sz-ret-2h-2025.pdf), between 2020 and 2024, Shenzhen consistently outperformed its tier-one peers across nearly all key economic and demographic indicators influencing retail demand. The city benefits from a deep technology-driven economic base, high-value employment clusters and the unique economic positioning of the Greater Bay Area. The gross domestic product ("**GDP**") growth averaged 6.6% over the past decade and 5.0% in the past five years – both the highest among its peers. Forecasts indicate that Shenzhen will likely sustain around 5.0% year-on-year growth in 2025, at a time when other tier-one cities are expected to fall below 4.0%. This continued economic momentum reinforces both the spending capacity and long-term stability of the city's retail market. Income trends further strengthen Shenzhen's position. Urban residents' disposable income has risen by 82% over the last ten years, comfortably ahead of other top-tier cities. The city's expenditure to income ratio has also climbed to 63.4% reflecting both high spending power and stronger consumption propensity compared with other markets, where ratios remain below 60%. These fundamentals point toward robust long-term retail potential.

Further, according to an article from Shenzhen Daily on 2 December 2025 (https://www.eyeshenzhen.com/content/2025-02/12/content_31464054.htm), the GDP of Pingshan District in 2024 experienced a year-on-year increase of 9%, the third consecutive year its growth outpaced that of other districts in Shenzhen, including Dapeng New Area. We also noted from an article named "Pingshan inks deals worth ¥4B of conference" sourced from Shenzhen Daily dated 7 December 2025 on the website of the People's Government of Pingshan District (https://www.szpsq.gov.cn/english/News/LocalNews/content/post_12537001.html) that Pingshan District finalized four projects totaling RMB4 billion at the 2025 Shenzhen Global Investment Promotion Conference, held at the Shenzhen Convention and Exhibition Center on 5 December 2025. In all, the district unveiled 23 projects with a combined planned

investment of RMB30 billion. Focusing on new energy and intelligent connected vehicles, biopharmaceuticals, semiconductors, and AI, Pingshan District signed several major projects notable for their scale and strategic significance. It is anticipated that these investments will boost employment and disposable income, creating favourable conditions for retail malls in Pingshan District.

Having considered that (i) the retail sales of consumer goods in the PRC, in general, is on an upward trend; (ii) Shenzhen's strong economic fundamentals, including its GDP growth and rising disposable incomes; (iii) Pingshan District's GDP growth has outpaced that of other districts in Shenzhen and new investments in strategic industries are expected to further enhance employment and household income which may stimulate demand for retail, dining and entertainment options within shopping malls; and (iv) the Lease Agreements are in line with the Group's business strategy of expanding its retail network of shops and shopping mall operations to capture additional income for the Group, we concur with the Directors that the Lease Agreements are entered into in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

(3) Principal terms of the Lease Agreements

3.1 The Long-Term Lease Agreement

The principal terms of the Long-Term Lease Agreement are summarised as follows. Please refer to "The Long-Term Lease Agreement" under the section headed "2. The Lease Agreements" in the Letter from the Board for details.

Parties:	The Landlord as the landlord of the Premises The Tenant as the tenant of the Premises
Premises:	The Premises comprised of certain commercial space located at Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Pingshan District, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC ("**Jiahua Lingyue Plaza**"). (廣東省深圳市坪山區蘭竹西路和龍坪路交匯處西南側區佳華領悦廣場負一樓、負二樓以及一樓至五樓), (excluding units subject to the Individual Lease Agreements) with a total area of 33,812.46 sq.m. leased by the Landlord for sub-leasing purposes.

Term: 15 years from 1 December 2025 to 30 November 2040 (both days inclusive). If delivery of the Premises would be delayed, the term of the Long-Term Lease Agreement will be postponed accordingly.

The term of the Long-term Lease Agreements will only be effective upon obtaining the approval by the Independent Shareholders at the EGM, upon which, the term of the Long-term Lease Agreements will be applied retroactively from 1 December 2025.

Rent-Free period: 1 December 2025 to 31 December 2026

Rent: An initial monthly rent of RMB 1,014,373.8 per month (approximately RMB30 per sq.m. per month) (including 9% value added tax), with a 10% increment on the monthly rent for every 5 years

Period	**Rent per sq.m.**	**Rent per month**
1 December 2025 to 31 December 2026*	–	–
1 January 2027 to 31 December 2031	30	1,014,373.8
1 January 2032 to 31 December 2036	33	1,115,811.18
1 January 2037 to 30 November 2040	36.3	1,227,392.298

* *Rent free period*

Monthly rent is payable before the 5th of each month

Deposit: A rental deposit of RMB 1,014,373.8 payable by the Tenant to the Landlord

Management and maintenance fees:	Management fee: RMB10 per sq.m. per month (including 6% value added tax) Maintenance fee: RMB0.25 per sq.m. per month Payable commencing from 1 January 2026
Usage:	For commercial and ancillary commercial facilities purposes
Sub-let:	The Landlord allows the Tenant to sub-lease any part of the Premises to other independent parties provided that the usage purpose and structure of the Premises remain unchanged
Termination:	The Long-Team Lease Agreement may be terminated among other things, the mutual agreement between the Tenant and the Landlord Should the Long-Term Lease Agreement be terminated by the Tenant as a result of the compliance of the Listing Rules, the Tenant would not be responsible for any damages or payable to the Landlord
Condition precedent:	Effectiveness of the Long-Term Lease Agreement is conditional upon obtaining approval at the EGM

The shopping mall to be operated at the Premises and the Individual Premises were leased from different landlords with various lease terms. Should lease agreements which the Premises and the Individual Premises were subject to were early terminated or could not be renewed, the Tenant may also terminate the Long-Term Lease Agreement accordingly.

As at the Latest Practicable Date, the Premises have been handed over to the Company, pending official opening.

Saved as the condition precedent above, the Long-Term Lease Agreement is not subject to any other condition precedent. As at the Latest Practicable Date, none of the condition precedent of the Long-Term Lease Agreement has been fulfilled.

3.2 The Individual Lease Agreements

The principal terms of the Individual Lease Agreements (as supplemented by the respective supplemental agreements) are summarised as follows. Please refer to "The Individual Lease Agreements (as supplemented by the supplemental lease agreements)" under the section headed "2. The Lease Agreements" in the Letter from the Board for details.

	Individual Lease Agreement I	**Individual Lease Agreement II**	**Individual Lease Agreement III**	**Individual Lease Agreement IV**	**Individual Lease Agreement V**	**Individual Lease Agreement VI**
Date:	24 May 2024	2 September 2025	11 October 2025	11 October 2025	27 November 2025	5 December 2025
Landlord:	Mr. Li	Shenzhen Pingshan Xinhe	Ms. Lin	Ms. Lin	Shenzhen Pingshan Liulian	Shenzhen Pingshan Liuhe
Term *(note 1)*:	1 June 2024 to 1 June 2029	1 October 2025 to 30 September 2035	1 October 2025 to 30 September 2030	1 October 2025 to 30 September 2033	1 December 2025 to 30 November 2035	1 December 2025 to 30 November 2035
Premises:	Individual Premises I	Individual Premises II	Individual Premises III	Individual Premises IV	Individual Premises V	Individual Premises VI
Rent-Free period:	1 June 2024 to 31 October 2024	N/A	N/A	N/A	1 December 2025 to 31 May 2027	1 December 2025 to 31 May 2027
Rent *(note 2)*:	An initial monthly rent of RMB24,798 from 1 November 2024 to 1 February 2025, followed by a monthly rent of RMB30,000 for the remaining of the term	*Period* / *Monthly rent (RMB)* 1 Oct 25 – 30 Sep 28: 203,119 1 Oct 28 – 30 Sep 31: 213,275 1 Oct 31 – 30 Sep 34: 223,939 1 Oct 34 – 30 Sep 35: 235,136	A monthly rent of RMB24,000	An initial monthly rent of RMB24,000 from 1 October 2025 to 30 September 2030, followed by a monthly rent of RMB25,200 for the remaining of the term	*Period* / *Monthly rent (RMB)* 1 Jun 27 – 30 Nov 28: 82,333 1 Dec 28 – 30 Nov 31: 86,449 1 Dec 31 – 30 Nov 34: 90,772 1 Dec 34 – 30 Nov 35: 95,310	*Period* / *Monthly rent (RMB)* 1 Jun 27 -30 Nov 28: 56,315 1 Dec 28 – 30 Nov 31: 59,131 1 Dec 31 – 30 Nov 34: 62,088 1 Dec 34 – 30 Nov 35: 65,192
Deposit:	RMB90,000	RMB500,000	RMB72,000	RMB72,000	RMB164,665	RMB112,630
Usage:	Commercial purposes					
Sub-let:	Subject to, among others, (i) compliance with relevant regulations, (ii) usage of premises remains unchanged; and (iii) premises may not be further subleased without approval of the landlord, the Tenant is allowed to sub-lease any part of the Premises to other independent parties					
Termination:	The Individual Lease Agreements may be terminated, among other things, the mutual agreement between the Tenant and the respective landlords Should the Individual Lease Agreements be terminated by the Tenant as a result of the compliance of the Listing Rules, the Tenant would not be responsible for any damages or payable to the respective landlords					
Condition precedent:	Effectiveness of the Individual Lease Agreements is conditional upon the Tenant fulfilling relevant Listing Rules Requirements (including but not limited to obtaining approval in the EGM) as well the Long-Term Lease Agreement being effective					

Notes:

1. The term of the Individual Lease Agreements will only be effective upon the entering of the Long-Term Lease Agreement and the Long-Term Lease Agreement becoming effective after obtaining the approval by the Independent Shareholders at the EGM, upon which, the term of the Individual Lease Agreements will be applied retroactively from the respective signing dates of the Individual Lease Agreements.

2. Prior to the effective day of the Individual Lease Agreements, all payments made will be prepayment to the respective landlords of the Individual Lease Agreements for the purpose of securing the Premises. The payments will be treated as rent upon approval by the Independent Shareholders at the EGM.

Please refer to the section headed "6. Information on the Premises, the Individual Premises, the Tenant and the Landlord and the Individual Landlords" in the Letter from the Board for the addresses of the premises to be rented under each of the Individual Premises Agreements.

Saved as the condition precedent above, the Individual Premises Agreements are not subject to any other condition precedent. As at the Latest Practicable Date, none of the condition precedent of the Individual Premises Agreements has been fulfilled.

(4) Assessments of the terms of the Lease Agreements

4.1 Rent and lease terms

The Long-Term Lease Agreement

The initial monthly rent of the Long-Term Lease Agreement will be RMB1,014,373.8 per month (approximately RMB30 per sq.m. per month) (including 9% value added tax), and a 10% increment on the monthly rent for every 5 years.

We noted from the Letter from the Board that the Premises comprised of certain retail space located at Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (i.e. Jiahua Lingyue Plaza) (excluding units subject to the Individual Lease Agreements) with a total area of 33,812.46 sq.m. leased by the Landlord from six owners for sub-leasing purposes. The construction of the Premises is completed and is available for usage as at the Latest Practicable Date. The Premises has been handed over to the Company, pending for official opening.

The premises owned by Shenzhen Baijiali Hua have a total area of over 8,793.06 sq.m. For ease of management, Shenzhen Baijiali Hua leased out such property to the Landlord together with other owners of Jiahua Lingyue Plaza so as to arrange a sizeable retail leasing space also for better attraction of retail tenants. The rent payable by the Landlord to Shenzhen Baijiali Hua is RMB27.0

per sq.m. which is comparable to the rent of the Premises payable by the Tenant to the Landlord.

We also noted from the Letter from the Board that 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 leasing of properties and taking into account the initial market rental of the Premises. 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 leasing out of the Group's investment properties and noted that such increment adjustment clauses were also incorporated into such lease agreements. The payment of rent will be financed with internal resources and/or external borrowings of the Company.

We compared the terms in the Long-Term Lease Agreement against the standard template《深圳市房屋租賃合同(非住宅)》published on the official website of the Shenzhen Housing and Construction Bureau (深圳市住房和建設局, https://zjj.sz.gov.cn/xxgk/szzfzljgfwpt/fwzlhts/). Our review indicates that the terms contained in the Long-Term Lease Agreement are consistent with those commonly adopted in lease agreements in Shenzhen, including: (i) a lease term not exceeding the maximum duration permitted under applicable laws and regulations. Pursuant to Article 705 of the Civil Code of the PRC《中華人民共和國民法典》issued by the Supreme People's Court of the PRC (中華人民共和國最高人民法院), any lease exceeding 20 years is deemed invalid; (ii) the term with a rent-free period; (iii) increments in monthly rent as scheduled in the lease agreement; and (iv) a security deposit in the amount of not more than the equivalent of two months' rent. In addition, we have reviewed the independent valuation prepared by the Valuer; and noted that the initial monthly rent of approximately RMB30 per sq.m. per month under the Long-Term Lease Agreement falls below the prevailing market range of RMB69.0 to RMB93.0 per sq.m. per month for comparable properties in the vicinity; and initial monthly rent of RMB1,014,373.8 per month is below the market rent of RMB1,309,000 per month as at 31 December 2025 as appraised by the Valuer.

In assessing the reasonableness of the 10% increment on the monthly rent for every five years stated as the term in the Long-Term Lease Agreement, we referred to the inflation rate (being the annual percentage change in consumer price index (the "**CPI**") of the PRC) on the website of World Bank Group (https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=CN&utm). We noted that the inflation rate of the PRC ranged from approximately 0.2% to approximately 2.9% with average of approximately 1.6% for the last decade from 2015. The weak consumer spending remained subdued since COVID-19; however, it is not expected to persist once confidence and consumption rebound. According to a report from National Bureau of Statistics of China on consumer

price index in November 2025 (https://www.stats.gov.cn/english/PressRelease/202512/t20251211_1962020.html), in November 2025, CPI of the PRC increased by 0.7% year on year and as reported by ING Bank N.V. (https://think.ing.com/snaps/chinas-escapes-2025-deflation-as-december-cpi-moves-to-34-month-high/), CPI rose 0.8% year-on-year in December 2025; whereas in August, September and October 2025, CPI only increased by 0.4%, 0.3% and 0.2% year on year, respectively. A 10% increment on monthly rent for every five years is equivalent to a compound annual growth rate of approximately 1.92%, which is higher than the average CPI inflation rate of approximately 1.6% of the PRC for the last decade from 2015, Having considered that (i) if excluding the extremely low rates of 1% for 2021 and 0.2% for each of 2023 and 2024, the average CPI inflation rate would be approximately 2.1% which is higher than the compound annual growth rate of 1.92% for the 10% increment on monthly rent for every five years. It is expected that the deflationary pressures stemming from COVID-19 will not persist as the post COVID-19 economy shows sign of gradual recovery; (ii) property owners tend to seek higher rental income to offset the increased costs resulting from the inflation; and (iii) rent increment is an agreed term of the Long-Term Lease Agreement after arm's length negotiations between the parties; and the entering into the Long-Term Lease Agreement is in the interests of the Company and the Shareholders as a whole as mentioned under the section headed "(2) Reasons for and the benefits of entering into the Lease Agreements" above in this letter, we concur with the management of the Group that the 10% increment on monthly rent for every five years is fair and reasonable. We obtained and reviewed two long-term lease agreements entered into by the Group with independent third parties. We noted that the lease terms contain rent increments for every two or three years. The Company confirmed that these are the only two lease agreements of premises for commercial use the Group has entered into with the Independent Third Parties as at the Latest Practicable Date.

The Individual Lease Agreements

The initial monthly rent/monthly rent, rent-free period and monthly rent increment for Individual Premises I, Individual Premises II, Individual Premises III, Individual Premises IV, Individual Premises V and Individual Premises VI are set out as below:

	Initial monthly rent/ Monthly rent	**Size** *(sq.m.)*	**Initial monthly rent/Monthly rent per sq.m. (approximately)**	**Term**	**Rent-free period**	**Monthly rent increment**
Individual Premises I	RMB24,798	309.98	RMB80.0	61 months	5 months	approximately 20% after three months
Individual Premises II	RMB203,119	5,345.24	RMB38.0	120 months	N/A	5% for every three years
Individual Premises III	RMB24,000	599.54	RMB40.0	60 months	N/A	N/A
Individual Premises IV	RMB24,000	595.35	RMB40.3	96 months	N/A	5% for every five years
Individual Premises V	RMB82,333	2,166.65	RMB38.0	120 months	18 months	5% for every three years
Individual Premises VI	RMB56,315	1,481.98	RMB38.0	120 months	18 months	5% for every three years

We noted from the Letter from the Board that the terms of the Individual Premises Agreements (including the rent) were determined after arm's length negotiations between the parties, with reference to standard terms of the lease agreements adopted for leasing of properties and taking into account the initial market rental of the Individual Premises. When determining the basis of the 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 leasing out of the Group's investment properties and noted that such increment adjustment clauses were also incorporated into such lease agreements. The payment of rent will be financed by internal resources and/or external borrowings of the Company. Please refer to paragraphs under "The Long-Term Lease Agreement" above in this letter for the

reasonableness of 5% increment (i.e. a lower percentage than the 10% increment) on the monthly rent for every 5 years for Individual Premises IV. The Individual Premises I is subject to approximately 20% increment shortly after three months. Having considered that (i) the Individual Premises I only measures 309.98 sq.m. Based on the Directors' best knowledge after having made reasonable enquiries, the bargaining power of lessees on the rental terms for smaller units in shopping malls is limited; and (ii) the entering into the Individual Lease Agreements (including the Premises I) is in the interests of the Company and the Shareholders as a whole as mentioned under the section headed "(2) Reasons for and the benefits of entering into the Lease Agreements" above in this letter, in particular, as advised by the management of the Group, the Individual Premises I is located at the entrance of the shopping mall offering better external view and is more attractive to customers and visitors, we concurred that in order to secure Individual Premises I, the aforesaid rent increment is considered acceptable.

We compared the terms in the Individual Lease Agreements against the standard template《深圳市房屋租賃合同(非住宅)》published on the official website of the Shenzhen Housing and Construction Bureau 深圳市住房和建設局 (https://zjj.sz.gov.cn/xxgk/szzfzljgfwpt/fwzlhts/). Our review indicates that the terms contained in the Individual Lease Agreements are consistent with those commonly adopted in lease agreements in Shenzhen, including: (i) a lease term not exceeding the maximum duration permitted under applicable laws and regulations. Pursuant to Article 705 of Civil Code of the PRC《中華人民共和國民法典》issued by the Supreme People's Court of the PRC (中華人民共和國最高人民法院), any lease exceeding 20 years is deemed invalid; (ii) the term with a rent-free period (as case may be); and (iii) increments in monthly rent as scheduled (if any) in the lease agreements. However, while the standard template《深圳市房屋租賃合同(非住宅)》stipulates that the security deposit shall not exceed the equivalent of two months' rent, the security deposits for the Individual Premises range from 2 months to approximately 3.6 months. As advised by the management of the Group, security deposit exceeding two months' rent in respect of certain Individual Premises arises from the specific requirements of the relevant individual owners.

We have reviewed the independent valuation prepared by the Valuer; and compared the market rent as appraised by the Valuer with the initial monthly rent or monthly rent of each premises under the Lease Agreements. Based on the information extracted from the Valuation Report, the following table provides a summary of the adjusted unit monthly rents of comparable properties and initial unit monthly rent of the premises under the Long-Term Lease Agreement; and each of the Individual Premises:

	Gross floor area *(sq.m.)*	**Monthly market rent as at 31 December 2025 as appraised by the Valuer** *(RMB)*	**Initial monthly rent** *(RMB)*	**Adjusted unit monthly rents for the comparable properties as at 31 December 2025 as quoted by the Valuer** *(RMB/sq.m.)*	**Initial unit monthly rent** *(RMB/sq.m.)*
Premises under the Long-Term Lease Agreement	33,812.46	1,309,000	1,014,374	69–93	30
Individual Premises I	309.98	32,000	24,798	91–122	80
Individual Premises II	5,345.24	323,000	203,119	78–105	38
Individual Premises III	599.54	38,000	24,000	55–73	40
Individual Premises IV	595.35	31,000	24,000	46–61	40
Individual Premises V	2,166.65	136,000	82,333	78–105	38
Individual Premises VI	1,481.98	93,000	56,315	78–105	38

As illustrated by the table above, the initial monthly rent of each premises under the Lease Agreements is below the respective monthly market rent as at 31 December 2025 as appraised by the Valuer; and the initial unit monthly rent is below the respective adjusted unit monthly rents for the comparable properties as at 31 December 2025 as quoted by the Valuer. Please refers to paragraphs under "The Valuation Report" below in this letter for the discussion on the selection of comparable properties by the Valuer.

In assessing the reasonableness of the 5% increment on the monthly rent for every three years or five years stated as the term in the Individual Lease Agreements, we referred to the inflation rate (being. the annual percentage change in CPI of the PRC) on the website of World Bank Group (https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG?locations=CN&utm). We noted that the inflation rate of the PRC ranged from approximately 0.2% to approximately 2.9% with average of approximately 1.6% for last decade from 2015. The weak consumer spending remained subdued since COVID-19; however, it is not expected to persist once confidence and consumption rebound. According to a report from National Bureau of Statistics of China on consumer price index in November 2025 (https://www.stats.gov.cn/english/PressRelease/202512/t20251211_1962020.html), in November 2025, CPI of the PRC increased by 0.7% year on year and as reported by ING Bank N.V. (https://think.ing.com/snaps/chinas-escapes-2025-deflation-as-december-cpi-moves-to-34-month-high/), CPI rose 0.8% year-on-year in December 2025; whereas in August, September and October 2025, CPI only increased by 0.4%, 0.3% and 0.2% year on year, respectively. A 5% increment on monthly rent for every three years is equivalent to a compound annual growth rate of approximately 1.64%; and for every five years is equivalent to a compound annual growth rate of approximately 0.98%. The 5% increment on monthly rent for every three years is slightly higher than the average CPI inflation rate of approximately 1.6% of the PRC for the last decade from 2015, Having considered that (i) if excluding the extremely low rates of 1% for 2021 and 0.2% for each of 2023 and 2024, the average CPI inflation rate would be approximately 2.1%, which is higher than the compound annual growth rate of 1.64% for the 5% increment on monthly rent for every three years and the compound annual growth rate of 0.98% for the 5% increment on monthly rent for every five years. It is expected that the deflationary pressures stemming from COVID-19 will not persist as the post COVID-19 economy shows sign of gradual recovery; (ii) property owners tend to seek higher rental income to offset the increased costs resulting from the inflation; and (iii) rent increment is an agreed term of the relevant premises (i.e. the Individual Premises II, IV, V and VI) under the Individual Lease Agreements after arm's length negotiations between the parties; and the entering into the Individual Lease Agreements is in the interests of the Company and the Shareholders as a whole as mentioned under the section headed "(2) Reasons for and the benefits of entering into the Lease Agreements" above in this letter, we concur with the management of the Group that the 5% increment on monthly rent for every three years or five years is fair and reasonable.

The Valuation Report

In order to assess the expertise and independence of the Valuer, we have obtained and reviewed (i) the engagement letter of the Valuer; and (ii) details of the Valuer's relevant qualifications and experience from its official website (https://valorappraisal.com/aboutus/). We understand that the Valuer is a professional valuation firm established since 2013 providing valuation, risk advisory and ESG Advisory services for listed companies and private businesses, and has the relevant experience to prepare the Valuation Report. The individual responsible for the valuation, namely Mr. Haydn Y. C. Lee, is a professional member of Royal Institution of Chartered Surveyors, Chartered Financial Analyst charterholder and member of CPA Australia. As advised by the Valuer, Mr. Haydn Y. C. Lee has over 10 years' experience in valuation of properties in Hong Kong and the PRC. For due diligence purpose, we conducted telephone discussion with the Valuer to understand its prior valuation experience, the methodologies, basis and assumptions adopted in the Valuation Report, as well as the procedures and measures undertaken in conducting the valuation. We further noted that the Valuer has carried out on-site inspections for the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of its inspections, it did not note any serious defects. The Valuer confirmed that (i) except for its previous engagements as property valuer for certain companies within the Group, it is independent from the Group, Shenzhen Baijiali Hua, Shenzhen Jiahua Real Estate, Mr. Zhuang, Mrs. Zhuang, Huang Wei Xin, Jiahua Group, the Landlord, Mr. Liu Yufeng, Mr. Li, Ms. Lin, Shenzhen Pingshan Xinhe, Shenzhen Pingshan Liulian and Shenzhen Pingshan Liuhe; and (ii) apart from normal professional fees paid or payable to them in connection with their appointment as the Independent Valuer, no arrangements exist whereby they will receive any fees or benefits from the Group. Based on the above, we consider that the Independent Valuer is qualified and possess relevant experience in conducting the valuations, and the terms and scope of the engagement between the Company and the Independent Valuer are appropriate; therefore, it is appropriate to rely on their work and opinion.

We have reviewed the Valuation Report and discussed with the Valuer on the methodologies of, and basis and assumptions adopted therein. In valuing the market rent of the relevant properties, the Valuer has adopted market comparison method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent rental evidences of similar properties to compare with the properties under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the relevant property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the relevant property.

We have reviewed the list of comparable properties identified by the Valuer for each of the Premises and the Individual Premises (collectively, the "**Appraised Properties**"), with the following selection criteria: (i) premises for which rental evidences are available; (ii) premises located in Pingshan District of Shenzhen; (iii) premises with commercial usage; (iv) floor 1 premises; and (v) premises with a gross area of more than 200 sq.m. (the "**Selected Comparable Properties**"). We noted that the Selected Comparable Properties are of commercial use with the location in Pingshan District, Shenzhen. The Valuer has taken into account the differences between the comparable properties and each of the Appraised Properties and made relevant adjustments, including location, size and floor level (if applicable); and a 5% discount for the quoted price nature of the comparables. As advised by the Valuer, the location, size and quoted price adjustments are based on professional judgment. Regarding the floor level adjustment, the Valuer has made reference to floor level adjustment coefficients for commercial premises in the Appendix to the Shenzhen Land Price Calculation Rules (《深圳市地價計算規則》附表) issued by the Shenzhen Municipal Planning and Natural Resources Bureau (深圳市規劃與自然資源局) on 31 December 2020.

We conducted a search of comparable properties for each of the Appraised Properties on an online real estate agency platform, namely 58同城 • 房產 in January 2026 (https://www.58.com/house/) based on the following criteria: (i) the geographical locations of the comparable properties are located at Pingshan District, Shenzhen; and (ii) the comparable properties are commercial properties for retail use (excluding hotels, mahjong rooms and snooker halls). We noted that (i) the monthly rent of approximately RMB30.0 per sq.m. of the Premises under the Long-Term Lease Agreement is below the range of the comparable properties with area size over 1,000 sq.m. from approximately RMB32.0 per sq.m. to approximately RMB39.5 per sq.m.; (ii) the monthly rent of approximately RMB80.0 per sq.m. of the Individual Premises I under the Individual Lease Agreements falls within the ranges but towards the high end of the ranges of the comparable properties with area size between 250 to 350 sq.m. from approximately RMB21.2 sq.m to approximately RMB87.0 sq.m.; (iii) the monthly rent of approximately RMB38.0 per sq.m. of the Individual Premises II, approximately RMB38.0 per sq.m. of the Individual Premises V and approximately RMB38.0 per sq.m. of the Individual Premises VI, respectively under the Individual Lease Agreements fall within the ranges of the comparable properties with area size over 1,000 sq.m. from approximately RMB32.0 per sq.m. to approximately RMB39.5 per sq.m.; and (iv) the monthly rents of approximately RMB40.0 per sq.m. of the Individual Premises III and approximately RMB40.0 per sq.m. of the Individual Premises IV under the Individual Lease Agreements are slightly above the upper end (i.e. approximately RMB36.0 per sq.m.) of the comparables with area size between 500 to 700 sq.m. The Company considered that monthly rents of the individual Premises I, the Individual Premises III and the Individual Premises IV are acceptable given (i) these premises are associated with landlords of small area leases (300 to 600

sq.m.). We understood from the Valuer that rental rates for smaller units in shopping malls are in general higher and the bargaining power of lessees is limited to safeguard the overall image and positioning of the mall; and (ii) as advised by the management of the Group, these premises are located at the entrance of the shopping mall offering better external views and especially for dining shops, are more attractive to customers and visitors, which could render higher rent. On this basis, we are of the view that the monthly rents per sq.m. for the Appraised Properties adopted by the Valuer are reasonable.

In light of the above, we are of the view that the valuation methodologies adopted, together with the basis and assumptions for appraising the Appraised Properties are reasonable and acceptable.

4.2 Duration of the terms of the Lease Agreements

The lease term of the Long-Term Lease Agreement will be 15 years and the lease terms of the Individual Lease Agreements will vary from 5 to 10 years.

In order to assess the reasonableness of the lease terms of the Lease Agreements, we have obtained and reviewed two lease agreements entered into by the Group with independent third parties. We noted that the lease terms of these lease agreements are 9 years and 10 years. The Company confirmed that these are the only two lease agreements of premises for commercial use the Group has entered into with the independent third parties.

In addition, on a best effort basis, we have conducted independent research into comparable transactions announced by companies involving the leasing of properties for commercial purposes, using publicly available information from the website of the Stock Exchange. The comparable transactions (the "**Comparable Transactions**") were selected based on the following criteria: (i) the transaction sizes at the level of very substantial acquisitions; (ii) transactions relating to the leasing of properties for commercial purposes (excluding those transactions involving sale and leaseback arrangements); and (iii) transactions announced during the period from 1 January 2023 up to and including the date of the Announcement. We consider that the approximately 36 months period provides an appropriate reference for recent market practice in respect of key terms for commercial properties, as it provides a sufficient number of meaningful samples for analysis and represents a true and fair view of the prevailing market trends for similar transactions conducted by other listed issuers of Hong Kong. Based on the said selection criteria, we have identified six Comparable Transactions.

To the best of our knowledge, effort and endeavour and based on our search conducted in accordance with the aforesaid criteria, the list of Comparable Transactions is exhaustive. Independent Shareholders should note, however, that the size, business nature, scale of operations and prospects of the Company are not identical to those of the Comparable Transactions, and we have not conducted any in-depth investigation into such aspects of the Comparable Transactions. Nevertheless, as this analysis is intended to provide a general reference to the prevailing market practice for similar types of transactions, we consider that our comparable analysis without limiting to companies having similar size, business nature and scale of operations as that of the Group, is fair and reasonable and useful for the Independent Shareholders' reference. Information on duration of the lease terms of the Comparable Transactions is set out as below:

Company (Stock code)	**Date of announcement**	**Date of lease agreement**	**Duration of the lease**	**Location**	**Connected transaction(s) (Yes/No)**
Xinji Shaxi Group Co., Ltd (3603)	31 October 2025	A date falling on a business day between 25 December 2025 and 31 December 2025	20 years	101 Yingbin Road, Shangjiao Village, Luopu Street, Panyu District, Guangzhou City, PRC	No
Wei Yuan Holdings Limited (1343)	26 February 2025	26 February 2025	20 years	18 Chin Bee Drive Singapore 619865	No

Company (Stock code)	Date of announcement	Date of lease agreement	Duration of the lease	Location	Connected transaction(s) (Yes/No)
Beijing Jingkelong Company Limited (814)	10 May 2024	10 May 2024	(i) 5 years	(i) No. 14, Zone 2, Gaojiayuan Chaoyang District, Beijing;	Yes
			(ii) 5 years	(ii) 32 properties at Chaoyang District, Beijing, the PRC;	
			(iii) 5 years	(iii) Block No. 204, Shuanglong South Lane, Chaoyang District, Beijing;	
			(iv) 1 year	(iv) Nine blocks (including block no. 1) at Yaojia Garden WestKou (Food Company), Chaoyang District, Beijing; and	
			(v) 5 years	(v) Block No. 211, Wangjing South Lake Central Park, Chaoyang District, Beijing, the PRC	

Company (Stock code)	Date of announcement	Date of lease agreement	Duration of the lease	Location	Connected transaction(s) (Yes/No)
Aeon Stores (Hong Kong) Co., Limited (984)	9 May 2024	9 May 2024	(i) 4 years (with option to renew for further term of 3 years)	(i) Ground Floor, First Floor, Second Floor, Third Floor and Fourth Floor including the AHU Room, the Lift Motor Room on the Fifth Floor, the Fan Room and the Condenser Room on the Sixth Floor and Fan Rooms on the Seventh Floor, Kornhill Plaza, 2 Kornhill Road, Hong Kong;	No
			(ii) 6 years	(ii) Ground Floor, First Floor, Second Floor and Third Floor of the Commercial Podium, Skyline Plaza, 88 Tai Ho Road, Tsuen Wan, New Territories, Hong Kong	
Century Ginwa Retail Holdings Limited (162)	15 May 2023	15 May 2023	15 years and 9 months	Partially leased housing on the basement level 1 to upper floor level 5 at Building No.1, part of the outer facade, outer square and ancillary facilities of Jinfangyuan Plaza, No. 29 Renmin West Road, Xianyang, Shaanxi, the PRC	No

Company (Stock code)	Date of announcement	Date of lease agreement	Duration of the lease	Location	Connected transaction(s) (Yes/No)
The Company	24 April 2023	27 April 2023	(i) 15 Years	(i) Intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC;	Yes
			(ii) 3 years	(ii) 1st Floor, Building 1, Jiahua Shuyuan Yage, Dabao South Road, Xinan Street, Baoan District, Shenzhen, Guangdong Province, the PRC	
			(iii) 10 years	(iii) Intersection of Xinqiao Street Zhongxin Road West and Haoxiang Road South, Baoan District, Shenzhen, Guangdong Province, the PRC	

As illustrated in the table above, the terms of the Comparable Transactions range from 1 year to 20 years. Accordingly, the duration of the lease terms of the Long-Term Lease Agreement and the Individual Lease Agreements fall within the range of the lease terms of the Comparable Transactions; and thus, it is the common practice in the market.

RECOMMENDATION

Having considered that the above principal factors and reasons, we consider that (i) the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into the Lease Agreements is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution(s) in relation to the Transactions to be proposed at the EGM.

Yours faithfully,
For and on behalf of
SBI China Capital Hong Kong Securities Limited

Ringo Kwan	**Evelyn Fan**
Managing Director	*Executive Director*

Mr. Ringo Kwan and Ms. Evelyn Fan have been responsible officers of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) since 2005 and 2012, respectively. Both of them have participated in the provision of independent financial advisory services for various types of transactions involving companies listed in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group:

(i) for the year ended 31 December 2022 has been disclosed on pages 68 to 189 of the Company's 2022 annual report published on 26 April 2023;

(ii) for the year ended 31 December 2023 has been disclosed on pages 67 to 189 of the Company's 2023 annual report published on 29 April 2024;

(iii) for the year ended 31 December 2024 has been disclosed on pages 65 to 181 of the Company's 2024 annual report published on 29 April 2025; and

(iv) for the six months ended 30 June 2025 has been disclosed on pages 33 to 61 of the Company's 2025 interim report published on 22 September 2025.

The aforesaid annual reports of the Company have been published on the websites of the Stock Exchange (http://www.hkexnews.hk) and of the Company (http://www.szbjh.com/).

Please see below the hyperlinks to the relevant annual reports of the Company:

(i) the annual report of the Company for the year ended 31 December 2022 published on 26 April 2023:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042602015.pdf

(ii) the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900467.pdf

(iii) the annual report of the Company for the year ended 31 December 2024 published on 29 April 2025:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042900759.pdf

(iv) the interim report of the Company for the six months ended 30 June 2025 published on 22 September 2025:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0922/2025092200658.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2026, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

	Note	**As at 31 January 2026** *RMB'000* (unaudited)
Bank borrowings, secured and guaranteed	1	137,925
Amount due to a director, unsecured and unguaranteed		59
Lease liabilities, unsecured and unguaranteed		394,477
		532,461

Note:

1. The bank borrowings are secured by the Group's certain investment properties and the Group's certain trade receivables as at 31 January 2026 and guaranteed by a related party of the Group.

Save as disclosed above, as at the close of business on 31 January 2026, the Group did not have any other outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, lease liabilities, hire purchase commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

In assessing the working capital sufficiency of the Group, the directors of the Company (the "**Directors**") have prepared a cash flow forecast covering a period from the end of the reporting period to June 2027 (the "**Cash Flow Forecast**"). The Directors have given careful consideration to the Group's future liquidity, operating performance and available sources of financing. The following considerations have been taken into account in the Cash Flow Forecast:

(i) As at 31 January 2026, the Group had undrawn revolving loan facility of RMB50,000,000 with a related company, namely Shenzhen Baijiahua Group Company Limited ("**BJH Group**"), in which Mr. Zhuang Lu Kun and his spouse, Mrs. Zhuang Su Lan have beneficial interest. Subsequently in March 2026, the Group had further obtained another revolving loan facility of RMB30,000,000 from BJH Group; and

(ii) The Group has also obtained the financial support from BJH Group to provide continuing financial support to the Company including but not limited to additional funds lending and defer lease payments to BJH Group and its subsidiary as and when needed, so as to enable the Group to meet its obligations and liabilities as and when they fall due and to continue its day-to-day business operations as a viable going concern notwithstanding any present or future financial difficulties.

The Directors, after due and careful consideration, are of the opinion that, taking into account the Transactions and assuming the successful implementation of plans and measures described above, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due and will have sufficient working capital for its present requirements for at least the next 12 months from the date of publication of this circular.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited financial results of the Group were made up) up to and including the Latest Practicable Date.

5. ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

Save for the transactions contemplated under the Lease Agreements (details of which are disclosed in this circular), since 31 December 2024 (the date to which the latest published audited accounts of the Group have been made up), no member of the Group has acquired or agreed to acquire or is proposing to acquire a business or an interest in the share capital of a

company whose profits or assets make or will make a material contribution to the figures in the next published accounts of the Group.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Despite continued external pressure and growing trade tension risks in the first half of 2025, the Chinese economy demonstrated resilience and recovery momentum. According to the National Bureau of Statistics, the gross domestic product in the first half of 2025 reached approximately RMB66.1 trillion, representing an increase of approximately 5.3% over the same period last year. Furthermore, the total retail sales of consumer goods also recorded an increase of 4.8% year-on-year (**YOY**), while retail sales of goods grew by 5.1%, and catering revenue increased by 4.3% YOY.

Although facing pressure from trade tensions, China's exports remained resilient and their structure is improving. China has actively expanded its export channels, with the diversified market strategy effectively offsetting pressure from shrinking traditional markets. The industrial system remains stable, with strategic emerging industries such as new energy vehicles and industrial robots growing.

In addition, policy-driven growth, coupled with the festive season, significantly revitalized the consumer market. The trade-in policy boosted sales of household appliances and digital products. E-commerce promotions and the integration of cultural tourism further unlocked retail potential. During 2025, the retail industry exhibited key characteristics: deepening policy benefits, accelerating the integration of e-commerce and physical stores, and the emergence of cross-sector cultural and tourism consumption. With the diversification of consumer demands and the upgrading of experience, shopping malls are evolving towards scenario-based and immersive experiences, forming a nationwide "experience economy" network.

As at the Latest Practicable Date, the Group has 9 retail stores and three shopping malls with a total operating area of approximately 219,000 square meters. The impact of the weak general economic condition and fierce competition resulted in the Group recording operating losses in the first half of 2025. During the first half of 2025, total revenue of the Group reached approximately RMB177.6 million, representing a decrease of approximately 14.5% compared to the previous corresponding period. The total loss attributable to shareholders for the first half of 2025 was approximately RMB3.6 million, compared to a loss of approximately RMB25.4 million for the same period in 2024. Furthermore, it is expected that the Company may continue to record a loss for the year ended 31 December 2025.

Looking forward, China's retail industry may continue to face challenges and opportunities. Consumers are concerned with cost and value, and retailers need to provide higher-quality products and services. The Group will continue to progress steadily and rationally utilize its core advantages. The Group will actively increase revenue and reduce expenditure in terms of traditional retail and will also continue to find suitable investment opportunities to expand the scope and diversification of its retail business.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group for each of the three years ended 31 December 2022, 2023 and 2024 as extracted from the respective annual reports of the Group.

FOR THE YEAR ENDED 31 DECEMBER 2022

BUSINESS REVIEW

For the year ended 31 December 2022, the Group's total revenue was approximately RMB335.3 million, a decrease of approximately 22.8% YOY; gross profit of sales of goods was approximately RMB14.8 million, YOY increase of approximately 4.0%. Loss attributable to owners of the Company was approximately RMB107.9 million, YOY increase of approximately 7.8%. At the end of the year, there were 7 retail stores and 2 shopping malls. The decrease in revenue was mainly due to the general decline in consumption spirit in the society during the pandemic, the enhancement work of the some of our stores, and the closure of two stores last year. During the year, it was mainly for upgrading to increase revenue, the streamline of manpower and maintenance of key employees, as to retain strength to meet future challenges. Commodity sales decreased by approximately RMB68.0 million, commissions from concessionaire sales decreased by approximately RMB3.9 million, rental income from sub-leasing of shop premises decreased by approximately RMB18.4 million, rental income from sub-leasing of shopping malls decreased by approximately RMB8.0 million, investment property income decreased by approximately RMB20,000, and interest income from financing services decreased by approximately RMB0.6 million. The Group adopts a proactive and stable business strategy, provides value-added services to physical retail stores, and seeks and develops potential profit opportunities for other investment projects, and begins to plan the preparatory work for the expansion of its branch network and shopping mall in the coming year.

Looking back at the year 2022, the Group has made the following major highlights in terms of operations.

(1) Improve performance of operation of the shopping malls and win honor from the industry association

The Group currently operates two shopping malls located in mid-to-high-end new residential areas in Shenzhen to cater for the new retail era. BJH Linghui shopping mall is located at Bantian Street, Longgang District, Shenzhen. It is a demonstration base for the integration of technology industry and urban development in the Guangdong-Hong Kong Macao Greater Bay Area. It has been awarded as "Guangdong Province Smart Manufacturing Demonstration Base" and "Shenzhen's First Batch of Innovation and Entrepreneurship Bases". BJH Lingyu shopping mall is located at Guanlan Street, Shenzhen, as a pilot demonstration street for the development of circular economy in Shenzhen and Baoan District. Guanlan's economy has maintained a good development trend, and the circular economy, original prints,

Mission Hills Golf Club, and Yongfengyuan ceramics have become four outstanding businesses of Guanlan. There are many large enterprises such as Foxconn in the area. The performance of shopping malls has continued to improve, and the operating model has also been consolidated. Shenzhen BJH Shajing shopping mall, which is expected to be opened in the second half of the year, has also undergone active preparations. Shenzhen BJH Shajing Lingchuang Plaza won the "China Shopping Alliance 2021 Shopping Center Star Show Award – Pending operation" during the year due to its continuous optimization of brand portfolio and design content, laying a solid foundation for future openings.

(2) Create a marketing attraction label and increase the customer flow to the store

In order to increase the attractiveness of the stores, the Group signed a licensing exhibition cooperation agreement with the licensor during the year to hold online and offline licensing exhibition activities in its shopping malls and commercial arcades. Walnut Duck, a trendy intellectual property from the UK, has attracted large number of young people with its "British duck" attributes and vibrant image. Walnut Duckling is a keen Sherlock Holmes fan. Bravery, action-oriented and erudition are the labels of Walnut Duckling's unique personality. "All My Best, Be Myself" is its motto. Relying on this authorization exhibition, the group will extend a series of cute and interesting check-in points and beautiful art display with the theme of "Beach Fun in Summer" combined with the intellectual property rights of Walnut Duckling: Giant Inflatable Duck, Ten-Layer Duck Cake Tower, Camping Duck, Swimming Pool Duck, Fruit Duck, Cone Duck, and Hula Duck, etc. The showcase period is from June to August this year, using the summer period to attract family customers and young trendy groups to the store to interact and punch in, and to co-launch with the promotion activities of commercial arcades and shopping malls, including live broadcasting, point redemption activities, and shopping gifts. During the event, passenger flow and sales increased, the number of new members also rose, and media exposure increased.

(3) Strengthen corporate culture to promote unity and caring spirit

The Group supports the establishment of a good work team, develops the potential of employees and fosters a sense of belonging to the company. In addition to the annual events, including sports day, birthday parties, and travel activities, employee talent competitions are held during the period. Temporary competition stages are set up in stores to allow employees to participate in specific competition events, provide relaxing time beyond work duty, and enhance employees' self-confidence and demonstrate their performance skills. In addition, the Group expressed care and responsibility to the community. During the period, Shenzhen was unblocked after the pandemic lessened, and special community activities were organized to present gift packs to the medical staff, delivery workers, public cleaners and volunteers as a gift. In addition, in response to the tense situation of the pandemic, district shut down was implemented. During the period, the Group cooperated with suppliers, linked the surrounding communities, provided community friendly life services, set up temporary stalls, and selected "high-value", "high-quality" and "high performance" products. This allows residents to experience affordable and convenient shopping services without going far away.

(4) Hold a series of marketing activities to stimulate customer consumption

During the year, the Group actively organized marketing activities and implemented cross-industry cooperation to provide a diversified shopping atmosphere. Following the trend, the group began to hold live broadcast sales. The virtual shopping scene constructed by live broadcast brought the peddling noise in market to the live broadcast room of instant interaction. In the process of live streaming, the anchor acts as a salesperson, shopping guide, and beauty consultant. Promote vertical live broadcast, strengthen the theme and interactivity, and increase attractiveness. Increase special activities for members to maintain a stable customer base. To enhance on-site small handmade booths, customer satisfaction surveys, and customer relationship management system. Official account tweets, online mini-games and interactive topics are launched to cater for different customers. In addition, short videos are produced and broadcast on Douyin and Channels to attract attention with vivid methods, and live broadcast promotions combined with brand activities. In terms of publicity materials, the Group has produced various visual identity designs and management, visual graphic design and extension in a novel and relaxed way, adding joyful and colorful cartoons and texts, and putting them into festive storefront promotional pictures, official account long pictures, live broadcast related pictures and membership promotional design. In addition, the Group also makes fashionable designs for offline packaging materials, eco-friendly shopping bags, and staff uniforms. Festivals, product categories, and seasonal themes are also introduced into the design of store decorations, shelves, shopping coupons, and promotional merchandise stands.

(5) Strengthen the store safety management to reduce potential safety hazards

During the year, the group conducted a thorough store inspection and maintenance of fire protection system, electrical and supporting facilities, and operating equipment (including elevators, air conditioning systems, smoke exhaust pipes, etc.), and provided safety knowledge training and drills to all employees to enhance disaster prevention awareness. In addition, regular monthly safety meetings are held to solve hidden safety hazards in stores, and comprehensive inspections of facilities are carried out to ensure normal daily operation. Replacement of parts of cooling tower and wind cabinet to ensure normal operation and saves costs. Inspection of store decoration site is taken to prevent illegal operations by workers during the process in a timely manner. The Company strengthens internal control by carrying out regular inventory count of all fixed assets of stores, procurement center, shopping malls and head office, to ensure matching balance and reasonable retirement. This is used to update system data and keep accurate records. In addition, the job assignment mechanism is established to reduce operation and man-made losses and protect the group's property.

Periodic adjustments and rotation to staff positions, detailed allocation plans are used to support comprehensive performance appraisal, and improve human resource incentive plans. In addition, safety management is introduced to old store adjustment and upgrade plan, and store design technique is employed to make full use of resources and reduce construction costs. Strengthening the protection mechanisms and introducing effective alert system. The Company will conduct anti-terrorism and flood prevention drills and trainings to safeguard the safety of employees, customers and group property.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB335.3 million for the year ended 31 December 2022, representing a decrease of 22.8% as compared to approximately RMB434.2 million in the corresponding period of 2021. The decrease was principally attributable from the decrease in sales of goods of approximately RMB68.0 million, the decrease in commission from concessionaire sales of approximately RMB3.9 million, the decrease in rental income from sub-leasing of shop premises of approximately RMB18.4 million, decrease in rental income from sub-leasing of shopping malls of approximately RMB8.0 million, investment property income decreased by approximately RMB20,000, and the decrease in interest income from financing services of approximately RMB0.6 million.

Sales of goods decreased by 27.1% to RMB182.8 million for the year ended 31 December 2022 from RMB250.8 million in the corresponding period of 2021, principally due to the persistence of pandemic in Mainland China which imposed measures including the lockdown of cities and borders and the management of people flow within community. Besides, the Group has closed down two stores in Foshan Yanbu and Guangxi Taoyuan in year 2021 which reduced the income from sales of goods in current year. Sales of goods as a percentage of the Group's total revenue was 54.5% for the year ended 31 December 2022 as compared to 57.7% in the corresponding period of 2021.

Commission from concessionaire sales dropped by 14.4% to RMB23.1 million for the year ended 31 December 2022 from RMB27.0 million in the corresponding period of 2021, mainly due to the persistence of pandemic and closure of two stores in 2021. Commission from concessionaire sales as a percentage of the Group's total revenue was 6.9% for the year ended 31 December 2022 as compared to 6.2% for the corresponding period of 2021.

Rental income from sub-leasing of shop premises down by 30.2% to RMB42.5 million for the year ended 31 December 2022 from RMB60.9 million for the corresponding period in 2021, mainly due to the persistence of pandemic and closure of two stores in 2021. Rental income from subleasing of shop premises as a percentage of the Group's total revenue was 12.7% for the year ended 31 December 2022 as compared to 14.0% for the corresponding period of 2021.

Rental income from sub-leasing of shopping malls decreased by 9.9% to RMB72.6 million for the year ended 31 December 2022 as compared with RMB80.6 million for the corresponding period in 2021 due to the persistence of pandemic. Rental income from subleasing of shopping malls as a percentage of the Group's total revenue was 21.7% for the year ended 31 December 2022 as compared to 18.7% for the corresponding period of 2021.

Rental income from investment properties slightly drop by 0.2% to RMB9.08 million for the year ended 31 December 2022 from RMB9.10 million for the corresponding period in 2021, mainly due to offering of rent free period for long relationship tenants under the persistence of pandemic. Rental income from investment properties as a percentage of the Group's total revenue was 2.7% for the year ended 31 December 2022 as compared to 2.1% for the corresponding period of 2021.

Interest income from financing services down by 10.3% to RMB5.2 million for the year ended 31 December 2022 from RMB5.8 million for the corresponding period in 2021, mainly due to the decrease in business of the major customer which has been affected by the pandemic. Interest income from financing services as a percentage of the Group's total revenue was 1.5% for the year ended 31 December 2022 as compared to 1.3% for the corresponding period of 2021.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB168.0 million for the year ended 31 December 2022, representing a decrease of 29.0% as compared with RMB236.6 million in the corresponding period of 2021, mainly due to decrease in sales of goods. As a percentage of sales of goods, purchase of and changes in inventories was 91.9% for the year ended 31 December 2022 as compared with 94.3% in the same period of 2021.

Other operating income

Other operating income up by 9.7% to RMB51.8 million for the year ended 31 December 2022 from RMB47.2 million in the corresponding period in 2021. The decrease in bank interest income of approximately RMB0.5 million was due to drop in bank balances throughout the year. The increase in government grants of approximately RMB0.6 million was due to offering of local government incentive. The decrease in administration and management fee income of approximately RMB5.6 million was corresponding to the drop in commission from concessionaire sales. The increase in rent concession from some of the stores of approximately RMB10.0 million were due to the continuance of pandemic condition.

Staff costs

Staff costs decreased by 8.7% to RMB69.3 million for the year ended 31 December 2022 from RMB75.9 million in the corresponding period of 2021, primarily due to the closure of two stores in 2021 and streamline of manpower during the year.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by 16.1% to RMB58.4 million for the year ended 31 December 2022 from RMB69.6 million in the corresponding period of 2021, primarily due to the closure of two stores in 2021.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment slightly increased by 1.3% to RMB60.1 million for the year ended 31 December 2022 from RMB59.3 million in the corresponding period in 2021. The increase was mainly due to enhancement of main stores in Shenzhen and the final construction works of Shenzhen Guanlan shopping mall.

(Impairment loss)/reversal of impairment loss on loan receivables

Impairment loss on loan receivables of approximately RMB0.9 million in the year ended 31 December 2022 represented expected credit loss on loan receivables from financing services business during the year. Reversal of impairment loss on loan receivables was approximately RMB2.1 million in the year ended 31 December 2021.

Other operating expenses

Other operating expenses decreased by approximately RMB6.6 million, from RMB8.9 million in the corresponding period of 2021 to RMB2.3 million for the year ended 31 December 2022. This was mainly due to written-off of other receivables of RMB3.8 million was recognised in the corresponding period of 2021.

Finance costs

Finance costs, arising from the effect of adoption of HKFRS 16, from lease liabilities decreased by approximately RMB4.1 million, from approximately RMB37.3 million for the year ended 31 December 2021 to approximately RMB33.2 million in the corresponding period of 2022, primarily due to the aging of lease liabilities during the year.

Finance costs arising from bank borrowings increased by approximately RMB1.5 million, from approximately RMB4.7 million for the year ended 31 December 2021 to approximately RMB6.2 million in the corresponding period of 2022 due to the increase in bank borrowings compared to last year.

Income tax credit

Income tax credit amounted to approximately RMB2.5 million for the year ended 31 December 2022 was due to decrease in fair value of investment properties during the year. There was income tax credit of approximately RMB0.1 million in the corresponding period of

2021. The effective tax rate applicable to the Group for the year ended 31 December 2022 were 25% for general subsidiaries (15% for Guangxi subsidiary and subsidiary qualified as High and New Technology Enterprise). In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate is 10%.

Loss attributable to Shareholders of the Company

As a result of the aforementioned, loss attributable to Shareholders amounted to approximately RMB107.9 million for the year ended 31 December 2022 as compared with loss of approximately RMB100.1 million in corresponding period of 2021.

Capital structure, liquidity, financial resources and gearing ratio

As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB66.2 million (31 December 2021: approximately RMB26.1 million), while the restricted bank deposits amounted to approximately RMB2.0 million (31 December 2021: RMB2.0 million). Total borrowings of the Group included bank loans of approximately RMB157.2 million as at 31 December 2022 (31 December 2021: RMB93.4 million). As at 31 December 2022, the Group had a net current liabilities of approximately RMB71.6 million, as compared to amount of approximately RMB102.0 million as at 31 December 2021.

As at 31 December 2022, the gearing ratio of the Group was approximately 3.86 (31 December 2021: 2.25), which was calculated on the basis of the net debt divided by total equity. Net debt was calculated as total borrowings (including current and non-current bank loans and lease liabilities) less total cash (including cash and cash equivalents and restricted bank deposit).

As at 31 December 2022, the Group has the total banking facility of approximately RMB180,000,000 (2021: RMB180,000,000) granted by a bank to a subsidiary of the Company and has cumulatively drawn down of approximately RMB170,000,000 (2021: RMB97,513,000).

As at 31 December 2022, the Group has undrawn banking facility of approximately RMB10,000,000 (2021: RMB82,487,000). Subsequent to 31 December 2022 and up to the latest practicable date, the Group has no further drawn down of the banking facility. The banking facility is secured by certain portion of the Group's investment properties amounted to approximately RMB242,700,000 (2021: RMB257,300,000) and trade receivables of approximately RMB28,000 (2021: RMB67,000) as at 31 December 2022 and guaranteed by BJH Group (2021: BJH Group). The bank loan is variable interest bearing which carried interest based on the 5-year loan prime rate issued by the National Inter-bank Funding Center plus 0.25% per annum. The effective interest rate as at 31 December 2022 is 4.59% (2021: 4.90%). As at 31 December 2022 and 2021, the Group had not breached any of the covenants of the banking facility. The bank loan is arranged at variable interest rate and expose the Group to cash flow interest rate risk.

Risk management

The activities of the Group expose to a variety of financial risks, including foreign exchange risk, credit risk, interest rate risk and liquidity risk.

(i) Foreign exchange risk

The Group has operation in the PRC so that the majority of the Group's revenue, expenses and cash flows are denominated in RMB. Assets and liabilities of the Group are mostly denominated in RMB or HK$. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

(ii) Credit risk

For the operation and management of retail stores and other related businesses, the Group has no significant concentration of credit risk. Most of the sales transactions were settled in cash basis, by credit card payment (or through online payment platforms). Credit risk on cash and bank balances is mitigated as cash is deposited in banks of high credit rating.

The Group's exposure to credit risk mainly arises from loan receivables from financing business. In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

The Group's exposure to interest rate risk mainly arises on bank balances, borrowings, loan receivables and lease liabilities. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

(iv) Liquidity risk

The Group's policy is to maintain sufficient cash and bank balances and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding during the year ended 31 December 2022.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Employees and remuneration policy

As at 31 December 2022, the Group had 618 full-time employees (year ended 31 December 2021: 660). The salaries of the Group's employees were determined by the individual performance, professional qualification, industry experience of the employee and relevant market trends. The management reviews the remuneration policy of the Group on a regular basis and evaluates the working performance of the employees. The remuneration of the employees includes salaries, allowances, year-end bonus, social insurance or mandatory pension etc. As at 31 December 2022, no share in respect of which options had been granted under the share option scheme (the "**Scheme**") adopted by the Company and remained outstanding (year ended 31 December 2021: Nil).

Capital commitments

As at 31 December 2022, the Group had capital commitments contracted, but not provided for, amounting to approximately RMB2.4 million (2021: approximately RMB6.1 million).

Dividend policy

Under the Dividend Policy, the declaration, payment and amount of dividends will be subject to the discretion of the Board in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the articles of association of the Company and will be dependent upon the Group's current and recent financial performance, cash flow position, working capital requirements and expenditure plan, restriction on distribution of dividends under the relevant laws, rules and regulations, and any other factors that the Board deems appropriate.

In determining any dividend amount for a particular year or interim period, the Board will also take into account, *inter alia*, the consolidated profit attributable to the owners of the Company for the year or period, dividend distributed during the year, and the retained profits available.

The Company will review the Dividend Policy periodically. There can be no assurance that dividends will be paid in any particular amount for any given period or at all. The Board of Directors do not recommend the payment of final dividend for the year ended 31 December 2022.

Significant investment, material acquisitions and disposal of subsidiaries and associated companies

The Group did not have any significant investment, material investment, acquisitions and disposal of subsidiaries and associated companies during the year ended 31 December 2022.

Future plans for material investment or capital assets

The Board currently does not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business plans regularly, so as to take necessary measures in the best interests of the Group and the Shareholders.

Capital expenditure

The total spending on the additions of property, plant and equipment amounted to approximately RMB9.6 million for the year (2021: approximately RMB50.3 million).

Charges of assets

As at 31 December 2022, the carrying amount of investment properties amounted to approximately RMB242.7 million (2021: RMB257.3 million) was pledged as security for the Group's bank loans granted in relation to the Group's retail business.

Contingent liabilities

As at 31 December 2022, the Group has no significant contingent liabilities (2021: Nil).

FOR THE YEAR ENDED 31 DECEMBER 2023

BUSINESS REVIEW

For the year ended 31 December 2023 ("**FY2023**"), the Group's total revenue was approximately RMB354.0 million, an increase of approximately 5.6% year on year ("**YOY**"). Gross profit of sales of goods was approximately RMB29.0 million, a YOY increase of approximately 95.6%. Loss attributable to owners of the Company was approximately RMB152.6 million, a YOY increase of approximately 46.9%. At the end of the year, there were 9 retail stores and 3 shopping malls. The increase in revenue was mainly attributable to the opening of the Shajing shopping mall and supermarket. During the year, it was mainly for upgrading stores to increase revenue, the streamline of manpower and maintenance of key employees, as to retain strength to meet future challenges. Commodity sales decreased by approximately RMB14.6 million, commissions from concessionaire sales decreased by approximately RMB8.6 million, rental income from sub leasing of shop premises increased by approximately RMB2.0 million, rental income from investment properties increased by approximately RMB0.4 million, rental

income from sub-leasing of shopping malls increased by approximately RMB42.2 million, and interest income from financing services decreased by approximately RMB2.7 million. The Group adopts a proactive and stable business strategy, provides value-added services to physical retail stores, and seeks and develops potential profit opportunities for other investment projects, and begins to plan the preparatory work for the expansion of its branch network and shopping mall in the coming year.

Looking back at the year 2023, the Group has made the following major highlights in terms of operations.

(1) Prepare Shajing (Bao'an) shopping mall and supermarket to expand new retail market share

During the year, the Group actively prepared for the new shopping mall. Shajing Shopping Mall has been officially open on 28 July 2023, and is located in center of Shajing street, Bao'an District, Shenzhen. Shajing has a long history and is known as the hometown of oysters. The total area of the jurisdiction is 35.79 square kilometers, and the general population is approximately 548,000. The area is positioned as "the center of the west, an important town of intelligent manufacturing, and a charming oyster township". Shajing is an important industrial town with a solid industrial foundation. There are currently approximately 19,000 legal entities, and leading industries such as new-generation information technology, high-end equipment manufacturing, and circuit boards. In 2022, the street has achieved a total industrial output value of approximately RMB140 billion of entities above designated size. Shajing is located in the northwest of Bao'an District, adjacent to Xinqiao Street in the east, Fuhai Street in the south, seaside in the west, and Songgang Street in the north. It is the core area of Guangdong-Hong Kong-Macao Greater Bay Area, and the main radiation and service area of Airport New City. The key node of the corridor is 30 minutes' drive from Nansha Development Zone and Qianhai National High-tech Zone. The Waterlands Resort is one of the "Ten Scenic Spots of Baoan", covering an area of about 163 hectares. It is the only national 4A-level comprehensive scenic spot in the west of Shenzhen. The shopping mall is named "Baijiahua Jiayanghui", which integrates shopping and food attractive. The project is located in Xinqiao Street, Baoan, with a sales floor area of about 54,000 square meters. It is positioned as an "exquisite fashion life center". The shopping mall integrates the characteristics and culture of Oyster Township. It covers a night market theme street, a rooftop camping site, celebrity wet market, and fun check-in points around the needs of different consumers. With 140+ brands, and 20+ regional giants stores have fully filled the gap in the lifestyle industry in the business district. This project is the first show of Baijiahua's new flagship product "Jiayanghui".

(2) Adjust the layout and area of elite supermarkets to cope with market competitors

The Group made adjustments to various supermarket to improve production efficiency and customer comfort. The fresh display, and the props in the main channel were upgraded to assist the display; product packaging and display were improved, and the product price and gross profit structure were adjusted; the theme display was added to highlight the seasonality and the cost effectiveness of the product. Commodity mix is enhanced by detailed description. For food display upgrades, modifications are made according to the third-party manufacturers, mainly to rectify the upgrade of some props, focusing on seasonality, theme, and connection; optimize the scene from the aesthetics of product display (specifications, colors, categories); Gross profit structure is matched, dynamic sales and customer needs are considered; the display area of imported categories is expanded, and the optimization of imported categories. To upgrade the display for daily products, the main rectifications include highlighting seasonality, theme, and connection; centralized display of key brands and categories; consideration of gross profit structure and dynamic sales of goods; adjustment of visual aesthetics, and increase of various teaching materials. In terms of dynamic and static publicity, promote publicity through teaching knowledge, short videos, etc., form key work plans by continuing to update teaching knowledge and the frequency of short video publicity. In addition, supermarket guidelines have been completed, and the visual identity of store wall has been upgraded. In terms of operating area, it has been adjusted from a hypermarket model to an elite life supermarket. Upon adjustment, the gross sales floor area has been reduced for other lease rental to other operators, to increase revenue and reduce expenditure.

(3) Increase main store upgrade services and provide customers with one-stop leisure spots

During FY2023, the Group increased value added services in major shopping malls to improve customer satisfaction. There were 20 projects have been concluded for the upgrade service of the benchmark store in Shiyan store, which has been promoted on the Baijiahua applet; the enhanced service includes: dry cleaning service, housekeeping service, repair of clocks and watches, tailoring of shirts and trousers, pairing of keys, car washing service, free document printing, pet rescue center, old clothes recycling, electric car restoring, flower booking, birthday cake reservation, property market information, transportation ticket booking, moving service, courier service, self-service beverage machine, free gift wrapping, inhouse drainage repairs, etc. In addition, service reward and punishment system are formulated to improve service quality and customer satisfaction.

(4) Launch marketing activities to stimulate customer spending

During FY2023, the Group actively organized marketing activities and implemented cross-industry cooperation to provide a diversified shopping atmosphere. Following the trend, the group began to hold live broadcast sales. The virtual shopping scene constructed by live broadcast brought the peddling noise in market to the live broadcast room of instant interaction. In the process of live streaming, the anchor acts as a salesperson, shopping guide, and beauty

consultant. Promote vertical live broadcast, strengthen the theme and interactivity, and increase attractiveness. Increase special activities for members to maintain a stable customer base. To enhance on-site small handmade booths, customer satisfaction surveys, and customer relationship management system. Official account tweets, online mini-games and interactive topics are launched to cater for different customers. In addition, short videos are produced and broadcast on Douyin and Channels to attract attention with vivid methods, and live broadcast promotions combined with brand activities. In terms of publicity materials, the Group has produced various visual identity designs and management, visual graphic design and extension in a novel and relaxed way, adding joyful and colorful cartoons and texts, and putting them into festive storefront promotional pictures, official account profile pictures, live broadcast related pictures and membership promotional design. In addition, the Group also makes fashionable designs for offline packaging materials, eco-friendly shopping bags, and staff uniforms. Festivals, product categories, and seasonal themes are also incorporated into the design of store decorations, shelves, spending coupons, and promotional merchandise stands.

(5) Strengthen the store safety management to reduce potential safety hazards

During FY2023, the group conducted a thorough store inspection and maintenance of fire protection system, electrical and supporting facilities, and operating equipment (including elevators, air conditioning systems, smoke exhaust pipes, etc.), and provided safety knowledge training and drills to all employees to enhance disaster prevention awareness. In addition, regular monthly safety meetings are held to solve hidden safety hazards in stores, and comprehensive inspections of facilities are carried out to ensure normal daily operation. Replacement of parts of cooling tower and wind cabinet to ensure normal operation and saves costs. Inspection of store decoration site is taken to prevent illegal operations by workers during the process in a timely manner. The Company strengthens internal control by carrying out regular inventory count of all fixed assets of stores, procurement center, shopping malls and head office, to ensure matching balance and reasonable retirement. This is used to update system data and keep accurate records. In addition, the job assignment mechanism is established to reduce operation and man-made losses and protect the group's property. Periodic adjustments and rotation to staff positions, detailed allocation plans are used to support comprehensive performance appraisal, and improve human resource incentive plans. In addition, safety management is introduced to old store adjustment and upgrade plan, and store design technique is employed to make full use of resources and reduce construction costs. Strengthening the protection mechanisms and introducing effective alert system. The Company will conduct anti-terrorism and flood prevention drills and trainings to safeguard the safety of employees, customers and group property.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB354.0 million for FY2023, representing an increase of 5.6% as compared to approximately RMB335.3 million in the corresponding period of 2022. The increase was principally attributable from the increase in rental income from sub-leasing of shopping malls of approximately RMB42.2 million, the increase in rental income from sub-leasing of shop premises of approximately RMB2.0 million, and the increase in rental income from investment properties of approximately RMB0.4 million. However, the decrease in sales of goods of approximately RMB14.6 million, the decrease in commissions from concessionaire sales of approximately RMB8.6 million, and the decrease in interest income from financing services of approximately RMB2.7 million partly offset the overall increase in revenue.

Sales of goods decreased by 8.0% to RMB168.2 million for FY2023 from RMB182.8 million in the corresponding period of 2022, mainly due to (i) continued competition from the ecommerce; (ii) the mandatory allocation of sales by the local government during pandemic; (iii) the general habit of residents to store food and supplies during pandemic; and (iv) general decline in consumption spirit in the community brought from the closure of factory and the increase in unemployment rate. Besides, divestment of foreign enterprise led to reduction of resident population. Sales of goods as a percentage of the Group's total revenue was 47.5% for the year ended 31 December 2023 as compared to 54.5% in the corresponding period of 2022.

Commissions from concessionaire sales dropped by 37.2% to RMB14.5 million for FY2023 from RMB23.1 million in the corresponding period of 2022, mainly due to (i) continuous competition from e-commerce; and (ii) the impact of the general decline in consumption due to the closure of factories and the increase in unemployment rate. Commissions from concessionaire sales as a percentage of the Group's total revenue was 4.1% for the year ended 31 December 2023 as compared to 6.9% for the corresponding period of 2022.

Rental income from sub-leasing of shop premises up by 4.7% to RMB44.5 million for FY2023 from RMB42.5 million for the corresponding period in 2022, mainly due to reduction of vacant rental units after the pandemic. Rental income from subleasing of shop premises as a percentage of the Group's total revenue was 12.6% for FY2023 as compared to 12.7% for the corresponding period of 2022.

Rental income from investment properties slightly up by 4.4% to RMB9.4 million for FY2023 from RMB9.0 million for the corresponding period in 2022, mainly due to the increase in letting of rentable area. Rental income from investment properties as a percentage of the Group's total revenue was 2.6% for FY2023 as compared to 2.7% for the corresponding period of 2022.

Rental income from sub-leasing of shopping malls increased by 58.0% to RMB114.9 million for FY2023 as compared with RMB72.7 million for the corresponding period in 2022 mainly due to the reduction of vacant properties after the pandemic and the new opening of Shajing shopping mall in July 2023. Rental income from subleasing of shopping malls as a percentage of the Group's total revenue was 32.5% for FY2023 as compared to 21.7% for the corresponding period of 2022.

Interest income from financing services down by 51.9% to RMB2.5 million for FY2023 from RMB5.2 million for the corresponding period in 2022, mainly due to the default repayment from a major customer. Interest income from financing services as a percentage of the Group's total revenue was 0.7% for FY2023 as compared to 1.5% for the corresponding period of 2022.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB139.2 million for FY2023, representing a decrease of 17.1% as compared with RMB168.0 million in the corresponding period of 2022, mainly due to decrease in sales of goods. As a percentage of sales of goods, purchase of and changes in inventories was 82.7% for FY2023 as compared with 91.9% in the same period of 2022.

Other operating income

Other operating income down by 32.0% to RMB35.2 million for FY2023 from RMB51.8 million in the corresponding period in 2022. The decrease in government grants of approximately RMB2.8 million was due to tightening of local government budget. The decrease in administration and management fee income of approximately RMB1.0 million was corresponding to the drop in commissions from concessionaire sales. The decrease in rent concession from some of the retail stores and shopping malls of approximately RMB10.8 million were due to the lessen of pandemic condition.

Staff costs

Staff costs increased by 4.2% to RMB72.2 million for FY2023 from RMB69.3 million in the corresponding period of 2022, primarily due to due to new recruitment of staffs for the Shajing new shopping mall opened in July 2023.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased only by 1.4% to RMB59.2 million for FY2023 from RMB58.4 million in the corresponding period of 2022, primarily due to mainly due to the additions of Shajing shopping mall opened in July 2023. However, due to provision of impairment loss of right-of-use assets for loss-making retail stores of approximately RMB12.9 million as at 31 December 2022, the depreciation expenses have been sharply decreased for the current year.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment slightly decreased by 7.8% to RMB55.4 million for FY2023 from RMB60.1 million in the corresponding period in 2022. The addition was mainly related to Shajing shopping mall opened in July 2023, but provision of impairment loss of plant property and equipment for loss-making retail stores of approximately RMB3.9 million as at 31 December 2022 has reduced the depreciation charge for the current year.

Impairment loss on loan receivables

Impairment loss on loan receivables of approximately RMB36.4 million for FY2023 represented expected credit loss on loan receivables from financing services business during the year. Impairment loss on loan receivables was approximately RMB0.9 million for the year ended 31 December 2022. This was mainly attributable to the default repayment from a major customer.

Other operating expenses

Other operating expenses decreased by approximately RMB1.1 million, from RMB2.3 million in the corresponding period of 2022 to RMB1.2 million for FY2023. This was mainly due to tight cost control.

Finance costs

Finance costs arising from lease liabilities increased by approximately RMB7.1 million, from approximately RMB33.2 million for the year ended 31 December 2022 to approximately RMB40.3 million in the corresponding period of 2023, primarily due to addition of lease liabilities resulting from Shajing shopping mall opened in July 2023. Finance costs arising from bank borrowings increased by approximately RMB0.3 million, from approximately RMB6.2 million for the year ended 31 December 2022 to approximately RMB6.5 million in the corresponding period of 2023 due to decrease in repayment of bank borrowings compared to last year.

Income tax credit

Income tax credit amounted to approximately RMB3.8 million for FY2023, decreased from approximately RMB6.5 million (restated) in the corresponding period of 2022, mainly due to decrease of taxable profit of subsidiaries during the year of approximately RMB0.5 million and the decrease arising from application of the new amendments to HKAS 12 on temporary differences for transactions related to lease of approximately RMB3.2 million. The effective tax rate applicable to the Group for FY2023 were 25% for general subsidiaries (15% for Guangxi subsidiary and subsidiary qualified as High and New Technology Enterprise). In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate is 10%.

Loss attributable to Shareholders of the Company

As a result of the aforementioned, loss attributable to Shareholders amounted to approximately RMB152.6 million for FY2023 as compared with loss of approximately RMB103.9 million (restated) in corresponding period of 2022.

Capital structure, liquidity, financial resources and gearing ratio

As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB40.0 million (31 December 2022: approximately RMB66.2 million), while the restricted bank deposits amounted to approximately RMB2.0 million (31 December 2022: RMB2.0 million). Total borrowings of the Group included bank loans of approximately RMB151.5 million as at 31 December 2023 (31 December 2022: RMB157.2 million).

As at 31 December 2023, the Group had net current liabilities of approximately RMB138.9 million, as compared to approximately RMB71.6 million as at 31 December 2022. As at 31 December 2023, the gearing ratio of the Group was negative as the Group's equity was in deficit position (31 December 2022: 3.86), which was calculated on the basis of the net debt divided by total equity. Net debt was calculated as total borrowings (including current and non-current bank loans and lease liabilities) less total cash (including cash and cash equivalents and restricted bank deposit).

Risk management

The activities of the Group expose to a variety of financial risks, including foreign exchange risk, credit risk, interest rate risk and liquidity risk.

(i) Foreign exchange risk

The Group has operation in the PRC so that the majority of the Group's revenue, expenses and cash flows are denominated in RMB. Assets and liabilities of the Group are mostly denominated in RMB or HK$. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

(ii) Credit risk

For the operation and management of retail stores and other related businesses, the Group has no significant concentration of credit risk. Most of the sales transactions were settled in cash basis or by credit card payment (or through online payment platforms). Credit risk on cash and bank balances is mitigated as cash is deposited in banks of high credit rating.

The Group's exposure to credit risk mainly arises from loan receivables from financing businesses. In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

The Group's exposure to interest rate risk mainly arises on bank balances, borrowings, loan receivables and lease liabilities. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

(iv) Liquidity risk

The Group's policy is to maintain sufficient cash and bank balances and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding during the year ended 31 December 2023.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Employees and remuneration policy

For FY2023, the Group had 647 full time employees in average in the mainland China and Hong Kong. The Group continues to recruit high calibre individuals and provide continuing education and training for employees to help upgrading their skills and knowledge as well as developing team spirit on an on going basis. During the year, total staff costs were approximately RMB72.2 million. Competitive remuneration packages are structured to commensurate with reference to individual responsibilities, qualification, experience and performance.

Capital commitments

As at 31 December 2023, the Group had capital commitments contracted, but not provided for, amounting to approximately RMB8.9 million (2022: approximately RMB2.4 million).

Dividend policy

Under the Dividend Policy, the declaration, payment and amount of dividends will be subject to the discretion of the Board in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the articles of association of the Company and will be dependent upon the Group's current and recent financial performance, cash flow position, working capital requirements and expenditure plan, restriction on distribution of dividends under the relevant laws, rules and regulations, and any other factors that the Board deems appropriate.

In determining any dividend amount for a particular year or interim period, the Board will also take into account, *inter alia*, the consolidated profit attributable to the owners of the Company for the year or period, dividend distributed during the year, and the retained profits available.

The Company will review the Dividend Policy periodically. There can be no assurance that dividends will be paid in any particular amount for any given period or at all.

Capital expenditure

For FY2023, capital expenditures of the Group for property, plant and equipment and intangible assets amounted to approximately RMB28.4 million and RMB3.0 million respectively (2022: approximately RMB9.6 million and RMB1.8 million respectively).

Charges of assets

As at 31 December 2023, the carrying amount of investment properties amounted to approximately RMB230.8 million (2022: RMB242.7 million) was pledged as security for the Group's bank loans granted in relation to the Group's retail business.

Contingent liabilities

As at 31 December 2023, the Group has no significant contingent liabilities.

FOR THE YEAR ENDED 31 DECEMBER 2024

The Group has made the following major highlights in terms of operations during the year ended 31 December 2024 ("**FY2024**").

(1) Strengthen inventory and order management to reduce capital occupation problems

During FY2024, the Group improved the inventory management works and order management. There was effective control on the movement and balance of warehousing goods to ensure the condition of goods and normal operating activities. The types of goods are classified and recorded in charts. It is a comprehensive management system that reflects the quantity and quality of warehousing goods, as well as the geographical location, department, order ownership and warehousing dispersion. In old stores, goods are categorized and perishable goods are displayed in counters. Except for the self-operated categories of vegetables and fresh meat, other categories are kept in specialty counters, encouraging and employees to explore new resources. In addition, the positioning of each store is continuously optimized. At the beginning of the year, we positioned each store and improved the category structure, marketing strategy, product differentiation and customer service. Products are classified by tiers, strengthening first-tier brands according to preferences, optimized second-tier brands, and eliminated third-tier category management to optimize the category structure and clean up unsalable and inventory categories. The Group focuses on quality improvement of products with slowing moving goods, and introduces fresh food counters. At the same time, the group strives for supplier resources, provides sales support to leading brands and quality suppliers, and strives for promotional resources. On the other hand, order management is carried out. The headquarters effectively controls store orders, rejects unreasonable orders, and requires stores to make daily allocations.

(2) Prepare for the new Bantian store, explore new operating models and optimize business strategies

During FY2024, the Group planned to open new store and searched for locations that were feasible and had business potential. In mid-July, a lease agreement was signed with an independent landlord to lease a property in Bantian District, Longgang at a reasonable price for the purpose of opening a new franchised supermarket operated by the Group. The store is located in Jiangnan Times Square, which is directly connected to Shenzhen Metro Gangtou station. It is about 3 kilometers away from the current Bantian Ling Hui Plaza, on the lower ground floor and covers an area of about 4,100 square meters. The lease term is 15 years. There is Shenzhen Huawei Bantian Industrial Base, Tianan Cloud Park (a national-level strategic emerging industry demonstration base that gathers the four major industries of security, communications, electronics, and smart hardware) and several phases of Bantian Kaisa City Plaza. The store cited Leyoule's hard discount business model to attract consumers' attention and make purchases by reducing product prices, improving product quality, and optimizing shopping experience. First, we will increase membership promotion and marketing, with discounts products as the core, and "buy more save more" as the gimmick. Through offline promotion and online new media, the Group promotes membership price advantage and expands member base

by offering member benefit. Turning the customer base of Times Square and office buildings into our subscribed members. Meanwhile, the Group continues to develop subscribed members and explores wholesale members. By introducing quality, price, marketing, category and counter items to cultivate customer loyalty. Follow up the development of online members, subscribed members can enjoy member prices for online shopping simultaneously. The Group conducts monthly stock count, participates in the routine meetings with store managers, interchanges practical difficulties, and improves the cooperation model.

(3) Facing peer competition to adjust the strategy of Shajing Jiayanghui Shopping Mall

During FY2024, the Group operated the Shajing Jiayanghui Shopping Mall. Jiayanghui Shajing store has officially been opened in July 2023. It has a total commercial area of more than 50,000 square meters and is located in the Shajing of Baoan District, with full occupation rate at the inauguration date. The mall focuses on the three major cores of lifestyle, exquisite fashion, family leisure, and social entertainment, and brings 140+ brands, including more than 20 new coming brands. Zhongying Dejin Cinemas, the first Dolby Sound giant-screen IMAX theater in Shajing, opened in November 2023. A comprehensive sports and entertainment hall integrating digital sports and virtual video game experience, with more than 1,000 square meters, it brings more than 20 kinds of family entertaining games, creating an innovative and fashionable center for young family customers. In the rooftop the shopping mall has a camping aesthetic of coffee and wine corner – 51CAMP Shenzhen City Camp, with a dining experience area of more than 4,000 square meters, bringing rural camping trips to the rooftop of the bustling urban area. In terms of catering, it focuses on special and fusion dishes. In terms of business formats, catering and kid's businesses are more prominent. Among them, the catering business are mostly leading chain brands. The lower ground floor is mainly for snacks and fast food, with brands such as Kuafood Fried Chuan, Shining Taste, Tianmeihui Chicken Wings Rice Bun, Yun Cuisine, Danye Offal, and Kaileli. The fourth and fifth floors are mainly for dinner, and included brands such as Coucou Hotpot, Four Seasons Coconut Grove, Walaida, Jingweizhang, Green Tea, and Nonggengji. In terms of kid's business, in addition to children's wear such as balabala, 361KIDS, and Yishion Kid's Clothing, it also introduces children's entertainment brands including Century Fengle Kaka, Jiuhao Chaowan, NATAKIDS, Geek World, Xiaoxing Auto Town, etc. Looking at the Shajing Xinqiao area, the overall interior design of Jiayanghui is outstanding, and the multi-scenario check-in points greatly enhances consumers' shopping experience. The internal layout uses Shajing oysters and colorful marine life as design elements to highlight its locality. According to statistics, 25 commercial retail entities will enter the market in Shenzhen in 2024 (commercial area ≥20,000 square meters), including 6 in Baoan District. Wanfeng Coast City Shopping Center, located in Ma'anshan, Shajing, opened in July 2024. This 200,000-square-meter commercial giant has nearly 300 brands and a store opening rate of 95%, injecting new competition into the retail business in western Shenzhen. The Group continues to aware the marketing dynamics, merchant operations, and publicity coverage of Wanfeng Coast City after its opening; it seeks to differentiate itself from its counterparties, expand and stabilize Jiayanghui's children's playground and cross-industry resources, and build an alliance between cross-industry and children. The Group will try to link Jiayanghui to consumer preferences.

(4) Perform operational adjustments to continuously optimize the human resources system

With the changes in the domestic retail industry in recent years, the Group has continuously changed its operating model to respond. In terms of human resources, Pang Dong Lai's humanistic care learning and trial operation can alleviate the burden on employees and make them enjoy at work. This model has four main parts. The first is its unique business model and diversified operations, which cover all aspects of consumers' daily lives. Retailer positions market accurately, through in-depth understanding of local market needs and consumer preferences, to provide goods and services that meet the needs of local consumers. The second is to provide quality customer service and an unconditional refund policy. This policy has enhanced consumers' shopping confidence and satisfaction. A one-for-all service system provides many value-added services such as free parking, pumping, and repair tools borrowing, allowing consumers to feel warm care. The third is the care and motivation of employees, providing generous welfare benefits, salary, vacation, working hours and employee welfare policies, which improves employees' job satisfaction and belongingness. Comprehensive training and development opportunities, regular skills improvement classes, and management training classes and activities are held to provide employees with abundant training and development opportunities. The fourth is social responsibility and charity activities, which has made significant contributions to community caring. Actively participating in various disaster relief and social welfare activities demonstrates the company's social and moral responsibility.

FINANCIAL REVIEW

Revenue

The Group's revenue amounted to approximately RMB378.9 million for FY2024, representing an increase of 7.0% as compared to approximately RMB354.0 million in the corresponding period of 2023. The increase was principally attributable from the increase in sales of goods of approximately RMB7.4 million, the increase in rental income from sub-leasing of shop premises of approximately RMB0.2 million, and the increase in rental income from sub-leasing of shopping malls of approximately RMB24.6 million. However, the decrease in commission from concessionaire sales of approximately RMB4.2 million, the decrease in rental income from investment property of approximately RMB0.6 million and the decrease in interest income from financing services of approximately RMB2.5 million partly offset the overall increase in revenue.

Sales of goods increased by 4.4% to RMB175.6 million for FY2024 from RMB168.2 million in the corresponding period of 2023, mainly due to (i) the addition of a new store – Jiangnan Times Square located at Banxuegang Avenue, Bantian Street, Longgang District, Shenzhen in July this year; and (ii) the change of fresh goods counters from concessionaire to self-operation. Sales of goods as a percentage of the Group's total revenue was 46.3% for FY2024 as compared to 47.5% in the corresponding period of 2023.

Commission from concessionaire sales dropped by 29.0% to RMB10.3 million for FY2024 from RMB14.5 million in the corresponding period of 2023, mainly due to the change of fresh goods counters from concessionaire to self-operation. Commission from concessionaire sales as a percentage of the Group's total revenue was 2.7% for FY2024 as compared to 4.1% for the corresponding period of 2023.

Rental income from sub-leasing of shop premises slightly up by 0.4% to RMB44.7 million for FY2024 from RMB44.5 million for the corresponding period in 2023, with no significant change. Rental income from subleasing of shop premises as a percentage of the Group's total revenue was 11.8% for FY2024 as compared to 12.5% for the corresponding period of 2023.

Rental income from investment properties down by 6.4% to RMB8.8 million for FY2024 from RMB9.4 million for the corresponding period in 2023, mainly due to the early termination of certain lease tenant. Rental income from investment properties as a percentage of the Group's total revenue was 2.3% for FY2024 as compared to 2.7% for the corresponding period of 2023.

Rental income from sub-leasing of shopping malls increased by 21.4% to RMB139.5 million for FY2024 as compared with RMB114.9 million for the corresponding period in 2023 mainly due to full year operation of Shajing shopping mall. Rental income from sub-leasing of shopping malls as a percentage of the Group's total revenue was 36.9% for FY2024 as compared to 32.5% for the corresponding period of 2023.

Interest income from financing services down by 100.0% to RMB Nil for FY2024 from RMB2.5 million for the corresponding period in 2023, mainly due to the cessation of business by a major customer. Interest income from financing services as a percentage of the Group's total revenue was Nil for FY2024 as compared to 0.7% for the corresponding period of 2023.

Purchase of and changes in inventories

Purchase of and changes in inventories amounted to RMB151.1 million for FY2024, representing an increase of 8.5% as compared with RMB139.2 million in the corresponding period of 2023, mainly due to the addition of a new store – Jiangnan Times Square and change of fresh goods counters from concessionaire to self-operation. As a percentage of sales of goods, purchase of and changes in inventories was 86.1% for FY2024 as compared with 82.7% in the same period of 2023.

Other operating income

Other operating income up by 7.7% to RMB37.9 million for FY2024 from RMB35.2 million in the corresponding period in 2023. The decrease in government grants of approximately RMB0.6 million was due to tightening of local government budget. The decrease in administration and management fee income of approximately RMB0.7 million was corresponding to the drop in commission from concessionaire sales. However, there was a gain on early termination of portion of leases of Guanlan and staff quarter in Gongming of approximately RMB5.5 million which offset the decrease.

Staff costs

Staff costs decreased by 3.0% to RMB70.0 million for FY2024 from RMB72.2 million in the corresponding period of 2023, primarily due to due to streamlining of manpower.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by 22.3% to RMB46.0 million for FY2024 from RMB59.2 million in the corresponding period of 2023, primarily due to decrease in depreciation charges after provision of impairment loss in previously years for loss making stores. The provision of impairment loss on right of-use assets (net) of approximately RMB10.7 million compared with approximately RMB26.6 million in 2023 has been decreased due to adequate provision of impairment loss in prior years.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment decreased by 23.5% to RMB42.4 million for FY2024 from RMB55.4 million in the corresponding period in 2023 primarily due to decrease in depreciation charges after provision of impairment loss in previously years for loss making stores. The reversal of impairment loss on property, plant and equipment (net) of approximately RMB0.5 million compared with provision of impairment loss of approximately RMB11.4 million in 2023 was due to adequate provision of impairment loss in prior years.

Impairment loss on loan receivables

No impairment loss on loan receivables this year as compared with approximately RMB36.4 million for FY2024 which represented expected credit loss on loan receivables from financing services business.

Other operating expenses

Other operating expenses increased by approximately RMB1.0 million, from RMB1.2 million in the corresponding period of 2023 to RMB2.2 million for FY2024. This was mainly due to disposal of certain motor vehicle.

Finance costs

Finance costs, arising from the effect of adoption of HKFRS 16, from lease liabilities increased by approximately RMB1.7 million, from approximately RMB40.3 million for the year ended 31 December 2023 to approximately RMB42.0 million in the corresponding period of 2024, primarily due to full year interest on lease liabilities from Shajing shopping mall in current year. Finance costs arising from bank borrowings decreased by approximately RMB0.1 million, from approximately RMB6.5 million for the year ended 31 December 2023 to approximately RMB6.4 million in the corresponding period of 2024 due to the decrease in bank borrowings interest rate and principal balances.

Income tax expense/(credit)

Income tax expense amounted to approximately RMB0.5 million for the year ended 31 December 2024, compared with income tax credit of approximately RMB3.7 million in the corresponding period of 2023, mainly due to decrease of taxable profit of subsidiaries during the year and change in policy in provision in deferred tax according to HKAS 12. The effective tax rate applicable to the Group for the year ended 31 December 2024 were 25% for general subsidiaries (15% for Guangxi subsidiary and subsidiary qualified as High and New Technology Enterprise). In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate is 10%.

Loss attributable to Shareholders of the Company

As a result of the aforementioned, loss attributable to Shareholders amounted to approximately RMB55.7 million for the year ended 31 December 2024 as compared with loss of approximately RMB152.6 million in corresponding period of 2023.

Capital structure, liquidity, financial resources and gearing ratio

As at 31 December 2024, the Group had cash and cash equivalents of approximately RMB25.1 million (31 December 2023: approximately RMB40.0 million), while the pledged bank deposit amounted to approximately RMB2.0 million (31 December 2023: RMB2.0 million). Total borrowings of the Group included bank loans of approximately RMB145.8 million as at 31 December 2024 (31 December 2023: RMB151.5 million).

As at 31 December 2024, the Group had net current liabilities of approximately RMB176.2 million, as compared to approximately RMB138.9 million as at 31 December 2023. As at 31 December 2024, the gearing ratio of the Group was negative as the Group's equity was in deficit position (31 December 2023: capital deficit), which was calculated on the basis of the net debt divided by total equity. Net debt was calculated as total borrowings (including current and non-current bank loans and lease liabilities) less total cash (including cash and cash equivalents and restricted bank deposit).

Risk management

(i) Foreign exchange risk

The Group has operation in the PRC so that the majority of the Group's revenue, expenses and cash flows are denominated in RMB. Assets and liabilities of the Group are mostly denominated in RMB or HK$. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

(ii) Credit risk

For the operation and management of retail stores and other related businesses, the Group has no significant concentration of credit risk. Most of the sales transactions were settled in cash basis or by credit card payment (or through online payment platforms). Credit risk on cash and bank balances is mitigated as cash is deposited in banks of high credit rating.

The Group's exposure to credit risk mainly arises from loan receivables from financing businesses. In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

(iii) Interest rate risk

The Group's exposure to interest rate risk mainly arises on bank balances, borrowings, loan receivables and lease liabilities. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

(iv) Liquidity risk

The Group's policy is to maintain sufficient cash and bank balances and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The Group did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding during the year ended 31 December 2024.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Employees and remuneration policy

For the year ended December 2024, the Group had 582 full time employees in average in the mainland China and Hong Kong. The Group continues to recruit high calibre individuals and provide continuing education and training for employees to help upgrading their skills and knowledge as well as developing team spirit on an on going basis. During the year, total staff costs were approximately RMB70.0 million. Competitive remuneration packages are structured to commensurate with reference to individual responsibilities, qualification, experience and performance.

Capital commitments

As at 31 December 2024, the Group had capital commitments contracted, but not provided for, amounting to approximately RMB0.3 million (2023: approximately RMB8.9 million).

Dividend policy

Under the Dividend Policy, the declaration, payment and amount of dividends will be subject to the discretion of the Board in accordance with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the articles of association of the Company and will be dependent upon the Group's current and recent financial performance, cash flow position, working capital requirements and expenditure plan, restriction on distribution of dividends under the relevant laws, rules and regulations, and any other factors that the Board deems appropriate.

In determining any dividend amount for a particular year or interim period, the Board will also take into account, *inter alia*, the consolidated profit attributable to the owners of the Company for the year or period, dividend distributed during the year, and the retained profits available.

The Company will review the Dividend Policy periodically. There can be no assurance that dividends will be paid in any particular amount for any given period or at all.

Capital expenditure

For the year ended 31 December 2024, capital expenditures of the Group for property, plant and equipment and intangible assets amounted to approximately RMB31.8 million and RMB1.6 million respectively (2023: approximately RMB28.4 million and RMB3.0 million respectively).

Charges of assets

As at 31 December 2024, the carrying amount of investment properties amounted to approximately RMB212.5 million (2023: RMB230.8 million) was pledged as security for the Group's bank loans granted in relation to the Group's retail business.

Contingent liabilities

As at 31 December 2024, the Group has no significant contingent liabilities.

The following is the text of a valuation report prepared for inclusion in this circular, received from Valor Appraisal & Advisory Limited, an independent property valuer, in connection with its opinion of the market rents of the property interests, intended to be leased to the Group, as at 31 December 2025.

VALOR
VALUE WITH VIRTUES
VALOR APPRAISAL & ADVISORY LIMITED

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Date: 27 March 2026

The Board of Directors
Jiahua Stores Holdings Limited
Suite 715, 7/F, Ocean Centre
5 Canton Road, Tsimshatsui
Kowloon, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to provide our opinion of the market rent of the properties (the "**Property**") in the People's Republic of China (the "**PRC**") leased/to be leased to Jiahua Stores Holdings Limited (the "**Company**") or its subsidiaries (hereinafter together referred to as the "**Group**"), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market rent of the Property as at 31 December 2025.

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation is carried out on a market rent basis. Market rent is defined as "the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

In valuing the market rent of the Property, we have adopted market comparison method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the Property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the Property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the Property.

VALUATION CONSIDERATIONS

In valuing the market rent of the Property, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the Property on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values and market rents of the Property.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the Property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values and market rents.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the Property and have made relevant enquiries. We have not examined the original documents to verify the existing title to the Property and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC legal adviser, Guangdong

Pinfang Law Firm (廣東品方律師事務所), concerning the validity of the title of Yaan Information Technology (Shenzhen) Co., Ltd. (亞安信息科技(深圳)有限公司), Shenzhen Zhiyun Hechuang Technology Co., Ltd. (深圳市智雲合創科技有限公司), Shenzhen Zhenshan Technology Co., Ltd. (深圳市甄山科技有限公司), Shenzhen Qingsheng Trading Co., Ltd. (深圳市青晟商貿有限公司), Shenzhen Yicheng Trading Co., Ltd. (深圳市益城貿易有限公司), Shenzhen Baijiali Hua Investment Co., Ltd. (深圳市百佳利華投資有限公司), Mr. Li Jinxin (李錦新), Shenzhen Pingshan Xinhe Shareholding Cooperative Company (深圳市坪山新和股份合作公司) and Shenzhen Pingshan New District Fengye Mould Processing Department (深圳市坪山新區豐業模具加工部) to the Property located in the PRC.

All legal documents provided by the Company have been used for reference only. No responsibility regarding legal title to the Property is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspections of the Property were carried out on 15 January 2026 and 25 January 2026 by Mr. Haydn Y.C. Lee, who is a professional member of Royal Institution of Chartered Surveyors, Chartered Financial Analyst charterholder and member of CPA Australia. He has over 10 years' experience in valuation of properties in HKSAR and mainland China.

We have relied to a considerable extent on information provided by the Company and Yaan Information Technology (Shenzhen) Co., Ltd., Shenzhen Zhiyun Hechuang Technology Co., Ltd., Shenzhen Zhenshan Technology Co., Ltd., Shenzhen Qingsheng Trading Co., Ltd., Shenzhen Yicheng Trading Co., Ltd., Shenzhen Baijiali Hua Investment Co., Ltd., Mr. Li Jinxin, Shenzhen Pingshan Xinhe Shareholding Cooperative Company, Shenzhen Pingshan New District Fengye Mould Processing Department, Shenzhen Pingshan Liulian Shareholding Cooperative Company (深圳市坪山六聯股份合作公司) and Shenzhen Pingshan Liuhe Shareholding Cooperative Company (深圳市坪山六和股份合作公司) (collectively the "**Landlords**"), and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the Property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and the Landlords. We have also been advised by the Company and the Landlords that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this valuation are in Renminbi (RMB).

"Property Particulars and Opinion of Value" are herewith attached.

Yours faithfully,
For and on behalf of
Valor Appraisal & Advisory Limited

Haydn Y. C. Lee
MRICS CFA CPA (Aust.)
Director

Mr. Haydn Y.C. Lee is a professional member of Royal Institution of Chartered Surveyors, Chartered Financial Analyst charterholder and member of CPA Australia. He has over 10 years' experience in valuation of properties in HKSAR and mainland China.

SUMMARY OF VALUES

	Property	Market Rent in Existing State as at 31 December 2025 *RMB*
1	50 units on Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB1,309,000 per month
2	Unit 102, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB32,000 per month
3	Unit 103, 104, 105, 202, 203, 303, 304, 305a, 305b, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB323,000 per month
4	Unit 201, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB38,000 per month
5	Unit 301, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB31,000 per month
6	Units 107, 205, 226, 302, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB136,000 per month
7	Unit 106, 204, 306, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC	RMB93,000 per month

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
50 units on Basement Level 1, Basement Level 2 and Floors 1 to 5, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場負一樓、負二樓以及一樓至五樓50個單位)	The property comprises 50 units on the commercial portions of Basement Level 1, Basement Level 2 and Floors 1 to 5 of a composite development completed in 2025. The total gross floor area of the property is approximately 33,812.46 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB1,309,000 (Renminbi One Million Three Hundred Nine Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB147.2 million.

(2) Pursuant to 1 Immovable Property Right Certificate registered on 23 April 2025, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights with a gross floor area of approximately 8,403.80 sq.m. of the property was granted to Yaan Information Technology (Shenzhen) Co., Ltd. for a term expiring on 29 October 2088 for commercial or residential use. The area is shown below.

Unit	Gross Floor Area *(sq.m.) (Approx)*
101 on Semi-underground	8,403.80
Total:	8,403.80

According to the Company, Semi-underground is equivalent to Basement Level 2.

(3) Pursuant to 9 Immovable Property Right Certificates registered on 28 March 2025 and 31 March 2025, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights with a total gross floor area of approximately 2,752.47 sq.m. of the property were granted to Shenzhen Zhiyun Hechuang Technology Co., Ltd. for a term expiring on 29 October 2088 for commercial or residential use. The area breakdowns are shown below.

Unit	**Gross Floor Area** *(sq.m.) (Approx)*
108 on Floor 1	375.58
109 on Floor 1	545.38
110 on Floor 1	104.15
111 on Floor 1	76.02
112 on Floor 1	832.23
113 on Floor 1	37.02
114 on Floor 1	461.07
115 on Floor 1	54.2
116 on Floor 1	266.82
Total:	2,752.47

(4) Pursuant to 20 Immovable Property Right Certificates registered on 28 March 2025 and 31 March 2025, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights with a total gross floor area of approximately 6,416.83 sq.m. of the property were granted to Shenzhen Zhenshan Technology Co., Ltd. for a term expiring on 29 October 2088 for commercial or residential use. The area breakdowns are shown below.

Unit	**Gross Floor Area** *(sq.m.) (Approx)*
207 on Floor 2	178.80
208 on Floor 2	668.13
209 on Floor 2	120.24
210 on Floor 2	52.46
211 on Floor 2	285.89
212 on Floor 2	109.48
213 on Floor 2	100.93
214 on Floor 2	258.89
215 on Floor 2	378.78
216 on Floor 2	180.10
217 on Floor 2	393.06
218 on Floor 2	123.95
219 on Floor 2	1,627.61
220 on Floor 2	998.20
221 on Floor 2	61.45
222 on Floor 2	118.42
223 on Floor 2	86.79
224 on Floor 2	586.38
225 on Floor 2	56.62
227 on Floor 2	30.65
Total:	6,416.83

(5) Pursuant to 15 Immovable Property Right Certificates registered on 23 April 2025, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a total gross floor area of approximately 3,863.50 sq.m. were granted to Shenzhen Qingsheng Trading Co., Ltd. for a term expiring on 29 October 2088 for commercial or residential use. The area breakdowns are shown below.

Unit	**Gross Floor Area** *(sq.m.) (Approx)*
307 on Floor 3	41.65
308 on Floor 3	52.46
309 on Floor 3	99.90
310 on Floor 3	87.75
311 on Floor 3	241.27
312 on Floor 3	344.92
313 on Floor 3	163.08
314 on Floor 3	355.78
315 on Floor 3	104.45
316 on Floor 3	1,164.62
317 on Floor 3	186.91
318 on Floor 3	80.21
319 on Floor 3	33.24
402 on Floor 4	822.65
403 on Floor 4	84.61
Total:	3,863.50

(6) Pursuant to 1 Immovable Property Right Certificate registered on 9 April 2025, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a gross floor area of approximately 3,582.80 sq.m. were granted to Shenzhen Yicheng Trading Co., Ltd. for a term expiring on 29 October 2088 for commercial or residential use. The area is shown below.

Unit	**Gross Floor Area** *(sq.m.) (Approx)*
320 on Floor 3	3,582.80
Total:	3,582.80

(7) Pursuant to 4 Immovable Property Right Certificates registered on 30 September 2022 and 9 October 2022, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a total gross floor area of approximately 8,793.06 sq.m. were granted to Shenzhen Baijiali Hua Investment Co., Ltd. for a term expiring on 29 October 2088 for commercial or residential use. The area breakdowns are shown below.

Unit	**Gross Floor Area** *(sq.m.) (Approx)*
-101 on Basement Level 1	7,668.22
206 on Floor 2	54.67
501 on Floor 5	324.24
502 on Floor 5	745.93
Total:	8,793.06

(8) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

(i) Yaan Information Technology (Shenzhen) Co., Ltd., Shenzhen Zhiyun Hechuang Technology Co., Ltd., Shenzhen Zhenshan Technology Co., Ltd., Shenzhen Qingsheng Trading Co., Ltd., Shenzhen Yicheng Trading Co., Ltd. and Shenzhen Baijiali Hua Investment Co., Ltd. legally owns the property with a total gross floor area of approximately 33,812.46 sq.m. and is entitled to lease out the property to Shenzhen Chuangjian Technology Co., Ltd. (深圳創健科技實業有限公司), which subsequently sub-leased the property to Shenzhen Baijiahua Commercial Management Limited (深圳市百佳華商業管理有限公司); and

(ii) The property owned by Yaan Information Technology (Shenzhen) Co., Ltd., Shenzhen Zhiyun Hechuang Technology Co., Ltd., Shenzhen Zhenshan Technology Co., Ltd., Shenzhen Qingsheng Trading Co., Ltd., Shenzhen Yicheng Trading Co., Ltd. and Shenzhen Baijiali Hua Investment Co., Ltd. is not subject to a mortgage.

(9) The rental valuation is conducted on the assumption that the property is let for a term of 15 years from 1 December 2025 with tenancy details as below:

Landlord: Shenzhen Chuangjian Technology Co., Ltd.

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 15 years (1 December 2025–30 November 2040)

Rent Free Period: First 13 months

Monthly Rent for 1st Year: RMB1,014,373.8, inclusive of value-added tax

Monthly Management Fee and Special Maintenance Fund for 1st Year: RMB346,577.72, inclusive of value-added tax

(10) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the size of the comparables is superior to the property, and hence downward adjustment of 25% are made. A 5% discount is also applied to account for the quoted price nature of the comparables. We consider the factor of floor level between the comparables and Floor 1 of the subject property is similar. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 1 of the subject property is RMB80 per sq.m. which is the average adjusted unit monthly rental of comparables.

Regarding the floor level adjustment, we have made reference to floor level adjustment coefficients for commercial premises in the Appendix to the Shenzhen Land Price Calculation Rules (《深圳市地價計算規則》附表) (the "**Calculation Rules**") issued by the Shenzhen Municipal Planning and Natural Resources Bureau (深圳市規劃與自然資源局) on 31 December 2020. The discounts for Floor 2 commercial premises, Floor 3 commercial premises and Floor 4 or above commercial premises to Floor 1 commercial premises in the Calculation Rules are 40%, 50% and 60% respectively. For Basement Level 1, since Basement Level 1 floor level adjustment coefficient is not available in the Calculation Rules, we have made reference to the 50% discount for Floor 3 commercial premises to Floor 1 commercial premises. From our experience, Basement Level 1 commercial premises usually have comparable discount with Floor 3 commercial premises. For Basement Level 2, since Basement Level 2 floor level adjustment coefficient is not available in the Calculation Rules, we have made reference to the 60% discount for Floor 4 or above commercial premises to Floor 1 commercial premises. From our experience, Basement Level 2 commercial premises usually have comparable discount with Floor 4 or above commercial premises. The unit monthly rentals adopted for Basement Level 1, Basement Level 2, Floor 2, Floor 3, Floor 4 or above of the subject property are RMB24 per sq.m., RMB32 per sq.m., RMB48 per sq.m., RMB40 per sq.m., and RMB32 per sq.m. respectively.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬巒街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	-25%	-25%	-25%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	0%	0%	0%
Adjusted Monthly Rental for Floor 1 Premises *(RMB/sq.m.)*	93	78	69

(11) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 1 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
33,812.46	1,309,000	1,014,374	69–93	30

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
Unit 102, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場102單位)	The property comprises 1 unit on the commercial portions of Floor 1 of a composite development completed in 2025. The total gross floor area of the property is approximately 309.98 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB32,000 (Renminbi Thirty-Two Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB1.4 million.

(2) Pursuant to 1 Immovable Property Right Certificate registered on 18 June 2024, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a gross floor area of approximately 309.98 sq.m. were granted to Mr. Li Jinxin for a term expiring on 29 October 2088 for commercial or residential use. The area is shown below.

Unit	Gross Floor Area *(sq.m.) (Approx)*
102 on Floor 1	309.98
Total:	309.98

(3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

(i) Mr. Li Jinxin legally owns the property with a gross floor area of approximately 309.98 sq.m. and is entitled to lease out the property to Shenzhen Baijiahua Commercial Management Limited; and

(ii) The property owned by Mr. Li Jinxin is not subject to a mortgage.

(4) The rental valuation is conducted on the assumption that the property is let for a term of 5 years from 1 June 2024 with tenancy details as below:

Landlord: Mr. Li Jinxin

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 5 years (1 June 2024–1 June 2029)

Rent Free Period: First 5 months

Monthly Rent for 1st Year: RMB24,798.40, exclusive of value-added tax

(5) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the factor of size between the comparables and the subject property is similar. A 5% discount is applied to account for the quoted price nature of the comparables. We consider the factor of floor level between the comparables and Floor 1 of the subject property is similar. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 1 of the subject property is RMB104 per sq.m. which is the average adjusted unit monthly rental of comparables.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬巒街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	0%	0%	0%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	0%	0%	0%
Adjusted Monthly Rental for Floor 1 Premises *(RMB/sq.m.)*	122	100	91

(6) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 1 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
309.98	32,000	24,798	91–122	80

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
Unit 103, 104, 105, 202, 203, 303, 304, 305a, 305b, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場103、104、105、202、203、303、304、 305a、305b單位)	The property comprises 9 units on the commercial portions of Floor 1, Floor 2 and Floor 3 of a composite development completed in 2025. The total gross floor area of the property is approximately 5,345.24 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB323,000 (Renminbi Three Hundred Twenty-Three Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB19.1 million.

(2) Pursuant to 9 Immovable Property Right Certificates registered on 16 June 2024, 18 June 2024 and 18 June 2024, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a total gross floor area of approximately 5,345.24 sq.m. were granted to Shenzhen Pingshan Xinhe Shareholding Cooperative Company for a term expiring on 29 October 2088 for commercial or residential use. The area breakdowns are shown below.

Unit	Gross Floor Area *(sq.m.) (Approx)*
103 on Floor 1	969.69
104 on Floor 1	169.80
105 on Floor 1	373.94
202 on Floor 2	847.36
203 on Floor 2	696.18
303 on Floor 3	325.06
304 on Floor 3	544.20
305a on Floor 3	923.47
305b on Floor 3	495.54
Total:	5,345.24

(3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

(i) Pingshan Xinhe Shareholding Cooperative Company legally owns the property with a total gross floor area of approximately 5,345.24 sq.m. and is entitled to lease out the property to Shenzhen Baijiahua Commercial Management Limited; and

(ii) The property owned by Pingshan Xinhe Shareholding Cooperative Company is not subject to a mortgage.

(4) The rental valuation is conducted on the assumption that the property is let for a term of 10 years from 1 October 2025 with tenancy details as below:

Landlord: Shenzhen Pingshan Xinhe Shareholding Cooperative Company

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 10 years (1 October 2025–30 September 2035)

Monthly Rent for 1st Year: RMB203,119.12, exclusive of value-added tax

(5) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the size of the comparables is superior to the property, and hence downward adjustment of 15% are made. A 5% discount is applied to account for the quoted price nature of the comparables. We consider the factor of floor level between the comparables and Floor 1 of the subject property is similar. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 1 of the subject property is RMB90 per sq.m. which is the average adjusted unit monthly rental of comparables.

Regarding the floor level adjustment, we have made reference to floor level adjustment coefficients for commercial premises in the Calculation Rules issued by the Shenzhen Municipal Planning and Natural Resources Bureau on 31 December 2020. The discounts for Floor 2 commercial premises and Floor 3 commercial premises to Floor 1 commercial premises in the Calculation Rules are 40% and 50% respectively. The unit monthly rentals adopted for Floor 2 and Floor 3 of the subject property are RMB54 per sq.m., and RMB45 per sq.m. respectively.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬巒街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	-15%	-15%	-15%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	0%	0%	0%
Adjusted Monthly Rental for Floor 1 Premises *(RMB/sq.m.)*	105	87	78

(6) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 1 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
5,345.24	323,000	203,119	78–105	38

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
Unit 201, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場201單位)	The property comprises 1 unit on the commercial portions of Floor 2 of a composite development completed in 2025. The total gross floor area of the property is approximately 599.54 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB38,000 (Renminbi Thirty-Eight Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB1.3 million.

(2) Pursuant to 1 Immovable Property Right Certificate registered on 6 January 2026, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a gross floor area of approximately 599.54 sq.m. were granted to Shenzhen Pingshan New District Fengye Mould Processing Department for a term expiring on 29 October 2088 for commercial or residential use. The area is shown below.

Unit	Gross Floor Area *(sq.m.) (Approx)*
201 on Floor 2	599.54
Total:	599.54

(3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

(i) Shenzhen Pingshan New District Fengye Mould Processing Department legally owns the property with a gross floor area of approximately 599.54 sq.m. and is entitled to lease out the property to Shenzhen Baijiahua Commercial Management Limited; and

(ii) The property owned by Shenzhen Pingshan New District Fengye is not subject to a mortgage.

(4) The rental valuation is conducted on the assumption that the property is let for a term of 5 years from 1 October 2025 with tenancy details as below:

Landlord: Shenzhen Pingshan New District Fengye Mould Processing Department (Ms. Lin Ying Tong)

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 5 years (1 October 2025–30 September 2030)

Monthly Rent for 1st Year: RMB24,000, exclusive of value-added tax

(5) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the factor of size between the comparables and the subject property is similar. A 5% discount is applied to account for the quoted price nature of the comparables. We consider the floor level of the comparables is superior to the property, and hence downward adjustment of 40% is made. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 2 of the subject property is RMB63 per sq.m. which is the average adjusted unit monthly rental of comparables.

Regarding the floor level adjustment, we have made reference to floor level adjustment coefficients for commercial premises in the Calculation Rules issued by the Shenzhen Municipal Planning and Natural Resources Bureau on 31 December 2020. The discount for Floor 2 commercial premises to Floor 1 commercial premises in the Calculation Rules is 40%.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬鑾街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	0%	0%	0%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	-40%	-40%	-40%
Adjusted Monthly Rental for Floor 2 Premises *(RMB/sq.m.)*	73	60	55

(6) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 2 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
599.54	38,000	24,000	55–73	40

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
Unit 301, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場301單位)	The property comprises 1 unit on the commercial portions of Floor 3 of a composite development completed in 2025. The total gross floor area of the property is approximately 595.35 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB31,000 (Renminbi Thirty-One Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB1.8 million.

(2) Pursuant to 1 Immovable Property Right Certificate registered on 6 January 2026, the land use rights with a site area of approximately 28,031.7 sq.m. and the building ownership rights of the property with a gross floor area of approximately 595.35 sq.m. were granted to Shenzhen Pingshan New District Fengye Mould Processing Department for a term expiring on 29 October 2088 for commercial or residential use. The area is shown below.

Unit	Gross Floor Area *(sq.m.) (Approx)*
301 on Floor 3	595.35
Total:	595.35

(3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, *inter alia*, the following:

(i) Shenzhen Pingshan New District Fengye Mould Processing Department legally owns the property with a gross floor area of approximately 595.35 sq.m. and is entitled to lease out the property to Shenzhen Baijiahua Commercial Management Limited; and

(ii) The property owned by Shenzhen Pingshan New District Fengye is not subject to a mortgage.

(4) The rental valuation is conducted on the assumption that the property is let for a term of 8 years from 1 October 2025 with tenancy details as below:

Landlord: Shenzhen Pingshan New District Fengye Mould Processing Department (Ms. Lin Ying Tong)

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 5 years (1 October 2025–30 September 2033)

Monthly Rent for 1st Year: RMB24,000, exclusive of value-added tax

(5) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the factor of size between the comparables and the subject property is similar. A 5% discount is applied to account for the quoted price nature of the comparables. We consider the floor level of the comparables is superior to the property, and hence downward adjustment of 50% is made. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 3 of the subject property is RMB52 per sq.m. which is the average adjusted unit monthly rental of comparables.

Regarding the floor level adjustment, we have made reference to floor level adjustment coefficients for commercial premises in the Calculation Rules issued by the Shenzhen Municipal Planning and Natural Resources Bureau on 31 December 2020. The discount for Floor 3 commercial premises to Floor 1 commercial premises in the Calculation Rules is 50%.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬巒街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	0%	0%	0%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	-50%	-50%	-50%
Adjusted Monthly Rental for Floor 3 Premises *(RMB/sq.m.)*	61	50	46

(6) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 3 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
595.35	31,000	24,000	46–61	40

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
Units 107, 205, 226, 302, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場107、205、226、302 單位)	The property comprises 4 units on the commercial portions of Floor 1, Floor 2 and Floor 3 of a composite development completed in 2025. The total gross floor area of the property is approximately 2,166.65 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB136,000 (Renminbi One Hundred Thirty-Six Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB6.3 million.

(2) The Immovable Property Right Certificates of the property are yet to be registered as at the Valuation Date.

(3) We have been provided with a legal opinion regarding the property interests by the Company's PRC legal adviser, which contains, inter alia, the following:

(i) On 30 January 2026, Shenzhen Baijiali Hua Investment Co., Ltd. applied for a change of registration of the Immovable Property Right Certificate of Unit 226 on Floor 2 with a gross floor area of approximately 221.04 sq.m. to Shenzhen Pingshan Liulian Shareholding Cooperative Company. Shenzhen Baijiali Hua Investment Co., Ltd. has obtained the acceptance certificate from Shenzhen Real Estate Registration Center (Document No.: 9C-0926001205). There are no legal obstacles to the real estate registration of the above-mentioned property, nor are there any special obstacles in a legal sense that would prevent it from being rented or used.

(4) The rental valuation is conducted on the assumption that the property is let for a term of 10 years from 1 December 2025 with tenancy details as below:

Landlord: Shenzhen Pingshan Liulian Shareholding Cooperative Company

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 10 years (1 December 2025–30 November 2035)

Rent Free Period: First 18 months

Monthly Rent for 1st Year: RMB82,332.70, exclusive of value-added tax

(5) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the size of the comparables is superior to the property, and hence downward adjustment of 15% are made. A 5% discount is applied to account for the quoted price nature of the comparables. We consider the factor of floor level between the comparables and Floor 1 of the subject property is similar. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 1 of the subject property is RMB90 per sq.m. which is the average adjusted unit monthly rental of comparables.

Regarding the floor level adjustment, we have made reference to floor level adjustment coefficients for commercial premises in the Calculation Rules issued by the Shenzhen Municipal Planning and Natural Resources Bureau on 31 December 2020. The discounts for Floor 2 commercial premises and Floor 3 commercial premises to Floor 1 commercial premises in the Calculation Rules are 40% and 50% respectively. The unit monthly rentals adopted for Floor 2 and Floor 3 of the subject property are RMB54 per sq.m., and RMB45 per sq.m.. respectively.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬巒街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial

	Comparable 1	Comparable 2	Comparable 3
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	-15%	-15%	-15%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	0%	0%	0%
Adjusted Monthly Rental for Floor 1 Premises *(RMB/sq.m.)*	105	87	78

(6) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 1 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
2,166.65	136,000	82,333	78–105	38

PROPERTY PARTICULARS AND OPINION OF VALUE

Property interests to leased/to be leased for owner occupation by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market Rent in Existing State as at 31 December 2025
Unit 106, 204, 306, Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC (中華人民共和國廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場106、204、306單位)	The property comprises 3 units on the commercial portions of Floor 1, Floor 2 and Floor 3 of a composite development completed in 2025. The total gross floor area of the property is approximately 1,481.98 sq.m. The property is located at Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District. Developments in the vicinity are mainly residential and commercial developments of various ages.	As at the Valuation Date, the property was vacant.	RMB93,000 (Renminbi Ninety-Three Thousand) per month

Notes:

(1) The right-of-use assets of the property is estimated to be approximately RMB4.3 million.

(2) The Immovable Property Right Certificates of the property are yet to be registered as at the Valuation Date.

(3) The rental valuation is conducted on the assumption that the property is let for a term of 10 years from 1 December 2025 with tenancy details as below:

Landlord: Shenzhen Pingshan Liuhe Shareholding Cooperative Company

Tenant: Shenzhen Baijiahua Commercial Management Limited

Lease Term: 10 years (1 December 2025–30 November 2035)

Rent Free Period: First 18 months

Monthly Rent for 1st Year: RMB56,315.24, exclusive of value-added tax

(4) We have adopted market comparison method to select the relevant rent comparable. We have made reference to some rent comparable to the subject property and nearby development. We have collected and considered three comparable rental evidences of Floor 1 commercial premises in neighbouring area based on the criteria that they are in similar commercial usage and located in the same district in the same city as the subject property.

Selection criteria of comparables are as follows:

1. Premises for which rental evidences are available;

2. Premises located in Pingshan District of Shenzhen;

3. Premises with commercial usage;

4. Floor 1 premises; and

5. Premises with a gross floor area of more than 200 sq.m.

3 comparables were selected based on the above-mentioned selection criteria. We noted that the unit monthly rental of commercial space in neighbouring area was in the range of RMB87 to RMB116 per sq.m. for Floor 1 commercial premises. Various factors such as location, size and floor level have been considered in comparing the comparables and the subject property. The general basis of adjustment is if the subject property is better than the comparable properties, an upward adjustment is made. Alternatively, if the subject property is inferior or less desirable than the comparable properties, a downward adjustment is made. We consider the location of the comparables is inferior to the property, and hence upward adjustments of 10% to 20% are made. We consider the size of the comparables is superior to the property, and hence downward adjustment of 15% are made. A 5% discount is applied to account for the quoted price nature of the comparables. We consider the factor of floor level between the comparables and Floor 1 of the subject property is similar. The location, size and quoted price adjustments are based on professional judgment. The unit monthly rental adopted for Floor 1 of the subject property is RMB90 per sq.m. which is the average adjusted unit monthly rental of comparables.

Regarding the floor level adjustment, we have made reference to floor level adjustment coefficients for commercial premises in the Calculation Rules issued by the Shenzhen Municipal Planning and Natural Resources Bureau on 31 December 2020. The discounts for Floor 2 commercial premises and Floor 3 commercial premises to Floor 1 commercial premises in the Calculation Rules are 40% and 50% respectively. The unit monthly rentals adopted for Floor 2 and Floor 3 of the subject property are RMB54 per sq.m., and RMB45 per sq.m. respectively.

Details of the comparables are listed as follows:

	Comparable 1	**Comparable 2**	**Comparable 3**
Location	Floor 1 Shop, Phase I, Fortune City, Heqiang Road, Pingshan District, Shenzhen (深圳市坪山區和強路財富城一期1層商舖)	Floor 1 Shop, Dongbu Vpark Shopping Mall, Building A, Third Industrial Zone Living Center, Zhukeng Community, Pingshan District, Shenzhen (深圳市坪山區竹坑社區第三工業區生活中心綜合樓A棟東步Vpark商場1層商舖)	Floor 1 Shop, Phase I, Kingkey Royal View Impression, No. 6 Niuchang Road, Pinghuan Community, Maluan Street, Pingshan District, Shenzhen (深圳市坪山區馬鑾街道坪環社區牛昌路6號京基禦景印象一期1層商舖)
Approximate Walk Distance from the Property *(km)*	0.3	6.8	3.6
Usage	Commercial	Commercial	Commercial
Gross Floor Area *(sq.m.)*	211	253	300
Monthly Rental *(RMB)*	24,500	22,000	26,000
Unit Monthly Rental *(RMB/sq.m.)*	116	87	87
Location Adjustment	10%	20%	10%
Size Adjustment	-15%	-15%	-15%
Quoted Price Adjustment	-5%	-5%	-5%
Floor Level Adjustment	0%	0%	0%

	Comparable 1	Comparable 2	Comparable 3
Adjusted Monthly Rental for Floor 1 Premises *(RMB/sq.m.)*	105	87	78

(5) A summary of adjusted unit monthly rents of comparable properties and initial unit monthly rent of the property is listed as follows:

Gross Floor Area of the Property *(sq.m.)*	**Monthly Market Rent in Existing State of the Property as at 31 December 2025** *(RMB)*	**Initial Monthly Rent of the Property** *(RMB)*	**Adjusted Unit Monthly Rents for Floor 1 Premises of the Comparable Properties as at 31 December 2025** *(RMB/sq.m.)*	**Initial Unit Monthly Rent of the Property** *(RMB/sq.m.)*
1,481.98	93,000	56,315	78–105	38

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and underlying Shares

		Number of Shares			Approximate percentage of the number of issued
Name of Director	**Capacity**	**Personal interest**	**Family interest**	**Total**	**Shares**
Mr. Zhuang	Beneficial Owner	467,985,000	67,500,000 *(Note 1)*	535,485,000	51.61%
Mr. Zhuang Xiao Xiong	Beneficial Owner	75,000,000	–	75,000,000	7.23%

Note:

(1) 67,500,000 Shares are held by Mrs. Zhuang Su Lan ("**Mrs. Zhuang**"). Since Mrs. Zhuang is the spouse of Mr. Zhuang, under the SFO, Mr. Zhuang is deemed to be interested in the said Shares held by Mrs. Zhuang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions

which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as known to the Directors and the chief executive of the Company, the following persons (other than a Director or a chief executive of a Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 5% or more the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares and underlying Shares

Name of Shareholder	Type of interest	Capacity	Personal/ corporate interest	Family interest	Total	Approximate percentage of the number of issued Shares
Mrs. Zhuang	Personal	Beneficial owner	67,500,000	467,985,000 *(Note 1)*	535,485,000	51.61%
Ms. Zhuang Xiao Yun	Personal	Beneficial owner	75,000,000 *(Note 2)*	–	75,000,000	7.23%
Ms. Chen Li Jun	Personal	Beneficial owner	75,000,000 *(Note 3)*	–	75,000,000	7.23%

Notes:

(1) 467,985,000 Shares are held by Mr. Zhuang. Since Mr. Zhuang is the spouse of Mrs. Zhuang, under the SFO, Mrs. Zhuang is deemed to be interested in the said Shares held by Mr. Zhuang.

(2) Ms. Zhuang Xiao Yun is the daughter of Mr. Zhuang and Mrs. Zhuang.

(3) Ms. Chen Li Jun is the daughter-in-law of Mr. Zhuang and Mrs. Zhuang.

Save as disclosed above, the Directors were not aware of any party who, as at the Latest Practicable Date, had interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, none of the Directors or the proposed Directors of the Company was a director or employee of a company (or its subsidiary) which has an interest or a short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. COMPETING INTEREST

As at the Latest Practicable Date, the Directors were not aware that any of them or any of their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

5. MATERIAL CONTRACT

As at the Latest Practicable Date, save as disclosed below, no material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the issue of this circular:

(i) a long-term lease agreement dated 13 July 2024 entered into between the Shenzhen Baijiahua Department Stores Company Limited, as the tenant and Shenzhen Wohua Technology Co., Ltd, an independent landlord for a term from 15 July 2024 to 14 July 2039, in respect of the leasing of premises for the operation of the Group's retail store, details of which is summarised as follows:

Premises	:	Certain retail spaces located at Shop No. B1-28/B1-29/B1-30, B1/F, Jiangnan Times Square (the "**Site**"), No. 4033, Banxuegang Avenue, Bantian Street, Longgang District, Shenzhen, Guangdong Province, the PRC (深圳市龍崗區坂雪崗大道4033號江南時代廣場B1層B1-28/B1-29/B1-30號舖位) with a total area of 4,157 sq.m.
Rent	:	An initial monthly rent of RMB145,495.00 per month, with a 6% increment on the initial monthly rent for every 3 years.

The long-term lease agreement was terminated pursuant to the termination agreement dated 3 January 2025;

(ii) the car park fee agreements (as supplemented by the supplemental agreements) entered into on 21 March 2025 in respect of the usage of car parking spaces located in Jiahua Lingyu Plaza Phase II and Jiahua Linghui Plaza Phase II for a term of 2 years from 1 January 2025 to 31 December 2026 for a maximum payment for each car park of RMB180,000 per month, entered into between (i) the property manager of the car park, Shenzhen Jiahua Property Management Limited, a company owned as to 95% by Shenzhen Jiahua Real Estate Development Company Limited (a company owned as to 18% by Mrs. Zhuang and 82% by Jiahua Group) and 5% by Jiahua Group; and (ii)

Shenzhen Baijiahua Commercial Management Limited and Shenzhen Baijiahua Department Stores Company Limited, both of which are wholly-owned subsidiaries of the Company;

(iii) a lease agreement dated 31 December 2025 entered into between Shenzhen Baijiahua Department Stores Company Limited as lessor and Shenzhen Jiahua Real Estate Development Company Limited, which is owned as to 18% by Mrs Zhuang and 82% by Shenzhen Baijiahua Group Company Limited (a company owned as to 90% by Mr Zhuang and 10% by Mrs Zhuang) as a lessee, in relation to the leasing of certain premises for a term of 3 years commencing from 1 January 2026 to 31 December 2028 for a monthly rental of RMB67,072.43 (equivalent to approximately HK$73,705.89); and

(iv) the Lease Agreements.

6. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors and proposed Directors has, or had any direct or indirect interest in any assets which had been or are proposed to be since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

The Company has entered into the following continuing connected transactions under Chapter 14A of the Listing Rules:

A. Rental income received from Jiahua Group

深圳市百佳華集團有限公司(Shenzhen Baijiahua Group Company Limited) ("**Jiahua Group**") is owned as to 90% by Mr. Zhuang and 10% by Mrs. Zhuang.

Lease of commercial properties to Jiahua Group

Certain commercial properties are leased to Jiahua Group pursuant to a lease agreement entered into between Shenzhen Baijiahua Department Stores Company Limited and Jiahua Group for commercial purposes, details of which is set out in the announcement of the Company dated 25 August 2016.

B. Rental income received from Shenzhen Jiahua Real Estate Development Company Limited

深圳市佳華房地產開發有限公司(Shenzhen Jiahua Real Estate Development Company Limited) (the "**Landlord**") is owned as to 18% by Mrs. Zhuang and 82% by Jiahua Group (a company owned as to 90% by Mr. Zhuang and 10% as to Mrs. Zhuang). Since Mrs. Zhuang is the spouse of Mr. Zhuang, she is an associate of Mr. Zhuang. Since Mrs. Zhuang is interested in the equity capital of the Landlord so as to exercise or control the exercise of 30% or more of the voting power at general meetings of the Landlord, the Landlord is an associate of Mr. Zhuang and also a connected person of the Company.

Lease of commercial properties to the Landlord

Certain commercial properties are leased to the Landlord pursuant to a lease agreement entered into between Shenzhen Baijiahua Department Stores Company Limited and the Landlord for commercial purposes details of which is set out in the announcement of the Company dated 31 December 2025.

C. Lease of two store premises from Jiahua Group

Jiahua Group is owned as to 90% by Mr. Zhuang and 10% by Mrs. Zhuang. The Group leased two store premises from Jiahua Group, details of which are set out in the announcement of the Company dated 17 February 2019 is summarised as follow:

(i) Lease of store premises for the Longhua Store between Jiahua Group (as landlord) and Shenzhen Baijiahua Department Stores Company Limited (as tenant); and

(ii) Lease of store premises for the Songgang Store between Jiahua Group (as landlord) and Shenzhen Baijiahua Department Stores Company Limited (as tenant).

D. Lease of four store premises from the Landlord

The Landlord is owned as to 18% by Mrs. Zhuang and 82% by Jiahua Group (a company owned as to 90% by Mr. Zhuang and 10% as to Mrs. Zhuang). Since Mrs. Zhuang is the spouse of Mr. Zhuang, she is an associate of Mr. Zhuang. Since Mrs. Zhuang is interested in the equity capital of the Landlord so as to exercise or control the exercise of 30% or more of the voting power at general meetings of the Landlord, the Landlord is an associate of Mr. Zhuang and also a connected person of the Company. The Group leased four stores premises from the Landlord, details of which are set out in the announcements of the Company dated 27 April 2023, 25 August 2016, 15 February 2019 and 27 April 2023 and is summarised as follow:

(i) Lease of store premises for the Shuyuan Yage Store between the Landlord (as landlord) and Shenzhen Baijiahua Department Stores Company Limited (as tenant);

(ii) Lease of store premises for the Bantian shopping mall between the Landlord (as landlord) and Shenzhen Baijiahua Commercial Management Company Limited ("**Baijiahua Commercial Management**") (as tenant);

(iii) Lease of store premises for the Guanlan shopping mall between the Landlord (as landlord) and Baijiahua Commercial Management (as tenant); and

(iv) Lease of store premises for the Shajing Shopping Mall between the Landlord and Baijiahua Commercial Management (as tenant).

E. Car Park usage and car park usage fee payable to Shenzhen Jiahua Property Management Limited

Shenzhen Jiahua Property Management Limited (the "**Property Manager**"), a company incorporated in the PRC, and is held as to 95% and 5% by the Landlord and Jiahua Group respectively.

The Group entered into the Car Park Fee Agreements in respect of the usage of car parking spaces located in Jiahua Lingyu Plaza Phase II and Jiahua Linghui Plaza Phase II for a term of two years commencing from 1 January 2025 to 31 December 2026 (both days inclusive). Please refer to the announcement of the Company dated 21 March 2025 for details of the transaction.

In the opinion of the Directors (including the Independent Non-Executive Directors), the terms of the continuing connected transactions referred to above are made in the ordinary and usual course of the Group's business, on an arm's length basis and on normal commercial terms which are no less favorable than terms available from independent third parties. The Directors (including the Independent Non-executive Directors) confirm that these transactions have been conducted in accordance with the relevant agreements

governing the transactions and are of the view that the terms and conditions of these transactions are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

7. DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service contract with the Company for a term of three years (two years for Independent Non-executive Directors) unless terminated by not less than three months' (two months' for Independent Non-executive Directors) written notice of termination served by either the Director or the Company. Each of the service contracts further provides that during the term of the service contract and within two years upon the termination of service, the Executive Director cannot engage in any business which is competing or is likely to compete, either directly or indirectly, with the business of the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association of the Company.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claims of material importance and there was no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

9. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have been named in this circular or have given their respective opinion or advice contained in this circular:

Name	Qualification
SBI China Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Valor Appraisal & Advisory Limited ("**Valor**")	Professional surveyors and valuers

Each of SBI China Capital and Valor has given and has not withdrawn its written consent to inclusion of their letter(s) and/or report(s) (as the case maybe) dated 27 March 2026 in this circular and references to its name included herein in the form and context in which it appears.

As at the Latest Practicable Date, each of SBI China Capital and Valor did not have any shareholding in any Shares or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group.

As at the Latest Practicable Date, each of SBI China Capital and Valor did not have any direct or indirect interest in any assets which had been, since 31 December 2024, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is Suite 715, 7th Floor, Ocean Centre, Harbour City, 5 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The company secretary of the Company is Mr. Ho Yuet Lee, Leo, a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Ho has over 21 years of experience in accounting, auditing and corporate finance. Mr. Ho has served the Group for over 17 years.

(e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.szbjh.com) for 14 days from the date of this circular:

(a) the Lease Agreements;

(b) the property valuation report on the Premises, the text of which is set out in Appendix III to this circular;

(c) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;

(d) the letter from the Independent Financial Advisor, the text of which is set out on pages 23 to 51 of this circular; and

(e) each of the consent letters referred to in the paragraph headed "Expert and Consent" in this Appendix.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Jiahua Stores Holdings Limited (the "**Company**") will be held at 4/F., Jiahua Ming Yuan, 246 Xinhu Road, Baoan Central District, Shenzhen, the PRC on Monday, 20 April 2026 at 2:30 p.m., for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions:

AS ORDINARY RESOLUTION

1. "**THAT**:

   a. the seven lease agreements (the "**Lease Agreements**") entered into between (i) Shenzhen Chuangjian Technology Co., Ltd. (深圳創健科技實業有限公司) and Shenzhen Baijiahua Commercial Management Limited (深圳市百佳華商業管理有限公司), a wholly-owned subsidiary of the Company (the "**Tenant**") in respect of the leasing of premises located at Jiahua Lingyue Plaza, Southwest side of the intersection of Lanzhu West Road and Longping Road, Pingshan District, Shenzhen, Guangdong Province, the PRC ("**Jiahua Lingyue Plaza**") (廣東省深圳市坪山蘭竹西路和龍坪路交匯處西南側區佳華領悅廣場); (ii) Mr. Li Jinxin* (李錦新) as the landlord and the Tenant in respect of the leasing of premises located at Jiahua Lingyue Plaza; (iii) Shenzhen Pingshan Xinhe Shareholding Cooperative Company* (深圳市坪山新和股份合作公司) as the landlord and the Tenant in respect of the leasing of premises located at Jiahua Lingyue Plaza; (iv) Ms. Lin Ying Tong* (林盈彤) and the Tenant in respect of two lease agreements in respect of the leasing of premises located at Jiahua Lingyue Plaza; (v) Shenzhen Pingshan Liulian Shareholding Cooperative Company* (深圳市坪山六聯股份合作公司) and the Tenant in respect of the leasing of premises located at Jiahua Lingyue Plaza; and (vi) Shenzhen Pingshan Liuhe Shareholding Cooperative Company* (深圳市坪山六和股份合作公司) and the Tenant in respect of the leasing of premises located at Jiahua Lingyue Plaza, copies of which having been produced to the Meeting marked "A" to "G" and signed by the chairman of the Meeting for identification purpose, be and is hereby approved, confirmed and ratified and the transactions contemplated thereunder be and are hereby approved;

b. any one of the director(s) of the Company (or, any two directors or any one director and the company secretary of the Company, if execution under the common seal of the Company is required) be and he is (or they are) hereby authorised to do and execute (where required, to affix the common seal of the Company) all such acts, matters, deeds, documents and things as he (or they) consider(s) to be necessary, expedient or desirable for the purposes of giving effect to or in connection with the Lease Agreements and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Lease Agreement as are, in the opinion of such director, in the interest of the Company and its shareholders as a whole."

Yours faithfully,
For and on behalf of the Board
Jiahua Stores Holdings Limited
Zhuang Lu Kun
Chairman

Shenzhen, the PRC, 27 March 2026

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 715, 7th Floor
Ocean Centre, Harbour City
5 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Notes:

(1) Any member entitled to attend and vote at the EGM is entitled to appoint one proxy or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company. To be valid all forms of proxies together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the EGM.

(2) The register of members of the Company will be closed from Wednesday, 15 April 2026 to Monday, 20 April 2026 (both days inclusive). In order to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Tuesday, 14 April 2026. The record date for determining the entitlement of the shareholders to attend and vote at the EGM will be Monday, 20 April 2026.

(3) The completion and return of a form of proxy will not preclude a member from attending and voting at the EGM in person. If such member attends the EGM in person, his form of proxy will be deemed to have been revoked.

(4) In the case of a joint holding, any one of such persons may vote at the EGM, either in person or by proxy; but if more than one joint holders are present at the EGM in person or by proxy, the said person whose name stands first on the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.

(5) If a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. on 20 April 2026, an announcement will be made in such event to notify the Shareholders of any alternative date for the EGM.

* *For identification purpose only*