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

**INSIDE INFORMATION**  
**EARLY TERMINATION OF LEASE AGREEMENT**

This announcement is made by Jiahua Stores Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”).

Reference is made to the announcement dated 13 July 2024 (the “**Announcement**”) and the circular dated 23 September 2024 of the Company (the “**Circular**”) in relation to the leasing of premises which constituted a major transaction for the Company. Capitalized terms used in this announcement have the same meanings as those defined in the Circular, unless otherwise stated herein.

**EARLY TERMINATION OF LEASE AGREEMENT**

As disclosed in the Announcement and the Circular, the Tenant, a wholly owned subsidiary of the Company, entered into the Long-Term Lease Agreement with the Independent Landlord in respect of the leasing of the Premises for the operation of the Group’s retail store for a term up to 14 July 2039.

Since the commencement of operation, the retail store had been underperforming and resulted in continuous monthly operating loss. In view of such, the Tenant and the Independent Landlord has been able to secure a new tenant (the “**New Tenant**”) to take up the retail space and therefore entered a termination agreement dated 3 January 2025 (“**Termination Agreement**”) to terminate the Long-Term Lease Agreement (the “**Termination**”), principal terms of which are set forth herein below.

## PRINCIPAL TERMS OF THE TERMINATION AGREEMENT

- Parties:** The Tenant, the Independent Landlord and the New Tenant
- Premises:** Certain retail spaces located at 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 (Store No. B1-28/B1-29/B1-30, B1/F, Jiangnan Times Square, No. 4033, Banxuegang Avenue, Bantian Street, Longgang District, Shenzhen, Guangdong Province, the PRC) with a total area of 4,157 sq.m.
- Terms:** Considering the operation problem encountered by the Tenant, parties to the Termination Agreement mutually agreed that the Tenant will continue to lease the Premises until 13 February 2025 and handover to the New Tenant thereafter.
- The New Tenant and the Independent Landlord will enter into a separate lease agreement to govern the leasing of the Premises (including the rent and relevant terms to the leasing of the Premises) after handover of the Premises by the Tenant to the New Tenant.
- The Tenant and the Independent Landlord mutually agreed that the original rent-free period will be extended to 13 February 2025 and the term of the Long-Term Lease Agreement be early terminated on 13 February 2025 and both parties agreed to release each other from any liabilities that may arise due to the early termination.
- As the operation of the retail store by the Tenant at the Premises has been continuously loss making, the Independent Landlord has mutually agreed with the Tenant that the 2 months rental deposit amounting to RMB290,990 will be refunded to the Tenant 5 days after the expiry of the term of the Long-Term Lease Agreement as amended by the Termination Agreement.
- The Tenant shall vacate the Premises and handover to the New Tenant with relevant engineering fixtures and fire equipment (the “**Fixtures and Equipment**”) to be resold to the New Tenant pursuant to the depreciated price as negotiated between the Tenant and New Tenant.

Considering the retail store had been continuously loss making and the Independent Landlord was willing to early terminate the Long-Term Lease Agreement with full refund of the rental deposit, the Directors considered that the entering into of the Termination Agreement is in the interest of the Company and Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

### **The Tenant**

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

### **The Independent Landlord**

The Independent Landlord is principally engaged in technology development and sales of light environmental protection packaging products, heavy environmental protection packaging products, packaging materials and technology development of integrated packaging solutions in the PRC. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Independent Landlord is held as to approximately 25.6%, 23.4%, 21.8%, 19.2% and 10.0% by Mr. Dong Feiyue, Mr. Yan Yibin, Ms. Chen Ning, Mr. Luo Youfu and Mr. Pan Minghe respectively as at the date of this announcement.

### **The New Tenant**

Shenzhen Peng Sheng Wang Supermarket Company Limited\* (深圳市鹏盛旺超市有限公司), the New Tenant is principally engaged in the sales of daily necessities (including agricultural products, household goods, aquatic products, apparel, cosmetics, toys, maternity and baby products and electronic appliances); provision of business management services and property management services; and import and export of goods and technology.

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

## **FINANCIAL EFFECTS OF THE TERMINATION AGREEMENT**

The potential financial impact of the Termination was assessed by making reference to the latest available management account of the Group.

Pursuant to HKFRS 16, the entering into of the Long-Term Lease Agreement as a lessee will require the Group to recognise the right-of-use of the Premises as the right-of-use assets of an estimated aggregate value of approximately RMB14.38 million on its consolidated statement of financial position upon entering into the Long-Term Lease Agreement. Along with the recognition of the estimated value of the right-of-use assets of approximately RMB14.38 million for the Premises, an estimated lease liability amounted to approximately RMB14.38 million for the Premises will be recognized by the Group on the date of commencement of the rental period.

As a result of the entering into the Termination Agreement, the termination of the Long-Term Lease Agreement will be regarded as disposal of right-of-use assets by the Group as well as derecognizing the relevant lease liability in respect of the Long-Term Lease Agreement.

The fees and cost in association with the Termination Agreement amounting to HK\$0.3548 million will also be recorded as expenses as a result of the Termination and satisfied by internal resources of the Group.

In addition, depending on the final disposal price of the Fixtures and Equipment as negotiated between the Tenant and the New Tenant, the Group may or may not incur a loss on disposal. Further announcement(s) will be made by the Company if required.

The above potential financial impact above regarding the Termination is based on the best estimation on the figures extracted from management account of the Group. Thus, the actual financial impact may be different from the estimation.

As none of the applicable percentage ratio(s) as set out in Rule 14.07 of the Listing Rules in respect of the Termination exceeds 5%, the Termination does not constitute a notifiable transaction of the Company.

**Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.**

For and on behalf of the Board  
**Jiahua Stores Holdings Limited**  
**Zhuang Pei Zhong**  
*Executive Director and CFO*

Shenzhen, the PRC, 3 January 2025

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

\* *For identification purposes only*