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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
DISPOSAL OF LEASEHOLD IMPROVEMENTS AND EQUIPMENT**

**DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF LEASEHOLD
IMPROVEMENTS AND EQUIPMENT**

On 1 May 2026, Shenzhen Baijiahua (i.e. the Sublandlord) (a wholly-owned subsidiary of the Company) and Shenzhen Jiayang (i.e. the Subtenant) entered into the Sublease Agreement in respect of the sublease of the Premises for a term from 1 May 2026 to 31 December 2031 (both days inclusive). Pursuant to the Sublease Agreement, the Sublandlord shall transfer the Leasehold Improvements and Equipment (together with relevant operation rights) to the Subtenant at a Sub-transfer Fee of RMB6 million.

LISTING RULES IMPLICATIONS

The sublease of the Premises is a provision of operating lease services by the Sublandlord to the Subtenant. Since (i) it is of a revenue nature in the ordinary and usual course of business of the Company; and (ii) the sublease involved are operating leases which have no material impact on the operation of the Company and the amount or value of the sublease involved will not result in the expansion of the Company's existing scale of operation through such lease arrangement by 200% or more, the Board considers that it does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

In respect of the Sub-transfer Fee, as one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transfer of the Leasehold Improvements and Equipment (together with relevant operation rights) exceed 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 14 of the Listing Rules but exempt from Shareholders' approval requirement under the Listing Rules.

Reference is made to the announcement of the Company dated 25 August 2016, in relation to among other things, the lease agreement dated 25 August 2016 entered into between Shenzhen Jiahua Real Estate and Shenzhen Baijiahua Commercial in relation to the lease of premises being Level 1–6 of Jiahua Ling Hui Plaza (佳華領匯廣場) located in the South-west side of junction of Ji Hua Road and Wu He West Street, Ban Tian Street, Longgang District, Shenzhen, Guangdong Province, the PRC, for a term of 15 years commencing from 1 January 2017 to 31 December 2031 (both days inclusive). Certain area of the Rental Space as mentioned above were then subleased to the Sublandlord for operation of Bantian Supermarket.

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF LEASEHOLD IMPROVEMENTS AND EQUIPMENT

On 1 May 2026, Shenzhen Baijiahua (i.e. the Sublandlord) (a wholly-owned subsidiary of the Company) and Shenzhen Jiayang (i.e. the Subtenant) entered into the Sublease Agreement in respect of the sublease of the Premises (part of the space were occupied as Bantian Supermarket as at the date of this announcement) for a term from 1 May 2026 to 31 December 2031 (both days inclusive). Pursuant to the Sublease Agreement, the Sublandlord shall also transfer the Leasehold Improvements and Equipment of the Premises (together with the relevant operation rights) to the Subtenant at the Sub-transfer Fee of RMB6 million.

Key Terms of the Sublease Agreement

Date: 1 May 2026

Parties: (i) Shenzhen Baijiahua as the Sublandlord; and
(ii) Shenzhen Jiayang as the Subtenant

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

Premises: The Premises, being Basement 1, 635 Ji Hua Road, Wu He West Street, Ban Tian Street, Longgang District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍崗區坂田街道五和大道西吉華路635號負一層). The Company operated the Bantian Supermarket at the Premises.

Size: 3,500 square metres

Term: From 1 May 2026 to 31 December 2031 (both days inclusive)

Rent:	An initial monthly rent of RMB140,000
Renewal:	Should the term of the lease agreement entered into between Shenzhen Jiahua Real Estate and Shenzhen Baijiahua Commercial be extended, the term of the Sublease Agreement shall also be extended to 30 April 2038 and the monthly rent shall be increased by 6% every 6 years thereon
Rent Free Period:	6 months commencing from 1 May 2026 to 31 October 2026 (both days inclusive)
Taxes and other charges:	The Subtenant shall pay RMB300,000 per year in relation to the air conditioning fee in relation to the Premises.
Deposit:	A rental deposit of RMB280,000 payable by the Subtenant to the Sublandlord within three working days of the signing of the Sublease Agreement
Usage:	For operation of supermarket
Sub-let:	The Subtenant shall not, without authorisation, change the use of the premises, sublet or assign the tenancy.

Sublease Transfer Fee

Pursuant to the Sublease Agreement, the Subtenant shall pay a Sub-transfer Fee of RMB6,000,000 to the Sublandlord in cash for the Leasehold Improvements and Equipment in accordance to the payment schedule below:

1 May 2026 – 10 May 2026	RMB3 million to be settled within 10 working days of the signing of the Sublease Agreement
1 May 2027	RMB1.5 million to be settled on the day marking one year since the Sublease Agreement came into effect
1 May 2028	RMB1.5 million to be settled on the day marking two years since the Sublease Agreement came into effect

The Sub-transfer Fee was arrived at after arm's length negotiations between the Subtenant and the Sublandlord, taking into consideration the book value of the Leasehold Improvements and Equipment as of 31 December 2025 has been fully impaired; and the prevailing market prices of the assets making up the Leasehold Improvement and Equipment. The Directors are of the view that the consideration of the Sub-transfer Fee is fair and reasonable and on normal commercial terms.

INFORMATION ON THE PARTIES

Information of the Sublandlord

Shenzhen Baijiahua, the Sublandlord is a wholly-owned subsidiary of the Company and is principally engaged in operation and management of retail stores in the PRC.

Information of the Subtenant

Shenzhen Jiayang, is a company incorporated in the PRC, which is held as to 100% by Mr. Zhang Yichun (張義春) as at the date of this announcement, who is a third party independent of the Company and connected persons of the Company. The Subtenant is principally engaged in, among other things, a wholesale business.

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

INFORMATION ON THE PREMISES, LEASEHOLD IMPROVEMENTS AND EQUIPMENT AND FINANCIAL EFFECT OF THE DISPOSAL

Information on the Premises

The Premises represent certain retail spaces for the operation of Bantian Supermarket which is located at Basement 1, 635 Ji Hua Road, Wu He West Street, Ban Tian Street, Longgang District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍崗區坂田街道五和大道西吉華路635號負一層) subleased by the Sublandlord.

Information on the Leasehold Improvements and Equipment

The Leasehold Improvements and Equipment consist of existing fittings and fixtures, equipment, and transferable operation licenses of Bantian Supermarket. As at 31 December 2025, due to the loss-making performance of Bantian supermarket, for financial reporting purpose, the book value of the Leasehold Improvement and Equipment had been fully impaired in the Company's consolidated financial statements.

Set out below is the unaudited financial information of the Bantian Supermarket for the two years ended 31 December 2024 and 2025:

	For the year ended 31 December 2024 RMB' million	For the year ended 31 December 2025 RMB' million
Revenue	9.5	16.2
Net (loss) before tax	(5.6)	(7.4)
Net (loss) after tax	(5.6)	(7.4)

Financial Effect of the Disposal

Based on the consideration of RMB6 million and the unaudited net book value of the Leasehold Improvements and Equipment of nil as of 31 December 2025, the Group currently anticipates recording a gain on disposal upon the completion of the Disposal of RMB6.0 million. The proceeds from the Disposal are expected to be allocated for general working capital purposes. After the Disposal, the Group will no longer operate the Bantian Supermarket therefore the Group does not expect further losses will be generated by the operation of Bantian Supermarket. Instead, the Group will record rental income arising from the Sublease Agreement.

REASONS AND BENEFITS FOR THE DISPOSAL

The Group is principally engaged in operation and management of retail stores and other related businesses in the PRC.

Prior to the entering into of the Sublease Agreement, the Group operated 8 supermarket, out of which the Bantian Supermarket had been loss-making, as such the Company terminated the operation of the Bantian Supermarket and sublet the Premises to the Subtenant as the Directors considered it will generate rental income and improve the cashflow of the Company. As the Leasehold Improvements and Equipment were merely for the operation of the Bantian Supermarket, to facilitate the Subtenant's operation of supermarket, the transfer of the Leasehold Improvements and Equipment (together with the operation license) should forms part of the Sublease Agreement. Furthermore, considering the Sub-transfer Fee and the fully impaired net book value of the Leasehold Improvement and Equipment, the discontinuation of the operation of Bantian Supermarket will result in a gain and on-going rental income for the Group.

In view of the above, the Directors considered that the terms of the Sublease Agreement were entered into on normal commercial terms and the Sub-transfer Fee for the Disposal was arrived after arm's length negotiation and is fair and reasonable and on normal commercial terms. The Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The sublease of the Premises is a provision of operating lease services by the Sublandlord to the Subtenant. Since (i) it is of a revenue nature in the ordinary and usual course of business of the Company; and (ii) the sub-lease involved are operating leases which have no material impact on the operation of the Company and the amount or value of the sublease involved will not result in the expansion of the Company's existing scale of operation through such lease arrangement by 200% or more, the Board considers that it does not constitute a notifiable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

In respect of the Sub-transfer Fee, as one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transfer of the Leasehold Improvements and Equipment (together with relevant operation rights) exceed 5% but is less than 25%, the transaction contemplated thereunder constitutes a discloseable transaction and is subject to the announcement requirement under Chapter 14 of the Listing Rules but exempt from Shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bantian Supermarket”	the supermarket operated by the Company as at the date of this announcement located at the Premises
“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
“Disposal”	the transfer of the Leasehold Improvements and Equipment pursuant to the Sublease Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Leasehold Improvements and Equipment”	the existing fittings and fixtures, equipment, and transferable operation licenses and other relevant assets associated with the operation of the Bantian Supermarket
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Zhuang”	Mr. Zhuang Lu Kun, an executive Director, spouse of Mrs. Zhuang which as at the date of this announcement held 467,985,000 Shares, and together with Mrs. Zhuang held approximately 51.61% of the total issued shares of the Company
“Mrs. Zhuang”	Mrs. Zhuang Su Lan, spouse of Mr. Zhuang, which as at the date of this announcement held 67,500,000 Shares, and together with Mr. Zhuang held 535,485,000 Shares, representing approximately 51.61% of the total issued shares of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	Certain retail spaces for the operation of the Bantian Supermarket, located at Basement 1, 635 Ji Hua Road, Wu He West Street, Ban Tian Street, Longgang District, Shenzhen, Guangdong Province, the PRC (中國廣東省深圳市龍崗區坂田街道五和大道西吉華路635號負一層) subleased by the Sublandlord
“Rental Space”	Level 1–6 of Jiahua Ling Hui Plaza (佳華領匯廣場) located in the South-west side of junction of Ji Hua Road and Wu He West Street, Ban Tian Street, Longgang District, Shenzhen, Guangdong Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Baijiahua”	Shenzhen Baijiahua Department Stores Company Limited (深圳市百佳華百貨有限公司), a company incorporated in the PRC, a wholly-owned subsidiary of the Company, being the Sublandlord
“Shenzhen Baijiahua Commercial”	Shenzhen Baijiahua Commercial Management Limited (深圳市百佳華商業管理有限公司) formerly known as (Shenzhen Baijiahua Business Investment Management Limited (深圳市百佳華商業投資管理有限公司)), a company incorporated in the PRC, an indirect wholly-owned subsidiary of the Company also a subsidiary of the Sublandlord

“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 Shenzhen Baijiahua Group Company Limited (深圳市百佳華集團有限公司), (a company incorporated in the PRC with limited liability, which is held as to 90% by Mr. Zhuang and 10% by Mrs. Zhuang as at the date of this announcement)
“Shenzhen Jiayang”	Shenzhen Jiayang Maohua Trading Co., Ltd. (深圳市佳漾茂華商貿有限公司), a company incorporated in the PRC, held as to 100% by Mr. Zhang Yichun (張義春), being the Subtenant
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sublandlord”	Shenzhen Baijiahua, being the Sublandlord under the Sublease Agreement
“Subtenant”	Shenzhen Jiayang, being the Subtenant under the Sublease Agreement
“Sub-transfer Fee”	RMB6,000,000, being the consideration for the Disposal of the Leasehold Improvements and Equipment
“%”	per cent.

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

Shenzhen, the PRC, 1 May 2026

As at the date of this announcement, the Board comprises 3 executive Directors, namely, Mr. Zhuang Lu Kun, Mr. Zhuang Pei Zhong and Mr. Zhuang Xiao Xiong, and 4 independent non-executive Directors, namely Mr. Chin Kam Cheung, Mr. Sun Ju Yi, Mr. Ai Ji and Madam Ying Chi Kwan.