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Yi Hua Department Store Holdings Limited
益華百貨控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2213)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 30 June 2015 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 31,630,000 Subscription Shares at the Subscription Price of HK\$2.72 per Subscription Share.

The Subscription Shares represent approximately 8.79% of the total issued share capital of the Company as at the date of this announcement, and approximately 8.08% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading performance of the Shares. The Subscription Price of HK\$2.72 per Subscription Share represents (i) a discount of approximately 11.40% to the closing price of HK\$3.07 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreements; and (ii) a discount of approximately 12.26% to the average closing price of approximately HK\$3.10 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement.

The Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the Subscription Shares.

Assuming all the Subscription Shares are fully subscribed, the maximum gross proceeds from the Subscription will be HK\$86.03 million. The net proceeds, after deducting all relevant costs and expenses, will be approximately HK\$85.88 million, representing a net subscription price of approximately HK\$2.72 per Share. The Company intends to use the net proceeds from the Subscription to enlarge its capital base and prepare for any development opportunities as and when they arise.

The Subscription Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 12 June 2015. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

An application will be made to the Listing Committee for the approval of the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscriptions. The Subscriptions are conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares. If such condition is not fulfilled, the Subscriptions will not proceed.

GENERAL

Shareholders and potential investors should note that completion of the Subscriptions is subject to fulfillment of the conditions under the respective Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Introduction

The Board is pleased to announce that on 30 June 2015 (after trading hours), the Company entered into the Subscription Agreements with not less than six Subscribers pursuant to which the Subscribers have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 31,630,000 Subscription Shares at the Subscription Price of HK\$2.72 per Subscription Share. Apart from the number of Subscription Shares to be subscribed by each of the Subscribers, the terms of each of the Subscription Agreements are the same.

The Subscription Agreements

Date: 30 June 2015 (after trading hours)

Parties: (i) the Company; and
(ii) Subscribers.

The Subscribers are not less than six in number. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscribers are Independent Third Parties including employees, their relatives, and suppliers of the Group.

The Subscription Shares

31,630,000 new Subscription Shares representing approximately 8.79% of the existing issued share capital of the Company as at the date of this announcement and approximately 8.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Subscription Price

Pursuant to the Subscription Agreements, each of the Subscribers shall pay to the Company the total subscription money pursuant to the relevant Subscription Agreements on Completion Date.

The Subscription Price of HK\$2.72 per Subscription Share represents:

- (i) a discount of approximately 11.40% to the closing price of HK\$3.07 per Share as quoted on the Stock Exchange on the last trading day immediately prior to the date of the Subscription Agreements; and
- (ii) a discount of approximately 12.26% to the average closing price of approximately HK\$3.10 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement.

The net Subscription Price, after deduction of relevant expenses (including but not limited to legal expenses and disbursements) of approximately HK\$150,000, is estimated to be approximately HK\$2.72 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscriptions

Completion of the Subscriptions shall be subject to and conditional upon, among other things, the following:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (b) without prejudice to the condition in (a) above, all necessary consent and approvals required to be obtained on the part of the Company in respect of the Subscriptions and the transactions contemplated thereunder; and
- (c) all necessary consent and approvals required to be obtained on the part of the Subscribers in respect of the Subscriptions and the transactions contemplated thereunder.

In the event that the condition of the Subscriptions are not fulfilled (or waived) on or before 4:00 p.m. on 14 July 2015 (or such other date and time as may be agreed between the parties to the relevant Subscription Agreement), the Subscription Agreements shall cease and determine and neither the Company nor the Subscribers shall have any obligations and liabilities under the Subscription Agreements.

The Subscription Shares are subject to a lock up period of six months after Completion. It should be noted that the Subscription Agreements are not inter-conditional.

Completion of the Subscriptions

Completion of the Subscriptions will take place at 4:00 p.m. on the fifth Business Day after the conditions of the Subscriptions are fulfilled (or waived) (or such other date as may be agreed between the parties to the Subscription Agreements).

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 72,000,000 Shares. As at the date of this

announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares. No separate approval of Shareholder is required for the Subscription. The 31,630,000 Subscription Shares constitute 43.93% of the General Mandate.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

CHANGES IN SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Subscription (assuming that there are no other changes to the shareholding structure of the Company from the date of this announcement to the date of completion of the Subscription) are as follows:

| Shareholders | As at the date of this announcement | | Immediately after the completion of the Subscriptions | |
|---|--|--------------------------|--|--------------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| Jaguar Asian Limited (“Jaguar Asian”) (Note 1) | 208,116,000 | 57.81 | 208,116,000 | 53.14 |
| Eaglepass Developments Limited (“Eaglepass Developments”) (Note 2) | 9,811,000 | 2.72 | 9,811,000 | 2.51 |
| Gain Profit Management Limited (“Gain Profit”) (Note 2) | 9,811,000 | 2.72 | 9,811,000 | 2.51 |
| Yinglifeng Trading Developments Limited (“Yinglifeng Development”) (Note 2) | 9,811,000 | 2.72 | 9,811,000 | 2.51 |
| Fan Xinpei (Note 3) | 34,504,332 | 9.58 | 34,504,332 | 8.81 |
| <i>Public Shareholders</i> | | | | |
| Subscribers | – | – | 31,630,000 | 8.08 |
| Other public Shareholders | 107,568,668 | 29.89 | 107,568,668 | 27.46 |
| | <u>360,000,000</u> | <u>100.00</u> | <u>391,630,000</u> | <u>100.00</u> |

Notes

1. Jaguar Asian is wholly owned by Mr. Chen Daren, a non-executive Director.
2. These shares are held by Eaglepass Developments, which is owned as to 15.66% and 84.34% by Mr. Lu Hanxing (non-executive Director) and Gain Profit respectively. Gain Profit is wholly-owned by Yinglifeng Developments. Yinglifeng Developments is owned as to 66.33%, 9.62%, 9.62%, 4.81%, 4.81% and 4.81% by Mr. Fan Xinpei (executive Director), Mr. Lin Guangzheng (executive Director), Mr. Su Weibing (executive Director), Ms. Wang Guping, Ms. Zhang Rong and Mr. Luo Chengwen respectively.
3. Mr. Fan Xinpei is an executive Director and chief executive officer of the Company.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTH

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

REASONS FOR THE SUBSCRIPTION AGREEMENTS

The Group is principally engaged in the operations of department stores in the PRC.

The gross proceeds of the Subscriptions is approximately HK\$86.03 million. The Company intends to use the net proceeds of the Subscriptions of approximately HK\$85.88 million to enlarge its capital base and prepare for any development opportunities as and when they arise.

The Directors consider that the Subscriptions represent opportunities to raise additional funding for the Group's business operation and it will also strength the capital base and financial position for the Group's future business developments and broaden the Shareholder base of the Company. In addition, the Directors consider that the Subscriptions are preferred method of fund raising as compared with other equity fund raising exercises based on the time and costs involved.

The Directors consider that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and that the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

Shareholders and potential investors should note that completion of the Subscriptions is subject to fulfillment of the conditions under the respective Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

| | |
|--------------------------------|---|
| “associates” | has the meaning ascribed to this term under the Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | any day (excluding Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours |
| “Company” | Yi Hua Department Store Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Share of which are listed on the Stock Exchange |
| “Completion” | the completion of each of the Subscription Agreements |
| “Completion Date” | Being the fifth Business Day after all the conditions precedent thereunder were fulfilled or waived (or such other date as may be agreed between the parties to the relevant Subscription Agreements) |
| “connected persons” | has the meaning ascribed to it in the Listing Rules |
| “Director(s)” | director(s) of the board of the Company |
| “General Mandate” | the general mandate granted to the Directors to allot, issue and deal in Shares at the annual general meeting of the Company held on 12 June 2015 |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons |

| | |
|---------------------------|--|
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” | The People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Share(s)” | share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscribers” | Independent Third Parties who entered into the Subscription Agreements respectively, collectively referred to as the Subscribers |
| “Subscriptions” | the subscription for the Subscription Shares by the Subscribers pursuant to the Subscription Agreements, collectively referred to as the Subscriptions |
| “Subscription Agreements” | the agreements dated 30 June 2015 entered into between the Company and not less than six Subscribers respectively, collectively referred to as the Subscription Agreements |
| “Subscription Price” | the subscription price of HK\$2.72 per Subscription Share |
| “Subscription Shares” | an aggregate of 31,630,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements |
| “%” | per cent. |

By Order of the Board
Yi Hua Department Store Holdings Limited
Fan Xinpei
Chief executive officer and executive Director

Hong Kong, 30 June 2015

As at the date of this announcement, the executive Directors are Mr. Chen Jianren, Mr. Fan Xinpei, Mr. Su Weibing, Mr. Lin Guangzheng and Mr. Chen Zhengtao; the non-executive Director is Mr. Chen Daren; and the independent non-executive Directors are Mr. Sun Hong, Mr. Xu Yinzhou and Mr. Leung Wai Kwan.