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)

PROFIT WARNING

This announcement is made by Jiahua Stores Holdings Limited ("**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 (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**").

The board of directors (the "**Board**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that based on preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2018, the Group is expected to record a decrease in net profit when compared to the net profit for the six months ended 30 June 2017 (the "**Comparative Period**"). The change is mainly attributable to the following reasons:

1. the Group have renewed the tenancy agreements of two of its major stores, i.e. Gongming and Shajing stores, with substantial increase in rental expenses due to recent market conditions; and

2. two major stores, i.e. Gongming and Shajing stores, were undergoing renovation enhancement during the period, turnover of stores have been adversely affected by the temporary suspension of business;

3. the subsidiary engaging in the food and beverage business has incurred more operating loss during the five months ended 31 May 2018 compared with the same period in 2017; and

4. retail store business is still affected by the challenge of online store business.

As the period covered by the six months ending 30 June 2018 has not yet ended, the information contained in this announcement is a preliminary assessment by the Board based on the current materials obtained (including the unaudited consolidated management accounts for the five months ended 31 May 2018 of the Group). The information contained in this announcement is not based on any figures or information that has been audited or reviewed by the auditors of the Company.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the shares of the Company.

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

Shenzhen, the PRC, 15 June 2018

As at the date of this announcement, the Directors are:
Executive Directors: Mr. Zhuang Lu Kun, Mr. Zhuang Pei Zhong, Mr. Gu Wei Ming and Mr. Zhuang Xiao Xiong

Independent non-executive Directors: Mr. Chin Kam Cheung, Mr. Sun Ju Yi, Mr. Ai Ji