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
SUPPLEMENTAL ANNOUNCEMENT

This announcement is made by Jiahua Stores Holdings Limited ("**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 12 February 2020 in relation to, among other things, the profit warning of the results of the Company for the year ended 31 December 2019 (the "**Announcement**"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board wishes to further inform the Shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, the Group is expected to record a net loss of approximately RMB60,000,000 for the year ended 31 December 2019, as compared to net profit of approximately RMB25,203,000 for the year ended 31 December 2018. It is mainly attributable to:

(a) the adoption of new Hong Kong Financial Reporting Standard 16 – Leases, which resulted in higher depreciation charge on right-of-use assets and interest expenses on lease liabilities totaling approximately RMB34,000,000;
(b) the additional increase in operating loss of shopping mall of approximately RMB4,000,000; and
(c) the decrease in net profit due to temporary suspension of business of major stores upon enhancement works and cooperation project of approximately RMB48,000,000.

The Company is in the process of preparing the annual results announcement of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2019 currently available to the Board which have not been audited or reviewed by the auditor or audit committee of the Company and is subject to adjustments as may be required. The actual results of the Group for the year ended 31 December 2019 may be different from the disclosure herein. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the

Company for the year ended 31 December 2019.

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

By Order of the Board
Jiahua Store Holdings Limited
Zhuang Pei Zhong
Executive Director and CFO

Shenzhen, the PRC, 17 February 2020

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

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