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 (the "**Inside Information Provisions**") under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**").

The Board of Directors of the Company ("**Board**") wishes to inform potential investors and shareholders of the Company that having assessed currently available information, the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, the Group is expected to record a net loss of approximately RMB51,000,000 for the six months ended 30 June 2020, as compared to net profit of approximately RMB8,009,000 for the six months ended 30 June 2019. It is mainly attributable to:

(a) Net operating loss has been incurred by most of our major stores as a result of general decline in local consumption power due to the outbreak of the novel coronavirus pneumonia (COVID-19) pandemic (the "**Pandemic**") in China since January 2020;
(b) The adoption of new Hong Kong Financial Reporting Standard 16 – Leases, which resulted in additional expenses from higher depreciation charge on right-of-use assets and interest expenses on lease liabilities totaling approximately RMB20,000,000;
(c) Due to the infant stage of operation and competitive business environment, there were operating loss from shopping malls operation of approximately RMB8,000,000; and
(d) Pursuant to the outbreak of the pandemic and the particular store operating conditions, there were closures of three stores during the period. This resulted in additional loss on disposal of fixed assets and fixed assets written off of approximately RMB2,400,000 and RMB21,000,000 respectively .

The operation results for the six months ended 30 June 2020 is expected to be worse than that of the same period in last year.

Given that the pandemic is continuing, it is not yet possible to estimate accurately the full financial effect that the pandemic will have on the Group's operations. The actual operating and financial conditions of the Group for the Period are yet to be quantified and the Board will closely monitor the situation.

Despite the possible unaudited consolidated net loss for the six months ended 30 June 2020, the Board considers that the Group's overall financial position is still healthy and the Board remains positive on the long term prospect of the Group.

As the Company is still in the process of finalizing its Interim Results, the information contained in this announcement is based only on a preliminary assessment of the management accounts of the Company as at 30 June 2020 by, and information currently available to, the Board which have not been audited or reviewed by the Company's auditor or the audit committee of the Company. Further details of the Company's Interim Results will be announced in due course.

Potential investors and shareholders of the Company should exercise caution when dealing in the shares of the Company.

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

Shenzhen, the PRC, 11 August 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