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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)

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 wishes to inform the Shareholders and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated financial statements of the Group for the year ended 31 December 2020, the Group is expected to record a net loss of approximately RMB194,800,000 for the year ended 31 December 2020, as compared to net loss of approximately RMB52,342,000 for the year ended 31 December 2019. It is mainly attributable to:

(a) Net operating loss has been incurred by most of our major stores and the three closure stores (as below) as a result of general decline in local consumption power due to the outbreak of the novel coronavirus pneumonia pandemic (the "**Pandemic**") in China since January 2020;
(b) Net decrease in fair value on investment property of approximately RMB5,600,000;
(c) 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 forfeiture of rental deposit and written off of leasehold improvements of approximately RMB600,000 and RMB36,200,000 respectively, totaling RMB36,800,000;
(d) Impairment loss on loan receivable of approximately RMB2,300,000; and
(e) Impairment loss on non-financial assets of approximately RMB90,000,000 (preliminary estimate).

The Company is in the process of preparing the annual results announcement of the Group for the year ended 31 December 2020. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the latest unaudited consolidated financial statements of the Group for the year ended 31 December 2020 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 2020 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 2020.

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, 25 March 2021

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