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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL RESULTS

The board (the “Board”) of directors (the “Directors”) of Jiahua Stores Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2025 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2025	2024
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	177,580	207,763
Cost of inventories sold		<u>(56,555)</u>	<u>(83,256)</u>
		121,025	124,507
Other operating income	4	36,780	23,193
Selling and distribution costs		(124,254)	(130,973)
Administrative expenses		(17,356)	(15,613)
Finance costs	5	(18,697)	(25,004)
Other operating expenses		<u>(1,026)</u>	<u>(1,079)</u>
Loss before income tax	6	(3,528)	(24,969)
Income tax expense	7	<u>(53)</u>	<u>(498)</u>
Loss and total comprehensive income for the period and attributable to owners of the Company		<u>(3,581)</u>	<u>(25,467)</u>
Dividend	8	<u>–</u>	<u>–</u>
Loss per share for loss attributable to the owners of the Company during the period			
– Basic and diluted (<i>RMB cents</i>)	9	<u>(0.35)</u>	<u>(2.45)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2025	At 31 December 2024
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		78,049	99,926
Investment properties		226,500	226,500
Right-of-use assets		275,912	300,251
Intangible assets		4,432	4,047
Deposits paid, prepayments and other receivables		19,520	19,520
Interests in an associate		–	–
Deferred tax assets		76,954	76,954
		<u>681,367</u>	<u>727,198</u>
Current assets			
Inventories and consumables		2,363	4,525
Trade and loan receivables	10	36,514	35,808
Deposits paid, prepayments and other receivables		16,319	15,059
Pledged bank deposit		2,000	2,000
Cash and cash equivalents		40,828	25,087
Tax recoverable		209	71
		<u>98,233</u>	<u>82,550</u>
Current liabilities			
Trade payables	11	38,682	48,283
Deposits received, other payables and accruals		150,131	143,331
Contract liabilities		11,398	10,629
Lease liabilities		65,204	39,761
Amount due to a director		59	59
Borrowings		8,532	7,827
Provision for tax		9,001	8,900
		<u>283,007</u>	<u>258,790</u>
Net current liabilities		<u>(184,774)</u>	<u>(176,240)</u>
Total assets less current liabilities		<u>496,593</u>	<u>550,958</u>

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Non-current liabilities		
Lease liabilities	354,911	401,429
Borrowings	133,659	137,925
Deferred tax liabilities	80,499	80,499
	<u>569,069</u>	<u>619,853</u>
Net liabilities	<u>(72,476)</u>	<u>(68,895)</u>
EQUITY		
Share capital	10,125	10,125
Reserves	(82,601)	(79,020)
Capital deficiency	<u>(72,476)</u>	<u>(68,895)</u>

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Jiahua Stores Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are operation and management of retail stores and other related businesses, and provision of financing services.

The unaudited interim condensed consolidated financial statements (“Interim Condensed Financial Statements”) of the Company and its subsidiaries (collectively known as the “Group”) for the six months ended 30 June 2025 (the “period”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix D2 of the Rules Governing the Listing of Securities on the Stock Exchange.

The Interim Condensed Financial Statements have been prepared in accordance with the same accounting policies adopted in the audited financial information of the Company for the year ended 31 December 2024 (the “2024 Annual Financial Statements”), except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group and the Company. The Group has not applied any new standard, amendment or interpretation that is not yet effective for the current accounting period.

The preparation of Interim Condensed Financial Statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period to date basis. Actual results may differ from these estimates.

The Interim Condensed Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the audited financial information of the Company for the year ended 31 December 2024.

2. ADOPTION OF HKFRS ACCOUNTING STANDARDS

During the period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations.

The adoption of the new HKFRS Accounting Standards and amendments to HKFRS Accounting Standards has no material impact on the Group’s condensed consolidated interim financial statements.

3. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on regular internal financial information about resources allocation to the Group's business components and review of these components' performance. There are two business components/operating segments, which are operation and management of retail stores and other related businesses, and provision of financing services (2024: operation and management of retail stores and other related businesses, and provision of financing services).

Certain comparative amounts in segment information have been re-presented to conform to the current period's presentation.

	Operation and management of retail stores and other related businesses RMB'000 (Unaudited)	Provision of financing services RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Six months ended 30 June 2025			
Reportable segment revenue	177,580	–	177,580
Segment results	(1,190)	–	(1,190)
Other unallocated corporate income			325
Other unallocated corporate expenses			(2,663)
Loss before income tax			(3,528)
Other segment information			
Interest income	(18)	–	(18)
Additions to non-current assets	2,568	–	2,568
Amortisation of intangible assets	729	–	729
Depreciation of property, plant and equipment	23,580	–	23,580
Depreciation of right-of-use assets	24,339	–	24,339
Interest expense on lease liabilities	15,799	–	15,799
Loss on disposal of property, plant and equipment	735	–	735
	(Unaudited)	(Unaudited)	(Unaudited)
At 30 June 2025			
Reportable segment assets	672,602	161	672,763
Tax recoverable			209
Deferred tax assets			76,954
Other unallocated corporate assets			29,674
Total assets			779,600
Reportable segment liabilities	760,854	70	760,924
Provision for taxation			9,001
Deferred tax liabilities			80,499
Other unallocated corporate liabilities			1,652
Total liabilities			852,076

	Operation and management of retail stores and other related businesses RMB'000 (Unaudited)	Provision of financing services RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Six months ended 30 June 2024			
Reportable segment revenue	207,763	–	207,763
Segment results	(22,318)	(147)	(22,465)
Other unallocated corporate income			5
Other unallocated corporate expenses			(2,509)
Loss before income tax			(24,969)
Other segment information			
Interest income	(230)	–	(230)
Additions to non-current assets	8,967	–	8,967
Amortisation of intangible assets	616	–	616
Depreciation of property, plant and equipment	27,042	–	27,042
Depreciation of right-of-use assets	26,733	–	26,733
Interest expense on lease liabilities	21,674	–	21,674
Loss on disposal of property, plant and equipment	161	–	161
	(Audited)	(Audited)	(Audited)
At 31 December 2024			
Reportable segment assets	700,624	342	700,966
Tax recoverable			71
Deferred tax assets			76,954
Other unallocated corporate assets			31,757
Total assets			809,748
Reportable segment liabilities	787,018	78	787,096
Provision for taxation			8,900
Deferred tax liabilities			80,499
Other unallocated corporate liabilities			2,148
Total liabilities			878,643

The People's Republic of China ("PRC") is the country of domicile of the Group. The country of domicile is determined by referring to the country which the Group regards as its home country, has the majority of operations and centre of management.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is the PRC.

Information about a major customer

There was no single customer that contributed to 10% or more of the Group's revenue for the six months ended 30 June 2024 and 2025.

4. REVENUE AND OTHER OPERATING INCOME

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue		
Sales of goods	67,443	89,621
Commission from concessionaire sales	4,853	5,455
Rental income from sub-leasing of shop premises	21,151	23,531
Rental income from investment properties	4,664	4,737
Rental income from sub-leasing of shopping malls	79,469	84,419
	<u>177,580</u>	<u>207,763</u>
Other operating income		
Interest income	18	230
Government grants	38	44
Administration and management fee income	13,015	14,855
Gain on exchange	–	210
Gain on early termination of leases	13,906	–
Others	9,803	7,854
	<u>36,780</u>	<u>23,193</u>

Revenue, which is also the Group's turnover, represents invoiced value of goods sold, net of value added tax and after allowances for returns and discounts, commission from concessionaire sales, rental income and interest income from financing services.

5. FINANCE COSTS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest on lease liabilities	15,799	21,674
Interest on borrowings	2,898	3,330
	<u>18,697</u>	<u>25,004</u>

6. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging:		
Depreciation of property, plant and equipment	23,580	27,042
Depreciation of right-of-use assets	24,339	26,733
Interest expense on lease liabilities	15,799	21,674
Amortisation of intangible assets	729	616
Loss on disposal of property, plant and equipment	735	161
Operating lease rentals in respect of land and buildings	3,929	6,063
Staff costs, including directors' emoluments		
– salaries and other benefits	27,913	29,967
– contributions to pension scheme	5,640	5,226
	<u>27,913</u>	<u>29,967</u>
and crediting:		
Rental income from investment properties	4,664	4,737
Sub-letting of properties		
– Base rents	93,095	105,015
– Contingent rents*	7,525	2,935
	<u>7,525</u>	<u>2,935</u>
	<u>100,620</u>	<u>107,950</u>

* Contingent rents are calculated based on a percentage of the relevant sales amount of the tenants pursuant to the rental agreements.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
PRC enterprise income tax	53	498

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the period (six months ended 30 June 2024: Nil).

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits in Hong Kong for the period (six months ended 30 June 2024: Nil).

For a subsidiary of the Group in Guangxi, its PRC Enterprise Income Tax has been provided at the preferential enterprise income tax rate of 15% (2024: 15%) for the period pursuant to the privilege under the China's Western Development Program (西部大開發計劃).

A subsidiary of the Company in Shenzhen, namely 深圳市百佳華網絡科技有限公司, is qualified as a High and New Technology Enterprise and enjoys a preferential income tax rate of 15% as approved by the PRC tax authority.

Other subsidiaries of the Group established in the PRC were mainly subject to PRC Enterprise Income Tax at the rate of 25% (2024: 25%) for the period under the income tax rules and regulations of the PRC.

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law of the PRC issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends declared or proposed out from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

8. DIVIDEND

- (a) The Board of Directors does not recommend the payment of an interim dividend for the period (six months ended 30 June 2024: Nil).
- (b) Dividend attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous year, approved and paid during the period, of RMB Nil (six months ended 30 June 2024: RMB Nil) per share	—	—

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company for the period of approximately RMB3,581,000 (six months ended 30 June 2024: loss of approximately RMB25,467,000) and the weighted average number of approximately 1,037,500,002 (six months ended 30 June 2024: approximately 1,037,500,002) ordinary shares in issue during the period.

Diluted earnings per share were same as the basic earnings per share as there were no other potential dilutive ordinary shares in existence during the periods.

10. TRADE AND LOAN RECEIVABLES

All of the Group's sales are on cash basis except for trade receivables from certain bulk sales of merchandise to corporate customers, rental income receivables from tenants and loan receivables from provision of financing services. The credit terms offered to the customers from operation and management of retail stores are generally for a period of one to three months, while to customers from financing services are repayable on demand. Trade receivables were non-interest-bearing, except for loan receivables from provision of financing services.

The aging analysis of the Group's trade receivables, based on invoice dates, is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 30 days	31,076	34,635
31–60 days	1,033	140
61–180 days	1,924	490
181–365 days	2,153	537
Over 365 days	328	6
	<u>36,514</u>	<u>35,808</u>

The aging analysis of the Group's loan receivables (net of impairment loss) is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Repayable on demand or within one year	<u>–</u>	<u>–</u>

11. TRADE PAYABLES

The credit terms granted by suppliers are generally for a period of 30 to 60 days.

The aging analysis of the trade payables, based on invoice dates, is as follows:

	At 30 June 2025 RMB'000 (Unaudited)	At 31 December 2024 RMB'000 (Audited)
Within 30 days	6,108	21,790
31–60 days	5,733	9,245
61–180 days	15,054	9,957
181–365 days	8,102	1,166
Over 365 days	3,685	6,125
	<u>38,682</u>	<u>48,283</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Despite continued external pressure and growing trade tension risks in the first half of the year, the Chinese economy demonstrated resilience and recovery momentum. Trade data shows that, due to the combined impact of the US's reciprocal tariffs and geopolitical factors, China-US trade reversed from year-on-year (YOY) growth in the first quarter to a YOY decline in the second quarter, with a drop of approximately 20.8%. However, China's overall export growth demonstrated its strong resilience to maintain steady economic growth.

First, the recovery in domestic demand has become a key pillar. In the first half of the year, total retail sales of consumer goods increased by 5.0% YOY, with growth in commodities such as home appliances, stationery and furniture, reflecting the continued optimization of residents' consumption structure and the release of consumption potential. In particular, driven by the "trade-in" program, consumption of durable goods has rebounded, providing a support for expanding domestic demand. Meanwhile, service consumption has recovered well, with retail sales of services increasing. Modern service industries such as information, finance, and business services have maintained growth, playing an important role in expanding consumption and providing employment opportunities. Furthermore, the industrial system remains stable, with strategic emerging industries growing. Growth in the production of 3D printing equipment, new energy vehicles, and industrial robots not only stabilized China's export base but also strengthened its position in technological competition.

Even facing pressure from the US trade tension in the second quarter, China's exports remained resilient and their structure is improving. Despite weak global demand, China actively expanded its export channels, with trade to countries along the Belt and Road Initiative increasing. The diversified market strategy, effectively offsets the pressure from shrinking traditional markets. Amidst the shadow of the trade tension, China has accelerated economic and trade cooperation with emerging markets and strengthened the implementation of regional trade mechanisms such as the Regional Comprehensive Economic Partnership, contributing to a more open economic system.

According to the latest data from the National Bureau of Statistics, total retail sales of consumer goods reached RMB4,228.7 billion in the first half of 2025, a YOY increase of 4.8%. Retail sales of goods grew by 5.1%, and catering revenue increased by 4.3%. Policy-driven growth, coupled with the festive season, significantly revitalized the consumer market. E-commerce promotions and cultural tourism further unlocked retail potential, and the trade-in policy continued to deepen industry development and drive retail structure upgrades.

First, policy-driven retail market recovery and the continued effectiveness of the trade-in policy. The trade-in policy, implemented in the fourth quarter of 2024 and expanded to include digital products in January 2025, significantly boosted retail sales. In the first half of the year, sales of threshold household appliances, communications equipment, stationery and office supplies, and furniture increased. This policy, coupled with RMB150 billion in support from ultra-long-term special treasury bonds, drove trade-in sales in the largest five categories close to last year's levels. This helped the retail market recover from its sluggish trend, with the policy's effects spread from home appliances and furnishings to the digital sector, boosting consumption across the entire supply chain. Second, e-commerce promotions and retail growth resonated, with the "18 June" shopping festival kick-off the consumer market early. E-commerce platforms innovated their marketing strategies during the "18 June" shopping festival, integrating government subsidies with platform promotions. Leading companies such as JD.com and Taobao launched promotional campaigns using a combination of "government subsidies and coupons", driving YOY growth in online retail sales of physical goods. The synergy between policies and e-commerce accelerated the return of online consumption, forming a new retail landscape that integrates physical and virtual experiences. Third, consumption upgrades and structural optimization, with the synergy between catering and tourism, promoted the diversified development of retail. Driven by the holiday economy, the catering industry experienced a strong recovery with revenue growth. The growing demand for family dining offset the decline in business spending, and the integration of culture and tourism became a new growth point. During the Golden Week and Dragon Boat Festival holidays, domestic tourism saw rapid YOY growth, with cultural and sports events driving a surge in consumption at regional restaurants and scenic spots. Inbound tourism policies also benefited significantly following the visa-free entry expansion, the number of foreign visitors during the Golden Week holiday increased by over 70%. UnionPay transaction data shows a YOY increase in the amount of payments made by foreigners to China, injecting international vitality into the retail market. The deep integration of cultural and sports consumption with retail offers a new paradigm for regional industrial layout – using distinctive intellectual property to attract visitors and integrating catering, accommodation, and shopping into a closed-loop ecosystem. By 2025, the retail industry will exhibit three key characteristics: deepening policy benefits, accelerating the integration of e-commerce and physical stores, and the emergence of cross-sector cultural and tourism consumption.

With the diversification of consumer demands and the upgrading of experience, shopping malls are evolving towards scenario-based and immersive experiences. Traditional department stores, due to their highly homogeneous merchandise and limited offerings, are gradually losing customer traffic to shopping malls. In recent years, the shopping mall industry has undergone development from infancy to maturity, focusing on the consumer shopping experience and mainstreaming diversified development concepts. Some department stores are beginning to transform into shopping malls to adapt to new consumer trends.

By 2025, driven by the dual forces of consumption upgrading and digital transformation, China's shopping mall industry have formed a nationwide "experience economy" network. The number of shopping malls nationwide will exceed 6,000, with a total floor area exceeding 500 million square meters, and the industry market size will reach RMB450 billion. Driven by policies, third- and fourth-tier cities account for 45% of total projects. These projects are relatively small (averaging 50,000-80,000 square meters) and rely on community-based operations to maintain customer retention. Changing consumer demand and behavior are driving the rise of experiential consumption: Generation Z (18–35 years old) accounts for 65% of consumers, preferring sociable scene and a "commerce + culture" model. By 2025, experiential formats will account for over 40% of total shopping malls, with emerging formats such as art-themed restaurants, immersive role playing games, and visual reality centers experiencing growth rates exceeding 30%. The health economy is booming, with exercise recovery centers and senior social spaces emerging as new growth areas. Health-related formats are expected to account for 15% of total shopping malls by 2025, with annual growth exceeding 25%. Four core trends are emerging in shopping malls: experiential, digital, regional, and go green. Experiential: From "shopping venues" to "lifestyle centers". By 2025, over 60% of shopping malls will feature themed blocks or co-branded intellectual property. These blocks will attract local customers through old-style architecture and intangible cultural heritage displays. Digitalization: From "quantity sold" to "data-driven" to achieve full-channel integration. Precision marketing, using applications to achieve precise push through user profile. Regional: From "city spot" to "last mile", the service radius is condensed: community shopping centers has been shortened from 3 kilometers to 1.5 kilometers, focusing on the "last mile". The integration of green elements in shopping malls not only beautifies the shopping environment, but also gives the malls and brands new vigor. This concept is changing consumer habits and driving shopping malls to develop in a more energy-saving, environmentally friendly and sustainable direction. China has proposed the "dual carbon goal" – to achieve "carbon peak" before 2030 and "carbon neutrality" before 2060. The proportion of green decorations has increased rapidly.

According to the National Bureau of Statistics, the gross domestic product in the first half of 2024 reached approximately RMB66.1 trillion, an increase of approximately 5.3% over the same period last year.

In the first half of the year, the total retail sales of consumer goods were approximately RMB24.5 trillion, a YOY increase of approximately 5.0%. Among them, the retail sales of consumer goods of enterprises above threshold were approximately RMB9.9 trillion, a YOY increase of approximately 6.1%. According to the location of the business unit, the retail sales of consumer goods in urban areas was approximately RMB21.3 trillion, a YOY increase of approximately 5.0%; the retail sales of consumer goods in rural areas was approximately RMB3.2 trillion, a YOY increase of approximately 4.9%. In terms of consumption patterns, catering revenue was approximately RMB2.7 trillion, an increase of approximately 4.3%; commodity retail was approximately RMB21.8 trillion, an increase of approximately 5.1%. In the retail sales of goods, the retail sales of enterprises above threshold were approximately RMB9.1 trillion, an increase of approximately 6.3%. In the first half of the year, national online retail sales were approximately RMB7.4 trillion, a YOY increase of approximately

8.5%. Among them, the online retail sales of physical goods were approximately RMB6.1 trillion, an increase of approximately 6.0%, accounting for approximately 24.9% of the total retail sales of consumer goods. In the online retail sales of physical goods, food, clothing and consumer goods increased by approximately 15.7%, 1.4% and 5.3% respectively. By retail format classification, among the physical retail sales above the threshold, convenience stores, supermarkets, department stores, specialty stores and brand specialty stores increased by 7.5%, 5.4%, 1.2%, 6.4% and 2.4% YOY respectively.

In the first half of 2025, China's retail industry underwent multifaceted changes, driven by policy support, technological innovation, and market demand. On the one hand, the government introduced a series of policies aimed at promoting the integrated development of physical and online retail, enhancing consumer experience and market vitality. On the other hand, with the rapid development of internet technology, new formats such as e-commerce and new generation retailing have emerged, driving the transformation of the retail industry. Furthermore, as consumers' demand for personalized and experiential consumption grows, retailers are exploring new business models and marketing methods to meet these needs. Emerging models such as instant retail and fresh food e-commerce are rapidly gaining momentum. At the same time, retail formats are diversifying, with platform and self-operated models developing in parallel, and the concept of "new retailing" – the integration of online and offline – taking hold. Digital transformation, the rise of e-commerce, and shifting consumer behavior are reshaping the retail landscape. While physical retailers face significant pressure from online shopping, this is also driving retailers to innovate and enhance the customer experience, driving the development of omni-channel retail strategies. Technological advances, such as big data analytics, artificial intelligence, and mobile payments, are reshaping the retail landscape, making it more personalized and efficient. In the future, the retail industry will place greater emphasis on experience and data-driven initiatives. The development of virtual and augmented reality technologies will provide immersive shopping experiences. The widespread adoption of the Internet of Things and smart devices will enable retailers to collect and analyze more consumer behavior data, enabling targeted marketing and inventory management. China's retail industry also faces challenges. Some traditional retailers face operating pressures, growth in some formats is slowing, and regional imbalances persist. Furthermore, market competition is intensifying, placing higher demands on companies' innovation, management, and adaptability. China's retail industry faces both opportunities and challenges. Driven by policy support, technological innovation, and consumer demand, the retail industry will continue to maintain steady development.

BUSINESS REVIEW

For the six months ended 30 June 2025, the Group's total revenue was approximately RMB177.6 million, a decrease of approximately 14.5% YOY; gross profit was approximately RMB10.9 million, a YOY increase of approximately 71.0%; operating loss was approximately RMB3.5 million, a YOY decrease of approximately 85.9%; the loss attributable to equity holders of the parent company was approximately RMB3.6 million, a YOY decrease of approximately 85.9%. At the end of the period, there were 9 retail stores and three shopping malls under the Group's operation. The decrease in revenue was mainly attributable to the weak general economic condition and the decline in spending spirit of residents. Besides, the increase in competition surrounding the stores and shopping malls, the change in spending pattern and attitude, and the divestment of foreign enterprise resulting in closure of factory and reduction of resident population, the income of most of the stores has been restricted. During the period, the Group was mainly changing the operation mode and enhancing the promotion activities to attract customers to spending, and the streamline of manpower and retaining of key employees, as to maintain strength to meet future challenges. Commodity sales decreased by approximately RMB22.2 million, commissions from concessionaire sales decreased by approximately RMB0.6 million, rental income from sub-leasing of shop premises decreased by approximately RMB2.3 million, rental income from investment property decreased by approximately RMB0.1 million, and rental income from sub-leasing of shopping malls decreased by approximately RMB50.0 million. The Group adopts a proactive and stable business strategy, provides value-added services to physical retail stores, and seeks and develops potential profit opportunities for other investment projects, and plans the preparatory work for the expansion of its branch network and shopping mall in the coming year.

Looking back at the first half of 2025, the Group has made the following major highlights in terms of operations.

(1) Shajing shopping mall celebrates its second anniversary, and collaborating with government stimulus plans for promotion

In July, Shajing Jiayanghai shopping mall, celebrating its second anniversary, partnered with the Bao'an District Bureau of Commerce and other Xinqiao subdistrict merchants to launch the "Four Seasons Renewal, Enjoyment of Xinqiao" annual circular consumption event. This event, in conjunction with the Meidianhui circular consumption platform, brought together over 2,000 merchants. Through a "government-supported, commercial-led, and public-benefited" model, the event offered approximately RMB30 million in exclusive circular consumption vouchers for Xinqiao subdistrict, benefiting residents, boosting merchant activity, and promoting regional development. Under the theme "Circular Consumption Carnival Season", the event employed an "online voucher issuance + offline experience" model, combining brand collaboration with shared traffic, aiming to deliver cash benefits to consumers and establish a closed spending loop characterized by mutual benefit for merchants, platform and consumer. Circular consumption vouchers are not a one-time benefit, but a continuous mechanism that benefits citizens with "the more you spend, the more you get". Citizens can continue to

receive new vouchers after spending at designated merchants, forming a virtuous cycle of consumption. From a feast in dining and gourmet food to discounts on trendy retail items, from parent-child interactive experiences to quality discounts on home life, the integration of “commerce, tourism, technology, finance” comprehensively covers the consumption needs of different groups, allowing citizens to enjoy consumption benefits. The two-year anniversary celebration features the cartoon character “Nailong” as the protagonist, and hosts a series of activities, including drama, parades, dancing, shadow puppetry, and lucky draw etc..

(2) Renovate the Gongming branch store layout to build up the shopping model of the new generation

During the period, the Shenzhen Gongming store was renovated and renamed Jiayanglin, with the supermarket section renamed Jiayangcang. The mall, with upgraded merchandise, a comprehensive product range, and attentive service, expanded its offerings to include prepared foods, bakery items, and freshly prepared food, creating a high-quality, bargaining supermarket. A food court was established, divided into snack, light meal, and prepared food areas. It offers a wide variety of dishes, including Cantonese breakfast, noodles, oden, teppanyaki, barbecue, Cantonese-style roast meats, crayfish, and freshly prepared food. A new rest and dining area was reserved for customers to gather and enjoy their meals. The mall also introduced seasonal items, a trending online zone, snacks, beverages, leisure food, home products, sports and pets, and a frozen food area. A convenience service area, offering free tea, washing facilities, a microwave, and equipment for measuring blood pressure, vision, height, and body pressure was set up, providing customers with a seamless and comfortable shopping experience.

(3) Prepare the first store in Pingshan, Shenzhen, and expand the store network

Jiahua Lingyue Plaza is located in the heart of Pingshan District, northeastern Shenzhen. This is Shenzhen’s youngest administrative district, also known as the “City of the Future”, with rich innovation advantages and high-quality industrial foundation. Pingshan has ranked the 38th place among China’s top 100 industrial districts and has been shortlisted for the top 100 investment-competitive districts in China over the past decade. While still in its early stages of development, the commercial sector demonstrates an overall upward development trend. Since its upgrade to Pingshan Administrative District in January 2017, Pingshan District’s Gross Domestic Product has reached approximately RMB140 billion in 2024. As a major industrial town, Pingshan District’s total industrial output value has exceeded RMB600 billion. Currently, the district is dominated by three major industries: new energy vehicles, biopharmaceuticals, and chip manufacturing, attracting a number of star industrial brands such as BYD, SMIC, and Honor. Pingshan District’s total retail sales of consumer goods reached approximately RMB25 billion in 2024. By the end of 2024, Pingshan District’s permanent population was approximately 620,000, and is expected to increase to 1.1 million. The residential project, with direct access to commercial areas via Metro Lines

14 and 16 and dual school districts, is adjacent to Pingshan District Central Park, a short walk from Pingshan Experimental School and Pingshan Cultural Center, as well as access to Pingshan High-Speed Railway Station and between two Shenzhen Skyshuttle stations. It is also surrounded by businesses circle such as Yitian Holiday World and Renrenle. The shopping center, named Jiayangli, boasts approximately 40,000 square meters of commercial space. Full-scale business invitation has commenced, with the project entering the final stages of detailed renovation of public areas and brand invitation. The Group anticipates opening by the end of 2025.

(4) Increase revenue and reduce costs to enhance industry competitiveness

During the period, the Group implemented cost-cutting measures to address increasingly competitive markets. Key priorities were expanding revenue channels, increasing profitability from existing businesses, boosting cash flow through business integration and value-added services, and strengthening the revenue-generating effect of “supermarkets driving shopping mall”. In high-traffic areas, the Group introduced high-turnover formats such as pop-up stores and children’s toy rentals, earning commissions income. Furthermore, the Group partnered with supermarkets, catering businesses, and fresh food retailers to offer supermarket vouchers, driving two-way sales and increasing revenue. Member loyalty was strengthened by developing value-added membership services, including the “mall + supermarket” co-branded membership card, which offers discounts and free parking hours, thereby increasing recurring revenue. Idle space was also utilized for corporate marketing promotions, community markets, and other activities. Furthermore, the Group implements intelligent management and controls operating costs, minimizes resource waste, enhances resource reuse and collaboration, optimizes expense structures, and prioritizes core business expenditures. Within the stores, an artificial intelligence system was used to control equipment such as air conditioning, lighting, and elevators. The company also streamlined marketing material costs by using artificial intelligence graphics tools to replace some outsourced poster design. Store management and supermarkets share promotional materials, reducing duplication. Furthermore, the Group strictly controlled non-essential expenses, prioritized the reduction of inefficient promotional expenses, and implemented a marketing cost linkage system. Shopping mall and supermarkets jointly launched large-scale promotional events, sharing a common marketing budget and unified promotional planning to avoid duplication of expense and reduce external promotion costs. On the other hand, the Group has terminated its lease in Jiangnan Times Square in Bantian Longgang District of Shenzhen in February 2025 as the retail store had been underperforming and resulted in continuous monthly operating loss.

OUTLOOK AND FUTURE PROSPECTS

The year 2025 has both opportunity and challenge existed, the Group has prepared to cope with all difficulties, to make use of our core competency in the industry.

Looking ahead, China is still under development stage. The macro-economic condition has significant impact to the industry. Rapid growth in information technology has direct and critical effect to the industry. The directors are confident towards the future. The mission of the Group is to become one of the major operators in the retail industry.

The Group will follow the trends, more innovative, and expand its income source and improve its operating performance through other means like merger and acquisition to enhance its competitive advantage, to explore new business opportunities and to uplift the value of the Company.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2025, the Group's revenue was approximately RMB177.6 million, representing a decrease of approximately 14.5% from approximately RMB207.8 million in the same period in 2024. The decrease in revenue was mainly due to a decrease of approximately RMB22.2 million in sales of goods, a decrease of approximately RMB0.6 million in commissions from concessionaire sales, a decrease of approximately RMB2.3 million in rental income from sub-leasing shop premises, a decrease of approximately RMB0.1 million in rental income from investment properties, and a decrease of approximately RMB5.0 million in rental income from sub-leasing shopping malls.

Sales of goods decreased by approximately 24.8% from approximately RMB89.6 million in the same period in 2024 to approximately RMB67.4 million for the six months ended 30 June 2025, mainly due to the poor economic condition and weak spending spirit in local community. In addition, divestment of foreign enterprise led to reduction of resident population. The percentage of sales of goods to the total revenue of the Group for the six months ended 30 June 2025 was approximately 38.0%, compared with approximately 43.1% in the same period in 2024.

Commissions from concessionaire sales decreased by approximately 10.9% from approximately RMB5.5 million in the same period in 2024 to approximately RMB4.9 million for the six months ended 30 June 2025. This was mainly due to (i) change of some concessionaries to direct sales; and (ii) the impact of the general decline in consumption due to the closure of factories in Guangdong and the increase in unemployment rate. However, the commissions from concessionaire increased in Guangxi as a result of new concessionaire operators. For the six months ended 30 June 2025, commissions from concessionaire sales accounted for approximately 2.7% of the Group's total revenue, compared with approximately 2.6% for the same period in 2024.

Rental income of sub-leasing shop premises decreased by approximately 9.8% from approximately RMB23.5 million in the same period in 2024 to approximately RMB21.2 million for the six months ended 30 June 2025, mainly due to change of incoming charging basis from base rents to contingent rents of some of the tenants, but the result performance is not satisfactory. The rental income of sub-leasing shop premises accounted for approximately 11.9% of the Group's total revenue for the six months ended 30 June 2025, compared with approximately 11.3% for the same period in 2024.

Rental income from investment properties slightly decreased by approximately 2.1% from approximately RMB4.7 million in the same period in 2024 to approximately RMB4.6 million for the six months ended 30 June 2025, mainly due to vacant of some of the letting properties. Rental income from investment properties accounted for approximately 2.6% of the Group's total revenue for the six months ended 30 June 2025, compared to approximately 2.3% for the same period in 2024.

Rental income of sub-leased shopping mall for the six months ended 30 June 2025 was approximately RMB79.5 million, a decrease of approximately 5.9% from approximately RMB84.5 million in the same period in 2024. This was mainly due to poor economic condition and weak spending spirit in local community which resulted in decrease in contingent rents, rent concession and vacant properties. The rental income from sub-leasing shopping mall accounted for approximately 44.8% of the Group's total revenue for the six months ended 30 June 2025, compared with approximately 40.6% for the same period in 2024.

Other operating income

Other operating income increased by approximately 58.2% from approximately RMB23.2 million in the same period in 2024 to approximately RMB36.7 million for the six months ended 30 June 2025, mainly due to recognition of gain on early termination of leases of approximately RMB13.9 million.

Inventory purchases and changes

For the six months ended 30 June 2025, the amount of inventory purchases and changes was approximately RMB56.6 million, a decrease of approximately 32.0% from approximately RMB83.2 million in the same period in 2024, mainly due to decrease in sales of goods. For the six months ended 30 June 2025, inventory purchases and changes accounted for approximately 83.9% of sales of goods, compared with approximately 92.9% in the same period in 2024.

Staff costs

Staff costs decreased by 4.5% from approximately RMB35.2 million in the same period in 2024 to approximately RMB33.6 million for the six months ended 30 June 2025. This was mainly due to streamlining of staff base.

Depreciation of Right-of-Use (ROU) assets

The depreciation of ROU assets decreased by approximately 9.0% from approximately RMB26.7 million in the same period in 2024 to approximately RMB24.3 million for the six months ended 30 June 2025, mainly due to the shrinkage of procurement centre last year and aging of old leases.

Depreciation of property, plant and equipment

Depreciation on property, plant and equipment decreased by 12.6% to approximately RMB23.6 million for the six months ended 30 June 2025 from approximately RMB27.0 million in the corresponding period in 2024, mainly due to decrease in additions to fixed assets.

Operating lease rental expenses

Operating lease rental expenses decreased from approximately RMB6.0 million in the same period in 2024 to approximately RMB3.9 million for the six months ended 30 June 2025, mainly due to reduction of rent by landlords.

Other operating expenses

Other operating expenses for the six months ended 30 June 2025 were approximately RMB1.0 million, as compared with approximately RMB1.1 million in the same period in 2024, decreased slightly by approximately RMB0.1 million.

Financial costs

Interest on lease liabilities was approximately RMB15.8 million and interest on bank borrowings was approximately RMB2.9 million for the six months ended 30 June 2025, compared with approximately RMB21.7 million and approximately RMB3.3 million respectively in the same period in 2024, which was down by approximately RMB5.9 million and approximately RMB0.4 million respectively. The decrease in interest on lease liabilities was mainly due to (i) shrinkage of procurement centre last year; and (ii) aging of old leases, while the decrease in interest on bank borrowings was mainly due to decrease in bank interest rate and decreasing principal balance of outstanding loans.

Operating loss

For the above reasons, the Group's operating loss for the six months ended 30 June 2025 was approximately RMB3.5 million. The Group's operating losses for the six months ended 30 June 2024 was approximately RMB24.9 million.

Income tax expenses

Income tax expenses decreased from approximately RMB0.5 million in the same period in 2024 to approximately RMB0.1 million in the six months ended 30 June 2025. This was mainly due to decrease of taxable profit of subsidiaries during the period. For the six months ended 30 June 2025, the effective tax rate applicable to the subsidiaries of the Group was 25% (Guangxi and subsidiary qualified as a High and New Technology Enterprise tax rate were 15%). In addition, according to the PRC Corporate Income Tax Law, the Group is required to pay withholding tax on dividends distributed by subsidiaries established in the PRC, and the applicable tax rate is 10%.

Loss attributable to equity shareholders of the Company

Based on the foregoing, the loss attributable to shareholders for the six months ended 30 June 2025 was approximately RMB3.6 million, which was decreased from the loss of approximately RMB25.4 million for the same period in 2024.

SUBSEQUENT EVENTS

The Group did not have any other significant events taken place subsequent to 30 June 2025.

RISK MANAGEMENT

The activities of the Group expose it to a variety of financial risks, including foreign exchange risk, credit risk, interest rate risk, and liquidity risk.

(i) Foreign Exchange Risk

The Group has operation in the PRC so that the majority of the Group's revenues, expenses and cash flows are denominated in Renminbi (RMB). Assets and liabilities of the Group are mostly denominated in RMB and Hong Kong Dollars (HK\$). Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

(ii) Credit Risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's maximum exposure to credit risk is the carrying amounts of cash and bank balances, trade and loan receivables, deposits paid and other receivables. For the operation and management of retail stores and other related businesses, the Group has no significant concentrations of credit risk. Most of the sales transactions were settled in cash basis, by credit card payment or through online payment platforms. Credit terms are only offered to corporate customers with whom the

Group has an established and ongoing relationship. Regarding trade receivables arising from rental income, the Group maintains a defined credit policy including stringent credit evaluation on and payment of a rental deposit from tenants. Receivables are regularly reviewed and closely monitored to minimise any associated credit risk. The Group's trade receivables, deposits paid and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group is not exposed to any significant credit risk from any single counterparty or any group of counterparties having similar characteristics. The Group's bank deposits were deposited with major financial institutions in Hong Kong and the PRC, which management believes are of high-credit-quality without significant credit risk.

(iii) Interest Rate Risk

The Group's exposure to interest rate risk mainly arises on cash and bank balances. The Group has not used any derivative contracts to hedge its exposure to interest rate risk. The Group has not formulated a policy to manage the interest rate risk.

(iv) Liquidity Risk

The Group's policy is to maintain sufficient cash and bank balances and have available funding to meet its working capital requirements. The Group's liquidity is dependent upon the cash received from its customers. The directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as and when they fall due in the foreseeable future.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

EMPLOYEE INFORMATION, REMUNERATION POLICIES

As at 30 June 2025, the Group had 609 full-time employees (as at 30 June 2024: 623). The salaries of the Group's employees were determined by the individual performance, professional qualification, industry experience of the employee and relevant market trends. The management reviews the remuneration policy of the Group on a regular basis and evaluates the working performance of the employees. The remuneration of the employees includes salaries, allowances, year-end bonus, social insurance or mandatory pension etc.

USE OF PROCEEDS RAISED FROM LISTING

The net proceeds raised from the Company's newly issued and listed shares on the Stock Exchange in 8 May 2007 (after deduction of related issuance expenses) amounted to approximately HK\$265,000,000. As of 30 June 2025, approximately HK\$240,082,000 of the proceeds so raised was used, and the unused proceeds of approximately HK\$24,918,000 was deposited with banks, the security of which was adequately ensured.

Details of the used proceeds raised of approximately HK\$240,082,000 are set out as follows:

- as to approximately HK\$29,000,000 for acquisition of the business of a retail chain in Shenzhen, the PRC;
- as to approximately HK\$28,300,000 for opening of new stores in Yanbu Foshan and Ronggui Foshan, the PRC;
- as to approximately HK\$8,750,000 for opening of a new store in Nanning Guangxi, the PRC;
- as to approximately HK\$4,350,000 for opening of two new stores in Xinan Bao'an Shenzhen, the PRC;
- as to approximately HK\$10,400,000 for opening of a new store in Luohu Shenzhen, the PRC;
- as to approximately HK\$15,800,000 for opening of a new store in Buji Shenzhen, the PRC;
- as to approximately HK\$14,300,000 for opening of another new store in Nanning Guangxi, the PRC;
- as to approximately HK\$23,578,000 for opening of a new shopping mall in Shajing, Shenzhen, the PRC;
- as to approximately HK\$3,690,000 for opening of a new supermarket in Bantian Longgang, Shenzhen, the PRC;
- as to approximately HK\$8,670,000 for opening of a new supermarket in Gangtou Longgang (Jiangnan Times), Shenzhen, the PRC;
- as to approximately HK\$8,800,000 for opening of a theme restaurant and two beverage kiosks in Shenzhen, the PRC;
- as to approximately HK\$3,600,000 for opening of a theme restaurant and a Chinese restaurant in Bao'an and Longgang Shenzhen, the PRC respectively;
- as to approximately HK\$9,200,000 for setting up of a procurement centre in Shiyan Shenzhen, the PRC;
- as to approximately HK\$12,919,000 for the purchase of transportation equipment;
- as to approximately HK\$15,000,000 for the purchase of office equipment;

- as to approximately HK\$3,000,000 for the upgrade of the MIS;
- as to approximately HK\$725,000 to promote the Company's brand image; and
- as to approximately HK\$40,000,000 for the refurbishments of existing retail stores.

The unused proceeds will be used by the Company for the purposes as set out in the section headed "Future plans and use of proceeds" in the prospectus of the Company dated 8 May 2007 and subsequent announcements related to the adjustment of use of IPO proceeds.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group has no significant contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the "Code") set out in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Company had complied with the provisions of the Code throughout the Period save as disclosed below.

Code provision F.2.2 of Part 2 of Appendix C1 requires that the chairman of the board should attend the annual general meeting. Mr. Zhuang Lu Kun, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 11 June 2025 due to his other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules as the Company's own code for securities transactions by its Directors. Following specific detailed enquiries made with all Directors, the Company confirms that all Directors have fully complied with the required standards set out in the Model Code during the six months ended 30 June 2025.

REMUNERATION COMMITTEE

The Company has established a remuneration committee on 30 April 2007. The remuneration committee, which comprises the four Independent Non-executive Directors and one Executive Director, is responsible for reviewing and determining the appropriate remuneration policies of the Directors and senior management and making recommendations to the Board from time to time.

NOMINATION COMMITTEE

The Company has established a nomination committee on 30 April 2007. The nomination committee, which comprises the four Independent Non-executive Directors, is responsible for determining the criteria for identifying candidates suitably qualified, reviewing nominations for the appointment of Directors to the Board and making recommendations to the Board regarding any proposed changes.

AUDIT COMMITTEE

The Audit Committee consists of four non-executive Directors, namely Mr. Chin Kam Cheung, Mr. Sun Ju Yi, Mr. Ai Ji and Madam Ying Chi Kwan. Mr. Chin Kam Cheung, who holds the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include examining independently the financial positions of the Company, overseeing the Company's financial reporting system, risk management and internal control system, the audit process and proposals of internal management, communicating independently with, monitoring and verifying the work of internal audit and external auditors. The Audit Committee reviewed the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function), risk management systems and processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. They also reviewed the unaudited interim result for the six months ended 30 June 2025. There are proper arrangements for employees, in confidential, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

INTERIM REPORT

The 2025 Interim Report will be despatched to shareholders and published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.szbj.com) in due course.

The interim result and interim report have not been reviewed or audited by the external auditors.

For and on behalf of the Board
Jiahua Stores Holdings Limited
Zhuang Lu Kun
Chairman

Shenzhen, the PRC, 28 August 2025

As at the date of this announcement, the Board comprises:

Executive Directors:

Zhuang Lu Kun, Zhuang Pei Zhong, Zhuang Xiao Xiong

Non-executive Director:

Yan Xiao Min

Independent Non-executive Directors:

Chin Kam Cheung, Sun Ju Yi, Ai Ji, Ying Chi Kwan