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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)**

**FINAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**FINANCIAL HIGHLIGHTS**

Revenue increased by 6.3% to approximately RMB402.9 million.

Gross profit of sales of goods increased by 29.6% to approximately RMB31.7 million.

Loss attributable to the owners of the Company for the year amounted to approximately RMB70.0 million.

Basic loss per share was approximately RMB6.75 cents.

No final dividend is recommended.

**ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of Jiahua Stores Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2025 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		Year ended 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
Revenue	4	<b>402,902</b>	378,901
Cost of inventories sold		<u>(183,417)</u>	<u>(151,121)</u>
		<b>219,485</b>	227,780
Other operating income and gains	6	<b>46,137</b>	37,918
Decrease in fair value of investment properties		<b>(12,200)</b>	(19,500)
Selling and distribution costs		<b>(244,966)</b>	(215,734)
Administrative expenses		<b>(33,434)</b>	(35,123)
Other operating expenses		<b>(1,855)</b>	(2,156)
Finance costs	7	<u><b>(43,128)</b></u>	<u>(48,423)</u>
Loss before income tax	8	<b>(69,961)</b>	(55,238)
Income tax expense	9	<u><b>(53)</b></u>	<u>(489)</u>
<b>Loss and total comprehensive income for the year and attributable to owners of the Company</b>		<u><b>(70,014)</b></u>	<u><b>(55,727)</b></u>
<b>Loss per share attributable to the owners of the Company during the year:</b>			
Basic and diluted ( <i>RMB cents</i> )	11	<u><b>(6.75)</b></u>	<u><b>(5.37)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		As at 31 December	
		2025	2024
	Notes	RMB'000	RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		88,892	99,926
Right-of-use assets		256,559	300,251
Investment properties		214,300	226,500
Intangible assets		3,577	4,047
Deposits paid and prepayments		37,768	19,520
Interests in an associate		–	–
Deferred tax assets		65,721	76,954
		<u>666,817</u>	<u>727,198</u>
<b>Current assets</b>			
Inventories and consumables		2,638	4,525
Trade and loan receivables	12	36,686	35,808
Deposits paid, prepayments and other receivables		21,436	15,059
Tax recoverable		66	71
Pledged bank deposit		2,000	2,000
Cash and cash equivalents		26,523	25,087
		<u>89,349</u>	<u>82,550</u>
<b>Current liabilities</b>			
Trade payables	13	72,414	48,283
Contract liabilities		13,195	10,629
Deposits received, other payables and accruals		184,022	143,331
Amount due to a director		59	59
Lease liabilities		69,485	39,761
Borrowings		8,532	7,827
Provision for taxation		8,900	8,900
		<u>356,607</u>	<u>258,790</u>
<b>Net current liabilities</b>		<u>(267,258)</u>	<u>(176,240)</u>
<b>Total assets less current liabilities</b>		<u>399,559</u>	<u>550,958</u>

		<b>As at 31 December</b>	
		<b>2025</b>	2024
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liabilities</b>			
Lease liabilities		<b>333,309</b>	401,429
Borrowings		<b>135,893</b>	137,925
Deferred tax liabilities		<b>69,266</b>	80,499
		<u><b>538,468</b></u>	<u>619,853</u>
<b>Net liabilities</b>		<u><b>(138,909)</b></u>	<u>(68,895)</u>
<b>EQUITY</b>			
Share capital	14	<b>10,125</b>	10,125
Reserves		<b>(149,034)</b>	(79,020)
<b>Capital deficiency</b>		<u><b>(138,909)</b></u>	<u>(68,895)</u>

## **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 4 September 2006 as an exempted company with limited liability. The address of its registered office and its principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Level 4, Jiahua Ming Yuan, 246 Xinhua Road, Baoan Central District, Shenzhen, Guangdong Province, the People's Republic of China (the "PRC") respectively. 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 in the PRC.

## **2. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards including Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange. These consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

### **(b) Basis of measurement and going concern assumption**

The consolidated financial statements have been prepared on the historical cost basis except for investment properties which are stated at fair values.

The Group incurred a loss of approximately RMB70,014,000 for the year ended 31 December 2025, and as of 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB267,258,000 and RMB138,909,000, respectively, while its cash equivalents amounted to only approximately RMB26,523,000.

In assessing the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements, the Directors have prepared a cash flow forecast covering a period from the end of the reporting period to June 2027 (the "Cash Flow Forecast"). The Directors have given careful consideration to the Group's future liquidity, operating performance and available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following considerations have been taken into account in the Cash Flow Forecast:

- (i) As at 31 December 2025, the Group had undrawn revolving loan facility of RMB43,500,000 with a related company, namely Shenzhen Baijiahua Group Company Limited ("BJH Group"), in which Mr. Zhuang Lu Kun and his spouse, Mrs. Zhuang Su Lan have beneficial interests. Subsequently in March 2026, the Group had further obtained another revolving loan facility of RMB30,000,000 from BJH Group; and

- (ii) The Group has also obtained the financial support from BJH Group to provide continuing financial support to the Company including but not limited to additional fund lending and defer lease payments to BJH Group and its subsidiary as and when needed, so as to enable the Group to meet its obligations and liabilities as and when they fall due and to continue its day-to-day business operations as a viable going concern notwithstanding any present or future financial difficulties.

In the opinion of the Directors, the Group will have sufficient financial resources to finance its operations and meet its financial obligations as and when they fall. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, there are inherent uncertainties associated with the outcome of the above plans and measures. These uncertainties include whether (i) BJH Group would be able to provide timely access to funds when the Group draws down the loan; (ii) the intention and financial ability of BJH Group to honour its undertakings to provide financial support to the Group; and (iii) the Group's ability to generate sufficient operating cash flows in line with its Cash Flow Forecast. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

### **3. ADOPTION OF HKFRS ACCOUNTING STANDARDS**

The HKICPA has issued a number of amended HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

None of these amended HKFRS Accounting Standards has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRS Accounting Standards that is not yet effective for the current accounting period.

#### 4. REVENUE

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 and rental income.

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue from Contracts with Customers within the scope of HKFRS 15:</b>		
Sales of goods	215,124	175,592
Commissions from concessionaire sales	6,139	10,320
	221,263	185,912
<b>Revenue from other sources:</b>		
Rental income from investment properties	8,958	8,752
Rental income from sub-leasing of shop premises	46,522	44,718
Rental income from sub-leasing of shopping malls	126,159	139,519
	181,639	192,989
	402,902	378,901

#### 5. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There are two business components/operating segments in the internal reporting to the executive directors, which are operation and management of retail stores and other related businesses and provision of financing services.

	Operation and management of retail stores and other related businesses <i>RMB'000</i>	Provision of financing services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Year ended 31 December 2025</b>			
Revenue from external customers	402,902	–	402,902
Inter-segment revenue	–	–	–
	402,902	–	402,902
Reportable segment revenue	(64,254)	(332)	(64,586)
Other unallocated corporate income			6
Other unallocated corporate expenses			(5,381)
			(69,961)
Loss before income tax			(69,961)

	<b>Operation and management of retail stores and other related businesses RMB'000</b>	<b>Provision of financing services RMB'000</b>	<b>Consolidated RMB'000</b>
<b>Year ended 31 December 2025</b>			
<b>Other segment information</b>			
Interest income	(21)	–	(21)
Additions to non-current assets (other than financial instruments)	70,258	–	70,258
Amortisation of intangible assets	790	–	790
Depreciation of right-of-use assets	49,284	–	49,284
Depreciation of property, plant and equipment	35,635	–	35,635
Written-off of property, plant and equipment	849	–	849
Written-off of intangible assets	381	–	381
Loss on disposal of property, plant and equipment	14	–	14
Inventories gains	(224)	–	(224)
Impairment loss on property, plant and equipment	23,085	–	23,085
Impairment loss on right-of-use assets	9,511	–	9,511
Decrease in fair value of investment properties	12,200	–	12,200
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<b>Operation and management of retail stores and other related businesses RMB'000</b>	<b>Provision of financing services RMB'000</b>	<b>Consolidated RMB'000</b>
<b>At 31 December 2025</b>			
Reportable segment assets	660,247	260	660,507
Tax recoverable			66
Deferred tax assets			65,721
Other unallocated corporate assets			<u>29,872</u>
Total assets			<u>756,166</u>
Reportable segment liabilities	814,819	56	814,875
Provision for taxation			8,900
Deferred tax liabilities			69,266
Other unallocated corporate liabilities			<u>2,034</u>
Total liabilities			<u>895,075</u>

	Operation and management of retail stores and other related businesses <i>RMB'000</i>	Provision of financing services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>Year ended 31 December 2024</b>			
Revenue from external customers	378,901	–	378,901
Inter-segment revenue	–	–	–
Reportable segment revenue	<u>378,901</u>	<u>–</u>	<u>378,901</u>
Segment results	(49,155)	(624)	(49,779)
Other unallocated corporate income			114
Other unallocated corporate expenses			<u>(5,573)</u>
Loss before income tax			<u><u>(55,238)</u></u>

	Operation and management of retail stores and other related businesses <i>RMB'000</i>	Provision of financing services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
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**Year ended 31 December 2024**

**Other segment information**

Interest income	(273)	(1)	(274)
Additions to non-current assets (other than financial instruments)	58,174	–	58,174
Amortisation of intangible assets	1,458	19	1,477
Depreciation of right-of-use assets	45,954	–	45,954
Depreciation of property, plant and equipment	42,393	–	42,393
Written-off of property, plant and equipment	775	–	775
Gain on disposal of property, plant and equipment	(10)	–	(10)
Obsolete inventories written-off	48	–	48
Reversal of impairment loss on property, plant and equipment, net	(450)	–	(450)
Impairment loss on right-of-use assets, net	10,727	–	10,727
Impairment loss on intangible assets	2,341	–	2,341
Decrease in fair value of investment properties	<u>19,500</u>	<u>–</u>	<u>19,500</u>

	Operation and management of retail stores and other related businesses <i>RMB'000</i>	Provision of financing services <i>RMB'000</i>	Consolidated <i>RMB'000</i>
<b>At 31 December 2024</b>			
Reportable segment assets	700,624	342	700,966
Tax recoverable			71
Deferred tax assets			76,954
Other unallocated corporate assets			<u>31,757</u>
Total assets			<u><u>809,748</u></u>
Reportable segment liabilities	787,018	78	787,096
Provision for taxation			8,900
Deferred tax liabilities			80,499
Other unallocated corporate liabilities			<u>2,148</u>
Total liabilities			<u><u>878,643</u></u>

The 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 information by geographical 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 years ended 31 December 2025 and 2024.

## 6. OTHER OPERATING INCOME AND GAINS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	27	274
Government grants ( <i>Note</i> )	98	408
Administration and management fee income	25,125	22,895
Net exchange gain	–	212
Gain on early termination of leases	14,505	5,513
Gain on disposal of property, plant and equipment	–	10
Others	6,382	8,606
	<u>46,137</u>	<u>37,918</u>

*Note:*

Various local government grants have been granted to subsidiaries of the Company during the years ended 31 December 2025 and 2024. The amounts mainly represented unconditional cash subsidies from government for subsidising enterprises as an encouragement for the contribution in specific industry in the region during the year ended 31 December 2025 and 2024. There were no unfulfilled conditions or contingencies attaching to these government grants.

## 7. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	37,511	41,966
Interest on borrowings	5,617	6,457
	<u>43,128</u>	<u>48,423</u>

## 8. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories sold recognised as expense	183,417	151,121
Auditor's remuneration:		
– Annual audit	876	888
– Other audit and non-audit services	–	150
Depreciation of property, plant and equipment	35,635	42,393
Depreciation of right-of-use assets:		
– Properties leased for own use	49,023	45,693
– Leasehold land for own use	261	261
Amortisation of intangible assets	790	1,477
Loss/(gain) on disposal of property, plant and equipment	14	(10)
Short term lease expense	1,461	1,075
Obsolete inventories written-off	–	48
Inventories gains	(224)	–
Impairment loss/(reversal of impairment) on property, plant and equipment, net ( <i>Note (i)</i> )	23,085	(450)
Impairment loss on right-of-use assets, net ( <i>Note (ii)</i> )	9,511	10,727
Impairment loss on intangible assets ( <i>Note (iii)</i> )	–	2,341
Written-off of property, plant and equipment	849	775
Written-off of intangible assets	381	–
Net exchange loss/(gain)	117	(212)
Staff costs, including directors' emoluments		
Salaries and other benefits	61,933	58,980
Contributions to retirement schemes	13,359	11,021
	<u>75,292</u>	<u>70,001</u>
Rental income from investment properties	(8,958)	(8,752)
Income from sub-leasing of right-of-use assets		
– Base rents	(165,785)	(174,534)
– Contingent rents ( <i>Note (iv)</i> )	(6,896)	(9,703)
	<u>(172,681)</u>	<u>(184,237)</u>
Total gross rental income	(181,639)	(192,989)
Less: Direct operating expenses arising from investment properties that generated rental income during the year	2,778	2,535
Less: Outgoings of sub-leasing of right-of-use assets	14,901	18,970
Net rental income	<u>(163,960)</u>	<u>(171,484)</u>

Notes:

- (i) Net impairment loss on property, plant and equipment had been included in selling and distribution costs.
- (ii) Net impairment loss right-of-use assets of approximately RMB9,067,000 (2024: RMB10,727,000) and RMB444,000 (2024: Nil) had been included in selling and distribution costs and administrative expenses respectively.
- (iii) Impairment loss on intangible assets had been included in administrative expenses.
- (iv) Contingent rents are calculated based on a percentage of the relevant sales of the tenants pursuant to the rental agreements and do not depend on an index or a rate under operating lease.

## 9. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Current income tax		
– PRC enterprise income tax	53	489
	<u>53</u>	<u>489</u>

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands during the year (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 year (2024: Nil).

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

A subsidiary of the Company in Shenzhen, namely 深圳市百佳華網絡科技有限公司, was qualified as a High and New Technology Enterprise and enjoyed a preferential income tax of 15% as approved by the PRC tax authority for the years ended 31 December 2024.

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

## 10. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2025 (2024: Nil).

## 11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on following data:

	Year ended 31 December	
	2025	2024
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share ( <i>RMB'000</i> )	<u>(70,014)</u>	<u>(55,727)</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares	<u>1,037,500,002</u>	<u>1,037,500,002</u>
Basic and diluted loss per share ( <i>RMB cents</i> )	<u>(6.75)</u>	<u>(5.37)</u>

Diluted loss per share equals to basic loss per share, as there were no dilutive potential ordinary shares issued during the years ended 31 December 2025 and 2024.

## 12. 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 and other related businesses are generally for a period of one to three months (2024: one to three months).

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables ( <i>Note (i)</i> )	<u>36,686</u>	<u>35,808</u>
Loan receivables	38,054	38,054
Less: loss allowance	<u>(38,054)</u>	<u>(38,054)</u>
	<u>–</u>	<u>–</u>
	<u>36,686</u>	<u>35,808</u>

As at 31 December 2025, included in trade receivables of approximately RMB33,298,000 (2024: RMB32,686,000) represented rental income receivables from tenants of which approximately RMB981,000 (2024: RMB853,000) was pledged to secure the banking facility and RMB3,388,000 (2024: RMB3,122,000) represented receivables from sales of goods.

As at 31 December 2025, included in trade receivables of approximately RMB3,658,000 (2024: RMB3,354,000) represented trade receivables due from related companies.

Trade receivables were non-interest-bearing. Loan receivables from provision of financing services which bore interest at fixed rates with effective interest rates at 15% (2024: 15%) per annum. The loan receivables are secured by the borrower's right over the trade receivables of the sales contract with its customer and with recourse.

Note:

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	35,109	34,635
31–60 days	370	140
61–180 days	356	490
181–365 days	599	537
Over 365 days	252	6
	<u>36,686</u>	<u>35,808</u>

### 13. TRADE PAYABLES

The credit terms granted by suppliers are generally for a period of 30 to 60 days (2024: 30 to 60 days). The aging analysis of the trade payables, based on invoice dates, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 30 days	38,272	21,790
31–60 days	10,685	9,245
61–180 days	14,783	9,957
181–365 days	1,790	1,166
Over 365 days	6,884	6,125
	<u>72,414</u>	<u>48,283</u>

### 14. SHARE CAPITAL

	2025		2024	
	<i>Number of shares ('000)</i>	<i>RMB'000</i>	<i>Number of shares ('000)</i>	<i>RMB'000</i>
<i>Authorised:</i>				
Ordinary shares of Hong Kong Dollars ("HK\$") 0.01 each				
At 1 January and 31 December	<u>10,000,000</u>	<u>97,099</u>	<u>10,000,000</u>	<u>97,099</u>
<i>Issued and fully paid:</i>				
Ordinary shares of HK\$0.01 each				
At 1 January and 31 December	<u>1,037,500</u>	<u>10,125</u>	<u>1,037,500</u>	<u>10,125</u>

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the independent auditor’s report from the external auditor of the Company:

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2(b) in the consolidated financial statements, which indicates that the Group incurred a loss of approximately RMB70,014,000 for the year ended 31 December 2025, and as of 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB267,258,000 and RMB138,909,000, respectively, while its cash and cash equivalents amounted to only approximately RMB26,523,000. As stated in Note 2(b), these conditions, along with other matters set forth in Note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (A) INDUSTRY REVIEW

The global retail industry is undergoing a profound transformation. Despite facing multiple challenges such as inflation and changing consumer behavior, retail companies are responding to the market and unlocking their growth potential through four major trends: strategically improving operational efficiency, AI-driven technological transformation, sustainable development practices, and exploring alternative revenue streams.

The landscape of the world's top ten retailers remains stable, primarily dominated by US companies. Walmart, Amazon, and Costco have maintained their top three positions for three consecutive years. Germany's "discount duo"—Schwarz Group and Aldi – performed particularly well. China's JD.com ranked eighth. These top companies encompass diverse formats including supermarkets, e-commerce platforms, warehouse membership stores, and discount supermarkets, with e-commerce and warehouse membership stores showing significant growth.

Although only Walmart, Costco, and Aldi among the top ten foreign retailers have operations in China, their presence in the Chinese market, particularly their membership store model, remains highly influential.

Chinese retail companies exhibit a strong domestic demand-driven characteristic, leading the Asia-Pacific market in average retail revenue. However, their overseas operations reflect a significant lag in internationalization.

JD.com, once China's top retailer, has slipped one place in the global rankings, facing growth and innovation bottlenecks and actively launching diversified innovation projects to transform itself. Alibaba's new retail business has a significant drop in rankings, and its asset sales indicate a shift from a self-operated to a platform-enabled model to explore long-term development potential. SHEIN has achieved a high compound annual growth rate and topped the list of the world's fastest-growing fashion retailers with its on-demand fashion model. However, balancing efficiency and green, low-carbon practices remains a key challenge for its future sustainable development. Other Chinese retailers are also undergoing transformation: Vipshop faces growth bottlenecks but strengthens its differentiated competitiveness through "VipsExclusive" partnerships and AI-powered big data models. Lao Feng Xiang demonstrates strong counter-cyclical capabilities through its gold and jewelry business. Supermarkets like Yonghui and Wumart are adapting to the "Pang Donglai model" and expanding their discount brand portfolios to adapt to the changes of the instant retail era. Overall, the Chinese retail industry is shifting from scale-driven to quality-driven development.

Retail will undergo transformation around four trends. On the strategic operational efficiency improvements, efficiency is key to achieving profitability goals for retail businesses in a volatile economic environment. This includes optimizing inventory and supply chain management, enhancing omni channel services (such as same-day delivery, in-store pickup for online purchases, and in-store returns for online purchases), and applying technologies to automate daily store tasks. The supply chain as a service (SCaaS) model is gaining increasing attention, reducing costs and improving inventory control through external service providers. Then, the AI-driven technological transformation is adopted. The convergence of advanced technologies (AI, augmented reality/virtual reality, IoT, metaverse) is affecting the retail industry. Retailers are investing in technologies to improve operational efficiency and create personalized experiences, such as personalized recommendations, dynamic pricing, and content generation through generative AI. Retailers plan to invest in generative AI, and many companies have already reduced operating costs and increased revenue as a result. Furthermore, physical stores are introducing digital signage, smart shopping carts, and augmented reality/virtual reality technologies to provide experiences such as virtual try-on, reducing return rates and waste. Further, the strengthen of sustainable development and circular economy. Sustainability has moved to a mandatory business priority, driven not only by consumer demand but also by business growth opportunities. Re-commercialization has become a hot trend, extending product lifecycles, reducing waste, and creating new revenue streams for brands through programs like trade-ins, buybacks, and recycling. Millennials and their consumers show a significant preference for sustainable brands, prompting retailers to increase investment in environmentally friendly packaging, sustainable sourcing, and waste management. Finally, the expanding of alternative revenue streams. To improve operating margins and competitiveness, retailers are exploring new growth opportunities beyond traditional retail. Retail media networks are gaining market attention, and global retail media advertising spending become the fastest-growing advertising channel. Retailers are also transforming into technology companies, offering capabilities models, leveraging their technological expertise to support the digital transformation of other businesses in the industry, such as providing data insight platforms, delivery services, or digital platform solutions, to open up new revenue streams.

Domestically, with the continuous economic and social development and a sustained improvement in living standards, consumer demand is increasingly characterized by diversification and personalization, with a growing emphasis on the shopping experience. This shift has driven the rapid development of the retail industry, prompting continuous innovation and transformation within the sector.

Regarding the development of online retail, its convenience, wide selection of goods, and personalized recommendation services have attracted a large number of consumers. Live-streaming e-commerce, as an important form of online retail, allows consumers to understand the features and usage of products through real-time explanations and demonstrations by hosts, enhancing their desire to purchase. Simultaneously, live-streaming e-commerce provides interactive elements, allowing consumers to

communicate with hosts in real time, ask questions, and express their needs, improving their participation and satisfaction in the shopping experience. Furthermore, in terms of the transformation of physical retail, facing the impact of online retail and changing consumer demands, physical retail enterprises have accelerated their digital transformation. Among enterprises above threshold, warehouse membership stores maintained double-digit growth in retail sales, while convenience stores, specialty stores, and supermarkets have YOY growth. physical retail enterprises are continuously improving the consumer experience by innovating and enriching consumption scenarios. Some shopping malls have introduced themed pop-up stores and art exhibitions to create immersive shopping environments, attracting a large number of consumers. In addition, physical retail enterprises have strengthened cooperation with online platforms to achieve integrated online and offline development, providing consumers with more convenient shopping methods. Finally, there are changes in service consumption and new types of consumption. Service consumption continued to expand, and new forms of consumption such as digital, green, and smart consumption developed rapidly, providing strong support for the continued recovery and improvement of the consumer market. National service retail sales increased YOY, with online retail sales of physical goods also increasing. Retail sales of new energy vehicles increased YOY. Retail sales of sports and entertainment goods and communication equipment by enterprises above threshold increased YOY. These indicate that service consumption and new forms of consumption are becoming important growth drivers for the retail industry, meeting the diversified needs of consumers.

The Chinese retail industry faces the following challenges in 2025. On the cost pressures side, the average gross profit margin of retail enterprises declined YOY. Rising labor and logistics costs led to a drop in net profit margins for some traditional supermarkets. Enterprises with insufficient investment in digital transformation experienced high costs, significantly exceeding the industry average. This increasing cost pressure squeezed profit margins, with some enterprises even facing the risk of losses. There is intense market competition. Price wars remained the primary competitive tactic, and promotional activities failed to generate repeat purchases. Shorter brand switching cycles among consumers necessitated faster supply chain response. Intense market competition forced retail enterprises to employ promotional methods to attract consumers, this price-war-based approach not only damaged profits but also hindered the healthy development of the industry. Add with sustainable development challenges from the global trend of carbon tariffs, the retail industry's carbon intensity needs to be reduced by 40% by year 2030. Enterprises failed to establish complete green supply chain systems, and the industry's environmental, social, and governance (ESG) compliance rate was insufficient. This indicates that the retail industry faces significant challenges in sustainable development, requiring strengthened green supply chain construction, improved energy efficiency, and reduced carbon emissions.

According to the National Bureau of Statistics, the gross domestic product in 2025 reached approximately RMB140.2 trillion, an increase of approximately 5.0% over the same period last year.

During the year, the total retail sales of consumer goods were approximately RMB50.1 trillion, a YOY increase of approximately 3.7%. Among them, the retail sales of consumer goods of enterprises above threshold were approximately RMB20.2 trillion, a YOY increase of approximately 3.3%. According to the location of the business unit, the retail sales of consumer goods in urban areas was approximately RMB43.3 trillion, a YOY increase of approximately 3.6%; the retail sales of consumer goods in rural areas was approximately RMB6.8 trillion, a YOY increase of approximately 4.1%. In terms of consumption patterns, catering revenue was approximately RMB5.8 trillion, an increase of approximately 3.2%; commodity retail was approximately RMB44.3 trillion, an increase of approximately 3.8%. In retail sales of goods, the retail sales of enterprises above threshold were approximately RMB18.5 trillion, an increase of approximately 3.4%. During the year, national online retail sales were approximately RMB16.0 trillion, a YOY increase of approximately 8.6%. Among them, the online retail sales of physical goods were approximately RMB13.1 trillion, an increase of approximately 5.2%, accounting for approximately 26.1% of the total retail sales of consumer goods. In the online retail sales of physical goods, food, clothing and consumer goods increased by approximately 14.5%, 1.9% and 4.1% respectively. Classified by retail format, the retail sales of convenience stores, supermarket, department stores, and specialty stores in retail units above threshold during the year increased by approximately 5.5%, 4.3%, 0.1% and 2.6% YOY respectively, while and brand name stores decreased by approximately 0.6%.

In 2025, China's retail industry will continue to face challenges and opportunities. In the era of cost-effectiveness, consumers pay more attention to the cost and value of products, and retail operators need to grasp accurately the needs of consumers and provide higher-quality products and services. At the same time, the rise of emerging channels has also brought new development opportunities to retail enterprises. Retailers need to actively expand emerging pipelines and increase market share. In addition, retail companies also need to strengthen product innovation and supply chain management, improve efficiency, and reduce costs to cope with fierce market competition.

## **(B) BUSINESS REVIEW**

For the year ended 31 December 2025, the Group's total revenue was approximately RMB402.9 million, an increase of approximately 6.3% YOY; gross profit of sales of goods was approximately RMB31.7 million, a YOY increase of approximately 29.6%. Loss attributable to owners of the Company was approximately RMB70.0 million, a YOY increase of approximately 25.6%. At the end of the year, there were 9 retail stores and 3 shopping malls. The increase in revenue was mainly due to the additional efforts to boost up direct sales of commodity goods by launching promotional campaign, increase sales incentives, and active business invitation of leasing of shop premises. During the year, it was mainly for upgrading stores to increase revenue, the streamline of manpower and maintenance of key employees, as to retain strength to meet future challenges. Commodity sales increased by approximately RMB39.5 million, commissions from concessionaire sales decreased by approximately RMB4.2 million, rental income from

sub-leasing of shop premises increased by approximately RMB1.8 million, rental income from investment properties increased by approximately RMB0.2 million, and rental income from sub-leasing of shopping malls decreased by approximately RMB13.3 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 begins to plan the preparatory work for the expansion of its branch network and shopping mall in the coming year.

Looking back at the Year 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 this year, Shajing Jiayanghai shopping mall, celebrating its second anniversary, partnered with the Bao'an District Bureau of Commerce and other Shajing 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 Shenzhen Gongming store layout to build up the shopping model of the new generation**

During the year, 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 first half of 2026.

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

During the year, the Group implemented revenue increasing and 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 entertainment, 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.

#### **(C) OUTLOOK**

During the year, the Group has formulated a series of measure to enhance sales turnover and to avoid unnecessary costs, so as to achieve management target. Moreover, the Group aimed to consolidate the existing stores by reform and innovation. By this, improvement in sales mix, upgrade brand name, enhance shopping experience to provide new shopping experience to customers.

In addition, the Group has explored new commercial retail mode, including shopping mall, trial experience, internet plus, and catering business. With the online resource and shopping outlets, and the synergy of online offline capacity, the Group is able to provide a one-stop shopping experience to customers.

The year 2026 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 the fast pace of development stage. The macroeconomic 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.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue amounted to approximately RMB402.9 million for the year ended 31 December 2025, representing an increase of 6.3% as compared to approximately RMB378.9 million in the corresponding period of 2024. The increase was principally attributable from the increase in sales of goods of approximately RMB39.5 million, the increase in rental income from sub-leasing of shop premises of approximately RMB1.8 million, and the increase in rental income from investment property of approximately RMB0.2 million. However, the decrease in commission from concessionaire sales of approximately RMB4.2 million, and the decrease in rental income from sub-leasing of shopping malls of approximately RMB13.4 million partly offset the overall increase in revenue.

Sales of goods increased by 22.5% to RMB215.1 million for the year ended 31 December 2025 from RMB175.6 million in the corresponding period of 2024, mainly due to (i) the addition of food court area and invitation of more food caterers in seven of our Shenzhen stores; and (ii) the enhancement of fresh meat and vegetable sections of the supermarkets. Sales of goods as a percentage of the Group's total revenue was 53.4% for the year ended 31 December 2025 as compared to 46.3% in the corresponding period of 2024.

Commission from concessionaire sales dropped by 40.8% to RMB6.1 million for the year ended 31 December 2025 from RMB10.3 million in the corresponding period of 2024, mainly due to weak local economy which led of closure of concessionaire counters. Commission from concessionaire sales as a percentage of the Group's total revenue was 1.5% for the year ended 31 December 2025 as compared to 2.7% for the corresponding period of 2024.

Rental income from investment properties up by 2.3% to RMB9.0 million for the year ended 31 December 2025 from RMB8.8 million for the corresponding period in 2024, mainly due to addition of certain lease tenant. Rental income from investment properties as a percentage of the Group's total revenue was 2.2% for the year ended 31 December 2025 as compared to 2.3% for the corresponding period of 2024.

Rental income from sub-leasing of shop premises up by 4.0% to RMB46.5 million for the year ended 31 December 2025 from RMB44.7 million for the corresponding period in 2024 due to invitation of more new shop operators. Rental income from subleasing of shop premises as a percentage of the Group's total revenue was 11.5% for the year ended 31 December 2025 as compared to 11.8% for the corresponding period of 2024.

Rental income from sub-leasing of shopping malls decreased by 9.5% to RMB126.2 million for the year ended 31 December 2025 as compared with RMB139.5 million for the corresponding period in 2024 mainly due to the weak local economy which led of closure of retail operators. Rental income from sub-leasing of shopping malls as a percentage of the Group's total revenue was 31.4% for the year ended 31 December 2025 as compared to 36.9% for the corresponding period of 2024.

### **Purchase of and changes in inventories**

Purchase of and changes in inventories amounted to RMB183.4 million for the year ended 31 December 2025, representing an increase of 21.4% as compared with RMB151.1 million in the corresponding period of 2024, mainly due to increase in commodity sales and the increase of purchase costs of goods. As a percentage of sales of goods, purchase of and changes in inventories was 85.3% for the year ended 31 December 2025 as compared with 86.1% in the same period of 2024.

### **Other operating income**

Other operating income up by 21.6% to RMB46.1 million for the year ended 31 December 2025 from RMB37.9 million in the corresponding period in 2024. This was mainly due to increase in gain on early termination of leases of approximately RMB9.0 million.

### **Staff costs**

Staff costs increased by 7.6% to RMB75.3 million for the year ended 31 December 2025 from RMB70.0 million in the corresponding period of 2024, primarily due to increase in staffing in food court of seven stores in Shenzhen and the preparation of Pingshan new shopping mall.

### **Depreciation of right-of-use assets**

Depreciation of right-of-use assets increased by 7.2% to RMB49.3 million for the year ended 31 December 2025 from RMB46.0 million in the corresponding period of 2024, primarily due to extension of lease term of a Shenzhen store. The provision of impairment loss on right-of-use assets (net) of approximately RMB9.5 million compared with approximately RMB10.7 million in 2024 has been decreased due to adequate provision of impairment loss in prior years.

## **Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment decreased by 16.0% to RMB35.6 million for the year ended 31 December 2025 from RMB42.4 million in the corresponding period in 2024 primarily due to decrease in depreciation charges after provision of impairment loss in previously years for loss making stores. The provision of impairment loss on property, plant and equipment (net) of approximately RMB23.1 million compared with reversal of impairment loss of approximately RMB0.5 million in 2024 was due to provision for the new additions of food courts in seven stores in Shenzhen during the year.

## **Other operating expenses**

Other operating expenses decreased by approximately RMB0.3 million, from RMB2.2 million in the corresponding period of 2024 to RMB1.9 million for the year ended 31 December 2025. This was mainly due to early renewal of portion of leasing space leading to forfeiture of rental deposits in Guanlan shopping mall last year.

## **Finance costs**

Finance costs, arising from the effect of adoption of HKFRS 16, from lease liabilities decreased by approximately RMB4.5 million, from approximately RMB42.0 million for the year ended 31 December 2024 to approximately RMB37.5 million in the corresponding period of 2025, primarily due to aging of old leases. Finance costs arising from bank borrowings decreased by approximately RMB0.8 million, from approximately RMB6.5 million for the year ended 31 December 2024 to approximately RMB5.6 million in the corresponding period of 2025 due to the decrease in bank borrowings interest rate and principal balances.

## **Income tax expense**

Income tax expense amounted to approximately RMB0.1 million for the year ended 31 December 2025, compared with income tax expense of approximately RMB0.5 million in the corresponding period of 2024, mainly due to decrease of taxable profit of subsidiaries during the year. The effective tax rate applicable to the Group for the year ended 31 December 2025 were 25% for general subsidiaries (15% for Guangxi subsidiary). In addition, pursuant to the PRC Corporate Income Tax Law, the Group is liable to withholding taxes on dividends distributed by subsidiaries established in China. The applicable tax rate is 10%.

## **Loss attributable to Shareholders of the Company**

As a result of the aforementioned, loss attributable to Shareholders amounted to approximately RMB70.0 million for the year ended 31 December 2025 as compared with loss of approximately RMB55.7 million in corresponding period of 2024.

## **RISK MANAGEMENT**

The activities of the Group expose 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 revenue, expenses and cash flows are denominated in RMB. Assets and liabilities of the Group are mostly denominated in RMB or HK\$. Any significant exchange rate fluctuations of foreign currencies against RMB may have financial impact to the Group.

### **(ii) Credit risk**

For the operation and management of retail stores and other related businesses, the Group has no significant concentration of credit risk. Most of the sales transactions were settled in cash basis, by credit card payment (or through online payment platforms). Credit risk on cash and bank balances is mitigated as cash is deposited in banks of high credit rating.

The Group's exposure to credit risk mainly arises from loan receivables from financing business. In respect of loan receivables, the Group's policy is that all customers who wish to obtain loans from the Group are subject to management review. The Group holds collaterals directly or indirectly to cover its risks associated with loan receivables.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

### **(iii) Interest rate risk**

The Group's exposure to interest rate risk mainly arises on bank balances, borrowings, loan receivables and lease liabilities. 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 did not use any financial instrument for hedging purposes and the Group did not have any hedging instrument outstanding during the year ended 31 December 2025.

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 AND SHARE OPTION SCHEME**

As at 31 December 2025, the Group had 718 full-time employees (year ended 31 December 2024: 582). 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 FROM THE IPO**

The net proceeds raised from the Company's newly issued and listed shares on the Stock Exchange in May 2007 (after deduction of related issuance expenses) amounted to approximately HK\$265,000,000. As of 31 December 2025, approximately HK\$265,000,000 of the proceeds so raised was used.

Details of the used proceeds raised of approximately HK\$265,000,000 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 Baoan 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 Gangxia Longgang (Jiangnan Times), Shenzhen, the PRC;
- as to approximately HK\$8,800,000 for opening of a 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 Baoan 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.
- as to approximately HK\$24,918,000 for the set up of food courts in seven of our existing stores.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB26.5 million (31 December 2024: approximately RMB25.1 million), while the pledged bank deposits amounted to approximately RMB2.0 million (31 December 2024: RMB2.0 million). Total borrowings of the Group included bank loans and other borrowing of approximately RMB144.4 million as at 31 December 2025 (31 December 2024: RMB145.8 million).

As at 31 December 2025, the Group had a net current liabilities of approximately RMB267.3 million, as compared to amount of approximately RMB176.2 million as at 31 December 2024. As at 31 December 2025, the gearing ratio of the Group was negative as the Group's equity was in deficit position (31 December 2024: equity in deficit position), which was calculated on the basis of the net debt divided by total equity. Net debt was calculated as total borrowings (including current and non-current bank loans and lease liabilities) less total cash (including cash and cash equivalents and restricted bank deposit).

## **CAPITAL EXPENDITURE**

The total spending on the additions of property, plant and equipment and intangible assets amounted to approximately RMB48.6 million and RMB0.7 million, respectively for the year (2024: approximately RMB31.8 million and RMB1.6 million, respectively).

## **CHARGES OF ASSETS**

As at 31 December 2025, the carrying amount of investment properties amounted to approximately RMB200.1 million (2024: RMB212.5 million) was pledged as security for the Group's bank loans granted in relation to the Group's retail business.

## **CONTINGENT LIABILITIES**

As at 31 December 2025, the Group has no significant contingent liabilities (2024: Nil).

## **CORPORATE GOVERNANCE**

The Company is committed to achieve a high standard of corporate governance practice, such that the interests of our shareholders, customers, employees as well as the long term development of the Company can be safeguarded. To this end, the Company has established the Board of Directors (the "Board"), audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") ensuring that we are up to the requirements as being diligent, accountable and professional.

The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code during the year ended 31 December 2025 as contained in Appendix C1 of the Listing Rules, except for the following deviations:

Code provision Part II F.1.3 of the Code 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 of the Company had 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 enquiry made with all Directors, the Company has confirmed that all Directors had been in compliance with the required standard mentioned above for the year ended 31 December 2025.

## **ANNUAL GENERAL MEETING**

The 2026 Annual General Meeting of the Company will be held on 11 June 2026, Thursday and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on 11 June 2026, the register of members of the Company will be closed from 5 June 2026 to 11 June 2026, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 4 June 2026, HK time. The record date for the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the Annual General Meeting will be 11 June 2026.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **AUDIT COMMITTEE**

The Audit Committee consists of four Independent Non-executive Directors, namely Mr. Chin Kam Cheung (Chairman of the Committee), 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) and Rule 3.21 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. The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 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.

## **REMUNERATION COMMITTEE**

A Remuneration Committee was established by the Company on 30 April 2007 with specific written terms of reference which set out clearly its authority and duties. The Remuneration Committee currently comprises one Executive Director, namely, Mr. Zhuang Pei Zhong; and four Independent Non-executive Directors, namely, Mr. Chin Kam Cheung, Mr. Sun Ju Yi (Chairman of the Committee), Mr. Ai Ji and Madam Ying Chi Kwan, is responsible for advising the Board on the remuneration policy and framework and determining the remuneration packages of Directors and senior management with reference to the Company's objectives from time to time.

## **NOMINATION COMMITTEE**

A Nomination Committee was established by the Company on 30 April 2007 with specific written terms of reference which set out clearly its authority and duties. The Nomination Committee currently comprises four Independent Non-executive Directors, namely, Mr. Chin Kam Cheung, Mr. Sun Ju Yi, Mr. Ai Ji (Chairman of the Committee) and Madam Ying Chi Kwan, is responsible for making recommendations to the Board on appointment of Directors and management of the succession of the Board.

## **REVIEW OF FINANCIAL STATEMENTS**

A meeting of the audit committee was held to review the Group's annual results for the year ended 31 December 2025 before they presented the same to the board of directors of the Company for approval. The audit committee has reviewed with the senior management of the Company the accounting principles and practice adopted by the Group, discussed auditing, financial reporting matters and has reviewed the annual results for the year ended 31 December 2025 before they presented the same to the board of directors of the Company for approval.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the announcement have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial

statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO on this preliminary announcement.

## **EVENTS AFTER THE REPORTING YEAR**

Save as disclosed in this announcement and/or other announcements of the Company, there were no other important events affecting the Group that had occurred after 31 December 2025 and up to the date of this announcement.

## **ANNUAL REPORT**

The annual results announcement of the Company is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.szbj.com>). The annual report for the year 2025 will be available on the above websites and despatched to Shareholders in due course.

## **ACKNOWLEDGMENT**

On behalf of the Board, I would like to take this opportunity to express our gratitude to the Board, management, our staff and relevant professional parties for their contribution and dedication.

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

Shenzhen, the PRC, 26 March 2026

*As at the date of this announcement, (a) the executive Directors are Mr. Zhuang Lu Kun, Mr. Zhuang Pei Zhong and Mr. Zhuang Xiao Xiong; (b) the non-executive director is Madam Yan Xiao Min; and (c) the independent non-executive Directors are Mr. Chin Kam Cheung, Mr. Sun Ju Yi, Mr. Ai Ji and Madam Ying Chi Kwan.*