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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 2026

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 2026 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 June **2026** *RMB'000* **(Unaudited)**	2025 *RMB'000* (Unaudited)
Revenue	4	**205,184**	177,580
Cost of inventories sold		**(89,155)**	(56,555)
		116,029	121,025
Other operating income	4	**27,951**	36,780
Selling and distribution costs		**(132,294)**	(124,254)
Administrative expenses		**(19,513)**	(17,356)
Finance costs	5	**(20,246)**	(18,697)
Other operating expenses		**(11,923)**	(1,026)
Loss before income tax	6	**(39,996)**	(3,528)
Income tax expense	7	**–**	(53)
Loss and total comprehensive income for the period and attributable to owners of the Company		**(39,996)**	(3,581)
Dividend	8	**–**	–
Loss per share for loss attributable to the owners of the Company during the period			
– Basic and diluted *(RMB cents)*	9	**(3.86)**	(0.35)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2026 RMB'000 (Unaudited)**	At 31 December 2025 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**126,985**	88,892
Investment properties		**214,300**	214,300
Right-of-use assets		**415,908**	256,559
Intangible assets		**3,183**	3,577
Deposits paid and prepayments		**37,768**	37,768
Interests in an associate		**–**	–
Deferred tax assets		**65,721**	65,721
		863,865	666,817
Current assets			
Inventories and consumables		**4,203**	2,638
Trade and loan receivables	10	**39,574**	36,686
Deposits paid, prepayments and other receivables		**45,825**	21,436
Pledged bank deposit		**3,200**	2,000
Cash and cash equivalents		**15,738**	26,523
Tax recoverable		**66**	66
		108,606	89,349
Current liabilities			
Trade payables	11	**83,788**	72,414
Deposits received, other payables and accruals		**258,188**	184,022
Contract liabilities		**18,109**	13,195
Lease liabilities		**63,560**	69,485
Amount due to a director		**59**	59
Borrowings		**9,532**	8,532
Provision for taxation		**8,900**	8,900
		442,136	356,607
Net current liabilities		**(333,530)**	(267,258)
Total assets less current liabilities		**530,335**	399,559

	At 30 June 2026 *RMB'000* (Unaudited)	At 31 December 2025 *RMB'000* (Audited)
Non-current liabilities		
Lease liabilities	**492,097**	333,309
Borrowings	**147,877**	135,893
Deferred tax liabilities	**69,266**	69,266
	709,240	538,468
Net liabilities	**(178,905)**	(138,909)
EQUITY		
Share capital	**10,125**	10,125
Reserves	**(189,030)**	(149,034)
Capital deficiency	**(178,905)**	(138,909)

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 2026 (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 2025 (the "2025 Annual Financial Statements"), except for the accounting policy changes that are expected to be reflected in the 2026 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 2025.

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 2026. 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 (2025: 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 2026			
Reportable segment revenue	**205,184**	**–**	**205,184**
Segment results	**(36,368)**	**(165)**	**(36,533)**
Other unallocated corporate income			**5**
Other unallocated corporate expenses			**(3,468)**
Loss before income tax			**(39,996)**
Other segment information			
Interest income	**(5)**	**–**	**(5)**
Additions to non-current assets	**63,009**	**–**	**63,009**
Amortisation of intangible assets	**395**	**–**	**395**
Depreciation of property, plant and equipment	**22,124**	**–**	**22,124**
Depreciation of right-of-use assets	**26,989**	**–**	**26,989**
Interest expense on lease liabilities	**17,487**	**–**	**17,487**
Written off of property, plant and equipment	**325**	**–**	**325**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
At 30 June 2026			
Reportable segment assets	**875,190**	**164**	**875,354**
Tax recoverable			**66**
Deferred tax assets			**65,721**
Other unallocated corporate assets			**31,330**
Total assets			**972,471**
Reportable segment liabilities	**1,071,319**	**78**	**1,071,397**
Provision for taxation			**8,900**
Deferred tax liabilities			**69,266**
Other unallocated corporate liabilities			**1,813**
Total liabilities			**1,151,376**

	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
Written off of property, plant and equipment	735	–	735
	(Audited)	(Audited)	(Audited)
At 31 December 2025			
Reportable segment assets	660,247	260	660,507
Tax recoverable			66
Deferred tax assets			65,721
Other unallocated corporate assets			29,872
Total assets			756,166
Reportable segment liabilities	814,819	56	814,875
Provision for taxation			8,900
Deferred tax liabilities			69,266
Other unallocated corporate liabilities			2,034
Total liabilities			895,075

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 2025 and 2026.

4. REVENUE AND OTHER OPERATING INCOME

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Sales of goods	**99,345**	67,443
Commission from concessionaire sales	**12,047**	4,853
Rental income from sub-leasing of shop premises	**19,373**	21,151
Rental income from investment properties	**4,550**	4,664
Rental income from sub-leasing of shopping malls	**69,869**	79,469
	205,184	177,580
Other operating income		
Interest income	**5**	18
Government grants	**57**	38
Administration and management fee income	**12,602**	13,015
Gain on disposal of fixed assets	**2,918**	–
Gain on exchange	**5**	–
Gain on early termination of leases	**–**	13,906
Others	**12,364**	9,803
	27,951	36,780

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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on lease liabilities	**17,487**	15,799
Interest on borrowings	**2,759**	2,898
	20,246	18,697

6. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before income tax is arrived at after charging:		
Depreciation of property, plant and equipment	**22,124**	23,580
Depreciation of right-of-use assets	**26,989**	24,339
Interest expense on lease liabilities	**17,487**	15,799
Amortisation of intangible assets	**395**	729
Written off of property, plant and equipment	**325**	735
Operating lease rentals in respect of land and buildings	**4,500**	3,929
Staff costs, including directors' emoluments		
– salaries and other benefits	**36,770**	27,913
– contributions to pension scheme	**6,916**	5,640
and crediting:		
Rental income from investment properties	**4,550**	4,664
Sub-letting of properties		
– Base rents	**82,205**	93,095
– Contingent rents*	**7,037**	7,525
	89,242	100,620

* 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	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
PRC enterprise income tax	**–**	53

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 2025: 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 2025: 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% (2025: 15%) for the period pursuant to the privilege under the China's Western Development Program (西部大開發計劃).

Other subsidiaries of the Group established in the PRC were mainly subject to PRC Enterprise Income Tax at the rate of 25% (2025: 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 2025: Nil).

(b) Dividend attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Final dividend in respect of the previous year, approved and paid during the period, of RMB Nil (six months ended 30 June 2025: 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 RMB39,996,000 (six months ended 30 June 2025: loss of approximately RMB3,581,000) and the weighted average number of approximately 1,037,500,002 (six months ended 30 June 2025: 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	At 31 December
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**33,776**	35,109
31–60 days	**1,330**	370
61–180 days	**3,202**	356
181–365 days	**935**	599
Over 365 days	**331**	252
	39,574	36,686

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

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Repayable on demand or within one year	**–**	–

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 2026	At 31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**14,185**	38,272
31–60 days	**17,184**	10,685
61–180 days	**22,970**	14,783
181–365 days	**26,449**	1,790
Over 365 days	**3,000**	6,884
	83,788	72,414

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2026, the growth rate of social retail sales slowed down, and the foundation for consumption recovery still needs further consolidation. Against the backdrop of cautious income expectations among residents, strong precautionary savings, and persistent external disturbances, traditional department stores and other physical retail formats continued to face significant operational pressure. Department stores continued their deep adjustment, with increasing operational pressure and overall sales still contracting. The supermarket industry weathered the pressure steadily, undergoing structural optimization, with most companies seeking growth through store renovations, supply chain optimization, and digital transformation rather than expansion. While the growth rate of online retail slowed, it remained a crucial driver of consumption growth, with new models such as online-offline integration, instant retail, and live-streaming e-commerce continuing to drive channel restructuring. Last year, policies to stimulate consumption were continuously strengthened, with policies such as trade-in programs, pilot programs for new consumption scenarios, and coordinated fiscal and financial policy providing strong support to the retail industry. Online retailers and companies with competitive pricing, full-channel capabilities, and refined operational capabilities are expected to achieve structural growth, while traditional physical retail companies will continue to face pressure from operational differentiation.

External challenges remain the main issue facing the economy. The risk of rising energy prices triggered by the Middle East conflict is gradually spreading, leading to inflationary pressures, increased trade costs, and contracting demand due to rising oil prices. Internally, the supply-demand imbalance has not fundamentally reversed, the deep adjustment in the real estate market continues, and the recovery of consumer confidence will take time. However, infrastructure investment is expected to maintain a relatively high growth rate, supported by the project reserves established at the start of the 15th Five-Year Plan. In 2026, the Chinese government further proposed allocating RMB250 billion in ultra-long-term special treasury bonds to support the trade-in of old consumer goods and establishing a RMB100 billion special fund for fiscal and financial coordination to promote domestic demand, combining loan interest subsidies, financing guarantees, and risk compensation to support the expansion of domestic demand.

In 2026, the retail industry continued its transformation, with various formats exhibiting common trends during the adjustment process. The boundaries between business formats became increasingly blurred, with outlets, department stores, and shopping malls accelerating their evolution towards multi-functional lifestyle consumption scenarios to adapt to increasingly segmented consumer needs. Marketing methods shifted from unique promotions to systematic operations, enhancing content operation capabilities and member loyalty through intellectual property collaborations, themed markets, pop-up stores, short videos, and live streaming. The online and offline channels were deeply integrated, with Douyin local life, video account live streaming, mini-program malls, and offline scenarios gradually forming a closed loop of “online traffic generation, online trial, and instant fulfillment,” driving sales conversion and customer retention. The retail industry showed a diversified development trend. The department store format continued its deep adjustment, with increasing operational pressure and overall sales contraction. The supermarket industry as a whole is showing a trend of stabilizing while withstanding pressure and optimizing its structure, with most companies choosing to seek growth through store adjustments rather than expansion; Online retail growth has slowed, but remains a significant driver of consumption growth. The accelerated integration of online and offline channels in the retail market and continuous innovation in business models have become key factors promoting online consumption growth.

In 2026, the department store industry continued its deep adjustment trend, facing increasing operational pressure. A survey of nearly 100 large and medium-sized retail enterprises nationwide showed that overall sales in department stores continued to contract in 2026. Approximately 60% of the surveyed enterprises experienced a YOY decline in sales, 32% achieved YOY growth, and only 8% remained flat compared to the previous year. Affected by multiple factors such as the continued diversion of customers to online channels, the increase in offline operating costs, and changing consumer habits, department store foot traffic continued to weaken, and the industry as a whole remained in a period of adjustment. The aging and homogenization of product structures remained prominent issues. The brand portfolio under the traditional joint-venture model struggled to differentiate itself from vertical e-commerce and brand-owned stores, resulting in weak sales growth for key categories such as apparel and footwear. Therefore, the industry has adopted a strategy of "de-departmentization" and scene reconstruction. This involves reducing inefficient retail space, increasing the proportion of catering and experiential businesses, and creating themed streets to transform projects into "small shopping centers" or "community life stores". Simultaneously, companies are shifting their focus from external expansion to cultivating existing assets, improving operational efficiency and competitiveness through measures such as upgrading existing stores, closing inefficient outlets, and concentrating resources on building core stores.

In 2026, the supermarket industry as a whole showed a stable but pressured, structurally optimized trend. The industry has entered a transformation phase of simultaneous competition for existing assets and cost reduction and efficiency improvement. Data shows that approximately 50% of companies achieved YOY sales growth, while approximately 42% experienced a YOY sales decline. Meanwhile, approximately 80% of companies chose to seek growth through store restructuring. In terms of profits, approximately 46% of the sample supermarket companies saw YOY net profit growth, but most of these growth rates were below 10%. With the rapid penetration of instant retail, the layout of community fresh food stores, and the continued diversion of online consumption, traditional supermarkets are facing ongoing pressure on customer traffic and in-store spending. Coupled with persistently high costs such as rent and labor, the overall profit margin of the industry remains narrow. In the future, supermarket companies with strong supply chain integration capabilities, product competitiveness, and digital operation capabilities are more likely to succeed in the restructuring process.

Online retail has been a major driver of domestic consumption growth. Although its growth rate has slowed in recent years, it still significantly outpaces most offline retail formats. Nationwide, online retail sales of physical goods increased YOY, accounting for approximately 26% of total retail sales of consumer goods, with online penetration continuing to rise. In terms of growth performance, 61 of the top 100 companies achieved positive growth in online sales, with 40 of them achieving double-digit or higher growth. In 2026, national online retail sales of goods and services increased by approximately 7% YOY, with online retail sales of goods growing by approximately 6%, demonstrating the resilience of online consumption. Overall, the full penetration of instant retail, the refined operation of live-streaming e-commerce, and the expansion of all product categories online remain important forces driving online consumption growth.

From a market competition perspective, China's retail industry exhibits a clear channel differentiation characteristic. Offline physical retail enterprises are numerous, with prominent regional operating characteristics and a generally low industry concentration; Online retail, on the other hand, is characterized by a concentration of leading platforms and highly concentrated competition. Traditional retail formats such as department stores and supermarkets continue to face pressures from customer diversion, rigid costs, and operational adjustments. The e-commerce sector, however, maintains growth driven by the expansion of trade-in programs for consumer goods, the continued development of digital consumption, and innovation in retail models. However, the focus of competition has gradually shifted from acquiring new customers to managing existing users and competing on overall capabilities.

Traditional department stores, primarily focused on retailing general merchandise, are facing significant operational pressures due to online diversion, changing consumer preferences, and homogeneous competition. The industry's focus has gradually shifted to upgrading and improving the efficiency of existing stores. Some new projects and business transformations are extending into shopping malls or innovative commercial spaces with stronger service and experience attributes. Meanwhile, outlet malls, with their brand discounts and relatively high price-performance ratio, have effectively met the needs of certain customer groups in the context of consumer segmentation and still possess considerable development potential. To cope with competition and maintain customer traffic, leading and regional department store companies typically drive operational adjustments through three methods: first, strengthening merchandise supply capabilities, optimizing brand mix and product structure, and improving the level of differentiated supply; second, improving store hard/software conditions and business format combinations, leveraging first stores, themed stores, and special projects to increase customer traffic and sales conversion; and third, creating themed and experiential consumption scenarios around niche customer groups such as senior citizens, families, and those embracing domestic trends, and improving operational efficiency through refined membership operations and digital tools.

The supermarket industry as a whole has entered a stage of large-scale and chain development, characterized by prominent regional operations and significant challenges in nationwide expansion. It demands high levels of supply chain integration capabilities, product organization capabilities, and refined operational capabilities. Currently, leading companies have established strong brand recognition and regional competitive advantages. In recent years, the industry landscape has continued to change. Some traditional foreign supermarkets have scaled back, adjusted, or sold off related businesses in the Chinese market, while local retailers have accelerated the integration of related assets and store resources. Simultaneously, new foreign retailers continue to expand their presence, and emerging domestic fresh food e-commerce continues to penetrate the market, further increasing competitive pressure. Although the supermarket industry's growth rate has accelerated YOY, traditional supermarkets still face multiple pressures, including external competitive pressure, rising fixed costs such as labor and rent, and increased investment in store renovations. The industry as a whole remains in a phase of optimizing existing assets and structural adjustment.

The e-commerce industry continues to grow rapidly, driven by the expansion of consumer goods trade-in policies, the continued development of digital consumption, and new models such as live-streaming e-commerce and instant retail. Online shopping penetration is already high, but user growth has slowed significantly. As the internet population dividend gradually peaks, the focus of competition among e-commerce platforms has shifted from acquiring new users to managing existing users. Competition among platforms is intensifying across dimensions such as pricing systems, traffic allocation, merchant ecosystems, instant fulfillment, and service experience. Overall, competition in the e-commerce industry is no longer limited to the battle for traffic, but has further evolved into a comprehensive competition encompassing supply chain integration, fulfillment efficiency, platform ecosystem development, and full lifecycle user management.

According to the National Bureau of Statistics, the gross domestic product in the first half of 2026 reached approximately RMB69.6 trillion, an increase of approximately 4.7% over the same period last year.

In the first half of the year, the total retail sales of consumer goods were approximately RMB24.9 trillion, a YOY increase of approximately 1.3%. Among them, the retail sales of consumer goods of enterprises above threshold were approximately RMB9.5 trillion, a YOY decrease of approximately 0.8%. According to the location of the business unit, the retail sales of consumer goods in urban areas was approximately RMB21.6 trillion, a YOY increase of approximately 1.2%; the retail sales of consumer goods in rural areas was approximately RMB3.3 trillion, a YOY increase of approximately 2.5%. In terms of consumption patterns, catering revenue was approximately RMB2.8 trillion, an increase of approximately 2.8%; commodity retail was approximately RMB22.0 trillion, an increase of approximately 1.1%. In the retail sales of goods, the retail sales of enterprises above threshold were approximately RMB8.7 trillion, a decrease of approximately 1.0%. In the first half of the year, national online retail sales were approximately RMB10.0 trillion, a YOY increase of approximately 5.2%. Among them, the online retail sales of physical goods were approximately RMB6.4 trillion, an increase of approximately 4.8%, while online retail sales of services reached RMB3.6 trillion, an increase of 6.0%. In the online retail sales of physical goods, food, clothing and consumer goods increased by approximately 16.8%, 6.2% and 1.3% respectively. By retail format classification, among the physical retail sales above the threshold, convenience stores and supermarkets, increased by 6.6% and 3.8% respectively, while department stores, specialty stores and brand specialty stores decreased by 1.5%, 2.1% and 8.7% respectively.

In the first half of 2026, 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 boosting market vitality. On the other hand, with the rapid development of internet technology, new business models such as e-commerce and next-generation retail emerged, driving the transformation and upgrading of the retail industry. Furthermore, as consumers' demand for personalized and experiential consumption increased, retail companies were constantly exploring new business models and marketing methods to meet consumer needs. Looking ahead, the consumer market still presents structural opportunities. Service and experiential consumption will continue to perform well; policy-supported categories will release further incremental growth; and consumption related to emotional value and security will continue to influence consumers' choices among different categories. Meanwhile, overseas expansion and artificial intelligence will continue to advance, but the differences between companies will be more reflected in operational quality, organizational capabilities, and implementation effectiveness. In addition, challenges also exist: consumers are becoming more rational in their spending, the sustainability of policies and subsidies needs to be observed, there is pressure on customer acquisition costs, and the impact of channel complexity. For businesses, it is important to clearly understand which scenarios, which groups of people, and which value propositions are driving consumption, and to translate these changes into sustainable capabilities in products, channels, and operations.

BUSINESS REVIEW

For the six months ended 30 June 2026, the Group's total revenue was approximately RMB205.2 million, an increase of approximately 15.5% YOY; gross profit was approximately RMB10.2 million, a YOY decrease of approximately 6.4%; operating loss was approximately RMB40.0 million, a YOY increase of approximately 1,043.0%; the loss attributable to equity holders of the parent company was approximately RMB40.0 million, a YOY increase of approximately 1,011.0%. At the end of the period, there were 7 retail stores and four shopping malls under the Group's operation. The increase in revenue was mainly attributable to (1) the opening of new shopping mall in Pingshan Shenzhen during the period; and (2) the increase of fresh food and cooked food sales after internal renovation of stores. However, the increase in competition surrounding the stores and shopping malls, and the change in spending pattern and attitude, the income of most of the stores has been limited. 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 increased by approximately RMB32.0 million, commissions from concessionaire sales increased by approximately RMB7.1 million, rental income from sub-leasing of shop premises decreased by approximately RMB1.8 million, rental income from investment property decreased by approximately RMB0.1 million, and rental income from sub-leasing of shopping malls decreased by approximately RMB9.6 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 2026, the Group has made the following major highlights in terms of operations.

(1) Opening the first store in Pingshan, Shenzhen, expanding the branch network

During the period, the Group opened its first store in Pingshan District, Shenzhen. Jiahua Lingyue Plaza is located in the central area of Pingshan, connected to Xinhe Station of Pingshan Metro Line 16. In 2025, Shenzhen ranked first in the country for the fourth consecutive year in terms of total industrial output and industrial added value of enterprises above designated size. As one of the most outstanding areas in Shenzhen's development, Pingshan did not rely on traditional business districts to attract customers first, but instead built its foundation on industries such as smart connected new energy vehicles, semiconductors and integrated circuits, biomedicine, artificial intelligence and smart terminals, gradually forming an endogenous cycle of "industrial agglomeration – talent agglomeration – consumption upgrade – business innovation". In 2025, Pingshan's GDP was approximately RMB160.3 billion, an increase of 10.5%, the added value of enterprises above designated size increased by 15.9%, and the total retail sales of consumer goods increased by 10.2%. Pingshan District's GDP doubled compared to 2020, with an average annual growth rate of 12.6%, and retail sales of consumer goods grew at an average annual rate of 12.2%. Pingshan District has a resident population of approximately 630,000, representing eight consecutive years of population growth since its establishment as a district in 2017, with a total increase exceeding 150,000. Pingshan's high-level talent pool, including strategic scientists, is projected to increase by 13.6%, and the number of PhD holders by 21.4%. This reflects not only an improvement in talent indicators but also a continuous influx of research and development, technical, managerial, and professional service personnel. These individuals require more than just convenience stores and fast food outlets; they also need quality dining, fresh food retail, sports and health services, parent-child education, pet services, cultural experiences, and nighttime social activities. The shopping center, named Jiayangli, boasts approximately 44,000 square meters of commercial space. During this period, the branch held various mall events to attract customers. The event featured a variety of activities including a children's cultural performance, a lion dance on plum blossom poles, a pillow competition, a food tasting event, free movie screenings to relive childhood memories, discounts for those with college entrance examination admission tickets, the first giant rice dumpling balloon rain in Pingshan, a drum set performance, a special concert commemorating Leslie Cheung, a fun paper dragon boat race, a paper airplane competition, band performances, a student talent show, and the first annual "stealing food" competition.

(2) Implementation of the disposal of Bantian and Gongming supermarkets to alleviate operational burdens

On 1 May 2026, a wholly-owned subsidiary of the Company entered into a sublease agreement with Shenzhen Jiayang Commerce and Trade Co., Ltd. for the sublease of the property (part of which was occupied by the Bantian supermarket), with a lease term from 1 May 2026 to 31 December 2031. According to the sublease agreement, the sublessor was required to transfer the leasehold improvements and equipment (together with the relevant operating rights) of the property to the lessee for a sublease transfer fee of RMB6 million. The leasehold improvements and equipment included the existing fixtures and fittings, equipment, and transferable operating licenses of the Bantian supermarket. Due to the losses incurred by Bantian Supermarket, the carrying amount of the leasehold improvements and equipment has been impaired in the Company's consolidated financial statements. The Group is expected to record a gain on disposal. The proceeds from the disposal will be allocated to general working capital. Following the disposal, the Group will no longer operate Bantian Supermarket, and therefore, the operation of Bantian Supermarket will not generate further losses. Instead, the Group will record rental income arising from the sublease agreement. On 30 June 2026, a wholly-owned subsidiary of the Company entered into a sublease agreement with Shenzhen Jiayang Maohua for the sublease of a portion of the space in the Gongming Property, with a term from 1 July 2026 to 15 November 2031. Pursuant to the sublease agreement, the sublessor is required to dispose of the leasehold improvements and equipment of the property to the lessee at a sublease transfer fee of RMB6.86 million. The proceeds from the sale will be allocated to general working capital. Following the sale, the Group will no longer operate Gongming Supermarket, and therefore, the operation of Gongming Supermarket will not generate further losses. Instead, the Group will record rental income generated from the sublease agreement.

(3) Increase shopping mall promotion activities to bring customers back to physical stores

During the period, the Group's shopping malls and anchor stores held various entertainment and viewing programs to enhance the atmosphere and attract foot traffic to stimulate sales. Jiayangli Guanlan Store held a "Grandpa Doesn't Make Tea, One-Day Store Manager" event, offering children's toy bags for only 6.1 yuan; Jiayangli Bantian Store hosted a "Food Stealing Contest", bumper car races, a World Cup viewing event for Argentine fans, hourly lucky draws, and a fun outing during the Qingming Festival; Jiayanghui Xinqiao Store hosted a pillow fight, an hourly lucky draw with a grand prize of 10,000 yuan, and a sea lion show during the Qingming Festival holiday; Songgang Store hosted a 25th-anniversary talent show and a giant anniversary cake banquet; Gongming Store hosted a Spring Festival lucky red envelope wall; Longhua Store hosted a New Year's Day grand lucky draw, etc. Among them, the most popular event was the "Food Stealing Contest", a fun interactive activity popular in shopping malls across China. Inspired by collective nostalgia for school days, the event simulates a classroom scene, where participants must steal food under the watchful eyes of a "teacher". Those caught are punished by standing in the corner, and those caught three times are eliminated. Since its debut in Ningbo in May 2026, the event has quickly become popular, with over 100 shopping malls nationwide following suit, attracting a wide range of participants from children to the elderly, with thousands registering for a single event. This trend has been described by industry insiders as the "Year One of

Mini-Competitions" or the "Year One of Abstract Mini-Competitions", signifying that low-cost, high-emotional-value, and highly communicative fun activities have become a new trend for offline business traffic generation.

(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.

OUTLOOK AND FUTURE PROSPECTS

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 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 2026, the Group's revenue was approximately RMB205.2 million, representing an increase of approximately 15.5% from approximately RMB177.6 million in the same period in 2025. The increase in revenue was mainly due to an increase of approximately RMB32.0 million in sales of goods, an increase of approximately RMB7.1 million in commissions from concessionaire sales, a decrease of approximately RMB1.8 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 RMB9.6 million in rental income from sub-leasing shopping malls.

Sales of goods increased by approximately 47.5% from approximately RMB67.4 million in the same period in 2025 to approximately RMB99.4 million for the six months ended 30 June 2026, mainly due to (i) the opening of new shopping mall in Pingshan Shenzhen during the period; and (ii) the increase of fresh food and cooked food sales after internal renovation of stores. The percentage of sales of goods to the total revenue of the Group for the six months ended 30 June 2026 was approximately 48.4%, compared with approximately 38.0% in the same period in 2025.

Commissions from concessionaire sales increased by approximately 144.9% from approximately RMB4.9 million in the same period in 2025 to approximately RMB12.0 million for the six months ended 30 June 2026. This was mainly due to (i) the opening of new shopping mall in Pingshan Shenzhen during the period; and (ii) the increase of fresh food and cooked food sales after internal renovation of stores. For the six months ended 30 June 2026, commissions from concessionaire sales accounted for approximately 5.9% of the Group's total revenue, compared with approximately 2.7% for the same period in 2025.

Rental income of sub-leasing shop premises decreased by approximately 8.5% from approximately RMB21.2 million in the same period in 2025 to approximately RMB19.4 million for the six months ended 30 June 2026, mainly due to reduction of contingent rent for vacant sales floor upon the weak general economic conditions. The rental income of sub-leasing shop premises accounted for approximately 9.4% of the Group's total revenue for the six months ended 30 June 2026, compared with approximately 11.9% for the same period in 2025.

Rental income from investment properties slightly decreased by approximately 2.2% from approximately RMB4.6 million in the same period in 2025 to approximately RMB4.5 million for the six months ended 30 June 2026, mainly due to change of a new tenant with reduced rental income. Rental income from investment properties accounted for approximately 2.2% of the Group's total revenue for the six months ended 30 June 2026, compared to approximately 2.6% for the same period in 2025.

Rental income of sub-leased shopping mall for the six months ended 30 June 2026 was approximately RMB69.9 million, a decrease of approximately 12.1% from approximately RMB79.5 million in the same period in 2025. The opening of new shopping mall Pingshan Shenzhen has contributed new rental income to the Group. However, the weak general economic condition has resulted in rent concession and vacant properties in the other three existing shopping malls. The rental income from sub-leasing shopping mall accounted for approximately 34.1% of the Group's total revenue for the six months ended 30 June 2026, compared with approximately 44.8% for the same period in 2025.

Other operating income

Other operating income decreased by approximately 23.9% from approximately RMB36.8 million in the same period in 2025 to approximately RMB28.0 million for the six months ended 30 June 2026, mainly due to no recognition of gain on early termination of leases this period.

Inventory purchases and changes

For the six months ended 30 June 2026, the amount of inventory purchases and changes was approximately RMB89.2 million, an increase of approximately 57.6% from approximately RMB56.6 million in the same period in 2025, mainly due to (i) the opening of new shopping mall in Pingshan Shenzhen during the period; and (ii) increase in sales of goods after internal renovation of stores. For the six months ended 30 June 2026, inventory purchases and changes accounted for approximately 89.7% of sales of goods, compared with approximately 83.9% in the same period in 2025.

Staff costs

Staff costs increased by 30.1% from approximately RMB33.6 million in the same period in 2025 to approximately RMB43.7 million for the six months ended 30 June 2026. This was mainly due to (i) the opening of new shopping mall in Pingshan Shenzhen during the period; and (ii) the increase of fresh food and cooked food sales after internal renovation of stores.

Depreciation of Right-of-Use (ROU) assets

The depreciation of ROU assets increased by approximately 11.1% from approximately RMB24.3 million in the same period in 2025 to approximately RMB27.0 million for the six months ended 30 June 2026, mainly due to the opening of new shopping mall in Pingshan Shenzhen during the period.

Depreciation of property, plant and equipment

Depreciation on property, plant and equipment decreased by 6.4% to approximately RMB22.1 million for the six months ended 30 June 2026 from approximately RMB23.6 million in the corresponding period in 2025, mainly due to disposal of fixed assets of two supermarkets during the period.

Operating lease rental expenses

Operating lease rental expenses increased from approximately RMB3.9 million in the same period in 2025 to approximately RMB4.5 million for the six months ended 30 June 2026, mainly due to provision of temporary staff quarter for opening of Pingshan Shenzhen new shopping mall.

Other operating expenses

Other operating expenses for the six months ended 30 June 2026 were approximately RMB11.9 million, as compared with approximately RMB1.0 million in the same period in 2025, increased largely due to written off of equipment installation costs of the stores during the period.

Financial costs

Interest on lease liabilities was approximately RMB17.5 million and interest on bank borrowings was approximately RMB2.8 million for the six months ended 30 June 2026, compared with approximately RMB15.8 million and approximately RMB2.9 million respectively in the same period in 2025, which was up by approximately RMB1.7 million and down by approximately RMB0.1 million respectively. The increase in interest on lease liabilities was mainly due to the opening of new shopping mall in Pingshan Shenzhen during the period, while the decrease in interest on bank borrowings was mainly due to reducing loan principal.

Operating loss

For the above reasons, the Group's operating loss for the six months ended 30 June 2026 was approximately RMB40.0 million. The Group's operating loss for the six months ended 30 June 2025 was approximately RMB3.5 million.

Income tax expenses

Income tax expenses decreased from approximately RMB0.1 million in the same period in 2025 to RMB Nil in the six months ended 30 June 2026. There was no taxable profit of subsidiaries during the period. For the six months ended 30 June 2026, the effective tax rate applicable to the subsidiaries of the Group was 25% (Guangxi was under the privilege under the China's Western Development Program with tax rate of 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 2026 was approximately RMB40.0 million, which was increased from the loss of approximately RMB3.6 million for the same period in 2025.

SUBSEQUENT EVENTS

The Group did not have any other significant events taken place subsequent to 30 June 2026.

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 2026, the Group had 578 full-time employees (30 June 2025: 609). 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.

CONTINGENT LIABILITIES

As at 30 June 2026, 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 2026 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 ("Mode 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 2026.

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 Independent 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 2026. 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 2026 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.szbjh.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, 27 August 2026

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

Executive Directors:
Zhuang Lu Kun, Zhuang Pei Zhong, Zhuang Xiao Xiong

Independent Non-executive Directors:
Chin Kam Cheung, Sun Ju Yi, Ai Ji, Ying Chi Kwan