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佳華百貨控股有限公司
Jiahua Stores Holdings Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 00602)

PROFIT WARNING

This announcement is made by Jiahua Stores Holdings Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The Board of Directors of the Company (“**Board**”) wishes to inform potential investors and shareholders of the Company that having assessed the currently available information, the Group is likely to record a lower profit for the year ended 31 December 2008 due to (i) the absence of a non-recurring excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost of acquisition credited to the income statement for the year ended 31 December 2007 amounting to approximately RMB34.5 million; (ii) the decrease of bank interest income resulted from the application monies received under the initial public offer of the Company for the year ended 31 December 2007; and (iii) the effects of the renovation, reallocation and reduction of sales floor area for the purpose of the improvement of certain existing stores.

Despite the lower profit for the year ended 31 December 2008, the Board considers that the Group’s overall financial position is still healthy and the Board remains positive on the long term prospect of the Group.

Please note that the information contained in this announcement is only based on the preliminary assessment by the Board on the currently available information which is subject to audit and therefore the actual results to be reported in the Group’s annual result announcement and annual report may be different from what is disclosed in this announcement.

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

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

Shenzhen, the PRC, 23 January 2009

As at the date of this announcement, the Directors are:

Executive Directors: Mr. Zhuang Lu Kun, Mr. Shen Da Jin, Mr. Zhuang Pei Zhong and Mr. Gu Wei Ming

Independent non-executive Directors: Mr. Chin Kam Cheung, Dr. Guo Zheng Lin, Mr. Ai Ji