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Changhong Jiahua Holdings Limited
長虹佳華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8016)

**PROPOSED TRANSFER OF LISTING
FROM GEM TO THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

Sole Sponsor



This announcement is made by the Company pursuant to Rules 9.26 and 17.10(2)(a) of the GEM Listing Rules and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the SFO.

The Board is pleased to announce that on 27 September 2019 (after trading hours), the Company submitted a formal application to the Stock Exchange in respect of the Proposed Transfer of Listing pursuant to Chapter 9A and Appendix 28 of the Main Board Listing Rules. The Proposed Transfer of Listing will not involve any issue of new Shares.

Shareholders and potential investors should be aware that the implementation of the Proposed Transfer of Listing is subject to, among others, the granting of relevant approval by the Stock Exchange. There is no assurance that approval and permission will be obtained from the Stock Exchange for the Proposed Transfer of Listing. Accordingly, the Proposed Transfer of Listing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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REASONS FOR THE PROPOSED TRANSFER OF LISTING

The Company has been listed on GEM since the Listing Date. The Group is principally engaged in the distribution and sales of (i) IT consumer products including personal computers and digital products and IT accessories, (ii) IT corporate products including storage products, network products, PC servers, IBMS products and UC&CC products, and (iii) others including smartphones, self-developed and customised products as well as the provision of IT services.

GEM has been positioned and perceived as a market designed to accommodate companies to which higher investment risk and higher market volatility may be attached compared to companies listed on the Main Board. Give the listing requirements for the Main Board are generally higher than that for GEM, the Directors consider that a listing status of the Company on the Main Board is generally perceived to enjoy a premier status amongst investors, which will help strengthen the recognition of the Group among both the existing Shareholders as well as the potential investors, resulting in a broader investor base and higher trading liquidity of the Shares. Further, facilitated by the enhanced status of the Group, the Directors believe that the Proposed Transfer of Listing will help reinforce the confidence of the Group's customers, suppliers and other stakeholders in the Company's financial strength, governance and credibility and will hence further promote the Company's corporate profile and recognition among public investors and the public in general. This will in turn further strengthen the Group's position in the industry and improve the Group's competitiveness in retaining its current employees, recruiting more talents and attracting new customers and suppliers which may ultimately help foster the business development of the Group and enhance return to the Shareholders in the long run.

In light of the above, the Directors are of the view that the Proposed Transfer of Listing is in the interests of the Company and the Shareholders as a whole.

The Proposed Transfer of Listing will not involve any issue of new Shares by the Company.

NO CHANGE IN PRINCIPAL BUSINESS

The Company has been listed on GEM through the reverse takeover involving a new listing application on 22 January 2013. There has been no change in the principal business of the Group since the Listing Date and up to the date of this announcement. As at the date of this announcement, the Board has no plan to change the nature of the business of the Group up to and following the Proposed Transfer of Listing.

NO CHANGE IN CONTROL

There has been no change in control of the Company since the Listing Date and up to the date of this announcement.

As at the Listing Date, Sichuan Changhong, Changhong Hong Kong and Fit Generation held approximately 20.33%, 3.41% and 28.79% respectively of the entire issued share capital of the Company. Each of Changhong Hong Kong and Fit Generation was wholly owned by Sichuan Changhong. Accordingly, Sichuan Changhong was interested in approximately 52.53% of the entire issued share capital of the Company. Sichuan Changhong was accounted for as a subsidiary of Sichuan Changhong Electronics under applicable PRC general accounting principles. As at the date of this announcement, Sichuan Changhong is held as to approximately 23.22% by Sichuan Changhong Electronics. For the purposes of the Main Board Listing Rules and the GEM Listing Rules, Sichuan Changhong Electronics, Sichuan Changhong and Fit Generation were the Controlling Shareholder as at the Listing Date.

As at the date of this announcement, Sichuan Changhong, Changhong Hong Kong and Fit Generation held approximately 6.56%, 1.10% and 61.66% respectively of the entire issued share capital of the Company. Accordingly, Sichuan Changhong is interested in approximately 69.32% of the entire issued share capital of the Company. Accordingly, Sichuan Changhong Electronics, Sichuan Changhong and Fit Generation remain as the Controlling Shareholders as at the date of this announcement.

CONDITIONS TO THE PROPOSED TRANSFER OF LISTING

The Proposed Transfer of Listing is conditional upon, among other things:

- (a) the Company's fulfilment of all the applicable listing requirements on the Main Board as stipulated in the Main Board Listing Rules;

- (b) the Stock Exchange granting approval for the listing of, and permission to deal in on the Main Board (i) all the Shares in issue; and (ii) the new Shares which may fall to be issued upon the exercise of the conversion rights relating to the Convertible Preference Shares; and
- (c) all other relevant approvals or consents required in connection with the implementation of the Proposed Transfer of Listing having been obtained, and the fulfilment of all conditions which may be attached to such approvals or consents, if any.

LISTING RULES IMPLICATIONS

There has been no change in the Company's principal business and Controlling Shareholder since the Listing Date and therefore, pursuant to Rule 9A.01A of the Main Board Listing Rules and the transitional arrangements set out in Appendix 28 to the Main Board Listing Rules, the Company is qualified as an Eligible Issuer (as defined in the Main Board Listing Rules) and is not required to publish a listing document. In connection with the Proposed Transfer of Listing, the Company has appointed Dongxing Securities (Hong Kong) Company Limited as its sole sponsor for in relation to the Proposed Transfer of Listing.

GENERAL

The Board would like to emphasise that the definitive timetable for the Proposed Transfer of Listing has not yet been finalised. Further announcement(s) will be made by the Company to keep the Shareholders and potential investors of the Company informed of the progress of the Proposed Transfer of Listing as and when appropriate.

Shareholders and potential investors should be aware that the implementation of the Proposed Transfer of Listing is subject to, among others, the granting of relevant approval by the Stock Exchange. There is no assurance that approval and permission will be obtained from the Stock Exchange for the Proposed Transfer of Listing. Accordingly, the Proposed Transfer of Listing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“Changhong Hong Kong”	Changhong (Hong Kong) Trading Limited (長虹(香港)貿易有限公司), a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Sichuan Changhong
“Company”	Changhong Jiahua Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on GEM (stock code: 8016)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Main Board Listing Rules and the GEM Listing Rules
“Convertible Preference Share(s)”	non-voting irredeemable convertible preference shares of nominal value of HK\$0.025 each in the capital of the Company
“Director(s)”	the director(s) of the Company
“Fit Generation”	Fit Generation Holding Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is wholly-owned by Changhong Hong Kong and one of the Controlling Shareholders
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“IBMS”	intelligent building management systems
“IT”	information technology
“Listing Date”	22 January 2013, being the completion date of the listing of the Company on GEM through reverse takeover
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, it does not include GEM for the purpose hereof
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Main Board as amended, supplemented or otherwise modified from time to time
“Proposed Transfer of Listing”	the proposed transfer of the listing of the Shares from GEM to the Main Board
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sichuan Changhong”	Sichuan Changhong Electric Co., Ltd. (四川長虹電器股份有限公司), a company established in the People’s Republic of China and listed on the Shanghai Stock Exchange (stock code: 600839.SH) and one of the Controlling Shareholders
“Sichuan Changhong Electronics”	Sichuan Changhong Electronics Holding Group Co., Ltd.* (四川長虹電子控股集團有限公司), a company established in the People’s Republic of China and one of the Controlling Shareholders

“UC&CC” unified communication system and contact centre

“%” per cent

* *English name is for identification purpose only*

By order of the Board
Changhong Jiahua Holdings Limited
Zhao Yong
Chairman and Executive Director

Hong Kong, 27 September 2019

As at the date of this announcement, the executive Directors are Mr. Zhao Yong, Mr. Zhu Jianqiu, Mr. Yang Jun and Mr. Luo Yongping and the independent non-executive Directors are Mr. Jonathan Chan Ming Sun, Mr. Gao Xudong and Mr. Meng Qingbin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Information” page on the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.changhongit.com.hk