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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)

POSITIVE PROFIT ALERT

This announcement is made by Changhong Jiahua Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “**GEM Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 17.10 of the GEM Listing Rules.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review of the Group’s unaudited management accounts for the twelve months ended 31 December 2016, the Group is expected to record an increase in its consolidated profit for the year ended 31 December 2016, and the expected profit attributable to owners of the parent for the year ended 31 December 2016 will not be less than 170% of the profit attributable to owners of the parent for the corresponding period of last year in the amount of HK\$131,749,000. The Board believes that the increase in the profit attributable to owners of the parent for the year ended 31 December 2016 was mainly attributable to (i) the relatively lower net profit attributable to equity holders of the Company for the year 2015 as compared to that for the year ended 31 December 2016 due to the provision made for the Group’s discontinued operations relating to the misappropriation of assets by an ex-employee of Changhong Overseas Development Limited^(Note) for the year 2015; and (ii) the improvement of operational efficiency as a result of the Group’s further control over its operational costs.

Note: On 14 December 2016, the Company entered into a share transfer agreement, pursuant to which the Company transferred the entire issued share capital of Changhong Overseas Development Limited to an independent third party.

The information contained in this announcement is only based on the preliminary assessment of the unaudited management accounts for the twelve months ended 31 December 2016 currently available and is not based on any figures or information that have been audited or reviewed by the auditors or the audit committee of the Company. Consequently, the actual annual results of the Group for the year ended 31 December 2016 may differ from what is expected and disclosed in this announcement. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2016 which is expected to be published by end of March 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
Changhong Jiahua Holdings Limited
Zhao Yong
Chairman

Hong Kong, 20 January 2017

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Yong, Mr. Zhu Jianqiu, Mr. Yu Xiao, Mr. Wu Xiangtao and Ms. Shi Ping and the independent non-executive directors of the Company are Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung, Mr. Sun Dongfeng and Mr. Cheng Yuk Kin.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at <http://www.changhongit.com.hk>.