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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)

**(1) SUSPECTED MISAPPROPRIATION;  
(2) ESTABLISHMENT OF INDEPENDENT COMMITTEE;  
AND  
(3) CONTINUOUS SUSPENSION OF TRADING**

This announcement is issued by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform Shareholders and potential investors of the Company that the management of the Company has recently discovered and reported to the Board that an employee of CHOD, a wholly owned subsidiary of the Company, has misappropriated certain assets of CHOD, which may have a material adverse impact on the financial position of CHOD. The Company has reported the suspected misappropriation to the Hong Kong Police on 14 June 2015.

To the best of the knowledge and information of the Directors, the suspected misappropriation occurred only at the level of CHOD and the operation of the Group (other than CHOD) remains unaffected by the suspected wrongdoing.

The Board has established the Independent Committee comprising all the independent non-executive Directors of the Company, namely Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung, Mr. Sun Dongfeng and Mr. Cheng Yuk Kin, to investigate the circumstances and implications of the suspected wrongdoing. Mr. Jonathan Chan Ming Sun has been appointed the chairman of the Independent Committee.

The Independent Committee proposes to appoint an independent forensic accountant to investigate the suspected misappropriation to assist the Independent Committee to evaluate the impact of the suspected wrongdoing on the operation and financial position of CHOD and the Group.

At the request of the Company, trading in its Shares on the Stock Exchange has been suspended from 10:57 a.m. on 15 June 2015 and will remain suspended until further notice.

This announcement is issued by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the SFO.

## **INVESTIGATION REGARDING SUSPECTED MISAPPROPRIATION OF CERTAIN ASSETS OF CHOD**

The Board wishes to inform Shareholders and potential investors of the Company that the management of the Company has recently discovered and reported to the Board that an employee of CHOD, a wholly owned subsidiary of the Company, has misappropriated certain assets of CHOD, which may have a material adverse impact on the financial position of CHOD. The Company has reported the suspected misappropriation to the Hong Kong Police on 14 June 2015.

To the best of the knowledge and information of the Directors, the suspected misappropriation occurred only at the level of CHOD and the operation of the Group (other than CHOD) remains unaffected by the suspected wrongdoing.

CHOD is a wholly-owned subsidiary of the Company principally engaged in trading of consumer electronic products and related parts and components business. For the year ended 31 December 2014, the total revenue and total asset of CHOD represents approximately 3.27% and 1.08% of the Group's total revenue and total asset, respectively.

## **ESTABLISHMENT OF INDEPENDENT COMMITTEE**

As a result, the Board has established an independent committee (the “**Independent Committee**”) comprising all the independent non-executive Directors of the Company, namely Mr. Jonathan Chan Ming Sun, Mr. Robert Ip Chun Chung, Mr. Sun Dongfeng and Mr. Cheng Yuk Kin, to investigate the circumstances of the suspected misappropriation. Mr. Jonathan Chan Ming Sun has been appointed the chairman of the Independent Committee. The Independent Committee proposes to appoint an independent forensic accountant to perform an independent review and/or investigation to circumstances of the suspected misappropriation (the “**Independent Review**”) so as to assist the Independent Committee evaluating the impact of the suspected wrongdoing on the operation and financial condition of CHOD and the Group. Report of findings following completion of the Independent Review will be made to the Independent Committee, which will in turn report to the Board.

The Company will make further announcement(s) to update the Shareholders and potential investors of the Company on the progress of the Independent Review in due course.

## **CONTINUOUS SUSPENSION OF TRADING**

At the request of the Company, trading in its Shares on the Stock Exchange has been suspended from 10:57 a.m. on 15 June 2015 and will remain suspended until further notice.

## DEFINITIONS

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

“Board”	the board of Directors
“CHOD”	Changhong Overseas Development Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Company”	Changhong Jiahua Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries, including CHOD
“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
“Share(s)”	share(s) of HK\$0.01 (each) in the capital of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 19 June 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Zhao Yong, Mr. Zhu Jianqiu, Mr. Yu Xiao, Mr. Tang Yun, 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](http://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>.*