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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)

VOLUNTARY ANNOUNCEMENT

ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY

This announcement is made by Changhong Jiahua Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform its shareholders and potential investors of the latest information about the Group.

ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, at a meeting of the Board held on 23 February 2017, the Company has resolved to establish a wholly-owned subsidiary via its wholly-owned subsidiary, Changhong IT Information Products Company, Limited (四川長虹佳華信息產品有限責任公司), with a total capital contribution of RMB100 million.

The wholly-owned subsidiary to be established is tentatively to be named as Sichuan Changhong IT Duolayouhuo E-commerce Co., Ltd.* (四川長虹佳華哆啦有貨電子商務有限公司) (“**Duolayouhuo**”), and will be established in the People’s Republic of China with a registered capital of RMB100 million. The business activities of Duolayouhuo is expected to include, but not limited to, electronic products; photographic equipments; computer hardware and software; wholesales and retails of communication system; computer technology consulting services; development, design and application of computer software together with its ancillary facilities and e-commerce services.

The establishment of Duolayouhuo is another strategic plan for the development of the Company in order to promote the strategic transformation of the Group, to establish a one-stop Internet distribution platform which provides upstream and downstream customers with full on industrial chain solutions and assists distributors and retailers to transform towards “Internet+”. Accordingly, the Directors are of the view that the establishment of Duolayouhuo will be in the interest in the Company and its shareholders as a whole and will bring positive returns to the Group in a long run.

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

Hong Kong, 23 February 2017

As at the date of this announcement, the executive Directors are Mr. Zhao Yong, Mr. Zhu Jianqiu, Mr. Yu Xiao, Mr. Wu Xiangtao and Ms. Shi Ping and the independent non-executive Directors 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>.