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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: 3991)

VOLUNTARY ANNOUNCEMENT
ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY
IN INDONESIA

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.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that, at a meeting of the Board held on 10 December 2020, the Company has resolved to establish a wholly-owned subsidiary via its wholly-owned subsidiaries, Changhong IT (Hong Kong) Information Products Co., Limited and Changhong (Hong Kong) Enterprises Limited, which has been approved by the board of directors of Sichuan Changhong Electric Co., Limited, the controlling shareholder of the Company, on 16 December 2020.

The wholly-owned subsidiary to be established is tentatively to be named as “PT. Changhong IT Information Products Indonesia” (“**Indonesian Subsidiary**”), and will be established in Indonesia with a registered capital of USD2 million. The business activities of Indonesian Subsidiary is expected to include, but not limited to, distribution of 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 Indonesia Subsidiary will be conducive to the Group to build an international business development platform, seize good market opportunities and effectively promote the development of overseas business. Accordingly, the Directors are of the view that the establishment of Indonesia Subsidiary 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
Changhong Jiahua Holdings Limited
Zhao Yong
Chairman

Hong Kong, 16 December 2020

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.