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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO ANNUAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2015**

Reference is made to the annual report of Changhong Jiahua Holdings Limited (the “**Company**”) for the year ended 31 December 2015 published on 1 April 2016 (the “**Annual Report**”).

As stated under the section headed “Report of the Directors – Continuing Connected Transactions” of the Annual Report, the Company entered into the following three framework agreements with its connected persons:

- (a) On 7 December 2012, the Company entered into a master supply agreement with Sichuan Changhong Electric Company Limited (“**Sichuan Changhong**”), a controlling shareholder of the Company, pursuant to which the Company agreed to supply certain consumer electronic products, IT products and electronic parts and components to Sichuan Changhong and its subsidiaries (the “**Master Supply Agreement**”);
- (b) On 7 December 2012, the Company entered into a master purchase agreement with Sichuan Changhong pursuant to which the Company agreed to purchase certain consumer electronic products from Sichuan Changhong and its subsidiaries (the “**Master Purchase Agreement**”); and
- (c) On 26 March 2015, Changhong IT Information Products Co., Ltd. (“**CHIT**”), a subsidiary of the Company, entered into a financial services agreement with Sichuan Changhong Group Finance Co., Ltd. (“**Changhong Finance**”), an associate of Sichuan Changhong, pursuant to which the Company agreed to provide financial services including (i) deposit services; (ii) loan services; and (iii) settlement services to CHIT (the “**Financial Services Agreement**”, together with the Master Supply Agreement and the Master Purchase Agreement, the “**Framework Agreements**”).

As Sichuan Changhong and Changhong Finance are the connected persons of the Company under the Rules Governing the Listing of Securities on the Growth Enterprises Market of the Stock Exchange (the “**GEM Listing Rules**”), the transactions contemplated under the Framework Agreements during the year ended 31 December 2015 constituted connected transactions under Chapter 20 of the GEM Listing Rules.

For compliance with the disclosure requirements under Chapter 20 of the GEM Listing Rules, the board of directors of the Company (the “**Board**”) would like to supplement the following pricing and payment terms of the Framework Agreements:

- (A) pursuant to the Master Supply Agreement, (i) the prices of the customer electronic products, IT products and electronic parts and components to be supplied by the Company to Sichuan Changhong shall be determined and negotiated based on normal commercial terms and with reference to the prevailing fair market prices of comparable products, and such prices shall be no less favourable to the Company than that available from independent third parties, and (ii) the payment by Sichuan Changhong depends on the products to be supplied, and the volume and time of delivery for each transaction, payment is generally expected to be made by telegraphic transfer within 35 to 45 days from the date of delivery or irrevocable letter of credit;
- (B) pursuant to the Master Purchase Agreement, (i) the prices of the consumer electronic products and components to be purchased by the Company from Sichuan Changhong shall be determined and negotiated based on normal commercial terms and with reference to the prevailing fair market prices of comparable products, and such prices shall be no less favourable to the Company than that available from independent third parties, and (ii) the payment by the Company depends on the products to be purchased, and the volume and time of delivery for each transaction, payment is generally expected to be made by telegraphic transfer payable within 35 to 45 days from the date of delivery or by transferable letter of credit; and
- (C) pursuant to the Financial Services Agreement,
 - in relation to the deposit services, the interest rate applicable to any deposits made available to Changhong Finance will be determined in the ordinary course of business and shall not be less than (i) the minimum interest rate prescribed by the People’s Bank of China (“**PBOC**”) at such relevant time, and (ii) the interest rate available to CHIT from other major commercial banks in the People’s Republic of China (“**PRC**”) independent to CHIT in respect of the same type of deposits;
 - in relation to the loan services, the interest rate of the loans to be granted by Changhong Finance to CHIT will be determined in the ordinary course of business and shall not be higher than (i) the maximum interest rate prescribed by PBOC at such relevant time; and (ii) the interest rate charged against CHIT by other major commercial banks in the PRC independent to CHIT in respect of the same type of loans; and

- in relation to the settlement services to CHIT, the settlement service fees to be charged by Changhong Finance will be determined in the ordinary course of business and shall not exceed the fees charged by other settlement services providers independent to CHIT in respect of the same type of settlement services.

For further details of the Master Supply Agreement and the Master Purchase Agreement, please refer to the announcement of the Company dated 7 December 2012 and pages 98 to 105 in the circular of the Company dated 12 December 2012. For further details of the Financial Services Agreement, please refer to the announcement of the Company dated 26 March 2015.

The Board would like to further supplement that the related party transactions during the year ended 31 December 2015 as disclosed in note 39 to the consolidated financial statements in the Annual Report fall under the definition of “connected transactions” under the GEM Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 20 of the GEM Listing Rules.

The above mentioned supplemental information do not affect any other information contained in the Annual Report and the remaining contents of the Annual Report remain unchanged.

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

Hong Kong, 25 August 2016

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 GEM Listing Rules for the purpose of giving information with regard to the Company. The Company's 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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcement” 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 www.changhongit.com.hk.