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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)

PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT

The Board proposes to reduce the entire amount standing to the credit of the Share Premium Account to zero balance and to transfer the credit arising from the reduction of the Share Premium Account to the Contributed Surplus Account.

The Share Premium Reduction is conditional upon the Shareholders passing a special resolution to approve the Share Premium Reduction at the AGM. As none of the Shareholders are interested in the Share Premium Reduction, no Shareholder is required to abstain from voting on the resolutions proposed to consider and approve the Share Premium Reduction.

A circular containing, inter alia, details of the Share Premium Reduction and a notice convening the AGM will be issued and despatched to the Shareholders in due course.

SHARE PREMIUM REDUCTION

The Board proposes to reduce the entire amount standing to the credit of the Share Premium Account to zero balance. The audited amount standing to the credit of the Share Premium Account as at 31 December 2014 was HK\$2,095,051,680. It is proposed that, subject to the conditions set out in the section headed “Conditions” below:

- the entire amount standing to the credit of the Share Premium Account as at 31 December 2014 be reduced to zero balance pursuant to Section 46 of the Companies Act and Bye-law 6 of the Bye-laws of the Company; and
- the credit arising from the reduction of the Share Premium Account be transferred to the Contributed Surplus Account.

REASONS FOR THE SHARE PREMIUM REDUCTION

Pursuant to the Companies Act, under certain circumstances a Bermuda company may pay dividends or distributions to its members out of contributed surplus. The Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company thereby giving the Company greater flexibility in its dividend policy and making distributions to the Shareholders in the future. The Board considers that it is in the interest of the Company and its Shareholders as a whole to implement the Share Premium Reduction.

EFFECTS OF THE SHARE PREMIUM REDUCTION

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have material adverse effect on the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Company.

CONDITIONS

The Share Premium Reduction is conditional upon:

- (a) the passing by the Shareholders of a special resolution at the AGM to approve the Share Premium Reduction; and
- (b) the due compliance with Section 46(2) of the Companies Act, including (i) the publication of a notice in an appointed newspaper in Bermuda in respect of the Share Premium Reduction, and (ii) on the Effective Date, there are no reasonable grounds for believing the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Subject to the fulfillment of the above conditions, it is expected that the Share Premium Reduction will become effective on the date of the AGM.

AGM

The Share Premium Reduction is conditional upon the Shareholders passing a special resolution to approve the Share Premium Reduction at the AGM. As none of the Shareholders are interested in the Share Premium Reduction, no Shareholder is required to abstain from voting on the resolution proposed to consider and approve the Share Premium Reduction.

A circular containing, inter alia, details of the Share Premium Reduction and a notice convening the AGM will be issued and despatched to the Shareholders in due course.

DEFINITIONS

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

“AGM”	an annual general meeting of the Company to be convened for the purposes of including, considering and, if thought fit, approving the Share Premium Reduction
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Board”	the board of Directors
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	Changhong Jiahua Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Contributed Surplus Account”	the contributed surplus account of the Company
“Directors”	the directors of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the date of the AGM at which a special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the reduction of the entire amount standing to the credit of the Share Premium Account to zero balance
“Shareholders”	holders of ordinary shares of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

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

Hong Kong, 27 March 2015

As at the date of this announcement, the executive Directors 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 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 issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The 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 herein or this document 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 <http://www.changhongit.com.hk>.