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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)

**Clarification Announcement**

Reference is made to the announcement of Changhong Jiahua Holdings Limited (the “**Company**”) dated 22 October 2013 in relation to the right of first refusal to acquire the Management Interests in connection with the Proposed Reorganization (the “**Announcement**”). Terms used in the Announcement shall have the same meanings when used herein.

The Board would like to clarify that the waiver of the right of first refusal to acquire the entire Management Interests in connection with the Proposed Reorganization (instead of to the extent of Mr. Zhu’s interest only) constitutes a connected transaction for the Company under Chapter 19 of the GEM Listing Rules.

Based on further clarification as to the application of the size tests in the current circumstances, the Board would like to clarify as the relevant percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Waiver are more than 5%, the Waiver is subject to reporting, announcement and independent shareholders’ requirement of the Company under Chapter 20 of the GEM Listing Rules.

To the best knowledge, information and belief of the Directors, no shareholder of the Company has a material interest in the Waiver. As such, none of the shareholders of the Company is required to abstain from voting if the Company were to convene a general meeting for the approval of the Waiver. Sichuan Changhong Electric Co., Limited, the controlling shareholder of the Company and which through its wholly owned subsidiaries hold an aggregate of 246,368,000 shares in the Company (representing approximately 52.53% of the total issued share capital of the Company) as at the date of this announcement, has given its written consent with the Waiver. Accordingly, in accordance with rule 20.43 of the GEM Listing Rules, such written approval will be accepted in writing in lieu of a general meeting to approve the Waiver. Therefore, no general meeting will be held to approve the Waiver.

A circular of the Company, which will include, among other things, details of the Waiver, will be despatched to the shareholders of the Company as soon as practicable.

Other than the above, the other information contained in the Announcement remain unchanged.

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

Hong Kong, 23 October 2013

*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, Ms. Shi Ping and Mr. Xiang Chao Yang 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 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 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 announcement misleading.*

*This announcement will appear on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the day of its posting thereon and on the website of the Company at <http://www.changhongit.com.hk>.*