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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
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF
(1) APEX HONOR RESOURCES LTD. AND (2) APEX DIGITAL INC.

The Board announces that on 5 September 2014, the Company entered into the Agreement with an independent third party, pursuant to which the Company agreed to dispose of the entire issued share capital of each of Apex HR and Apex BVI at a consideration of HK\$1.00.

As the applicable percentage ratios of the Listing Rules in respect of the Disposal do not exceed 5%, the Disposal does not constitute a notifiable transaction for the Company pursuant to the Listing Rules. This is a voluntary announcement made by the Company.

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THE AGREEMENT

Date: 5 September 2014

Parties

- (1) the Company, as the seller; and
- (2) Huang Pengcheng (黃鵬程), as the purchaser.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, Huang Pengcheng (黃鵬程) is independent third party not connected with the Company or connected persons of the Company.

Assets to be disposed of

The Sale Shares, representing the entire issued share capital of Apex HR and Apex BVI. Pursuant to the Agreement, the Company has agreed to dispose of and Huang Pengcheng (黃鵬程) has agreed to acquire the Sale Shares at a consideration of HK\$1.00.

Upon Completion, Huang Pengcheng (黃鵬程) will hold the entire issued share capital of each of Apex HR and Apex BVI and upon which each of Apex HR and Apex BVI will cease to be a wholly-owned subsidiary of the Company.

Consideration

The aggregate consideration for the Disposal is HK\$1.00. The amount of consideration is to be paid in cash upon Completion. It was determined after arm's length negotiations between the parties with reference to the unaudited net liabilities of each of Apex HR and Apex BVI as of 31 August 2014 of HK\$26,851,000 and HK\$1,314,000, respectively. The Directors consider the consideration for the Disposal is fair and reasonable so far as the Company and the Shareholders are concerned.

All debts and liabilities of Apex HR and Apex BVI owed to any other companies within the Group, in a total amount of HK\$28,165,000 as of 31 August 2014, will be waived upon Completion (the “**Inter-group Liabilities**”).

No liabilities of the Company, Apex HR and Apex BVI, whether existing or contingent liabilities, will be assumed by Huang Pengcheng (黃鵬程) upon Completion.

Condition precedent

Completion is conditional upon the Company being in full compliance with all applicable laws and regulations. The condition cannot be waived by the Company or Huang Pengcheng.

Completion

Completion of the Agreement shall take place on the first Business Day after the day on which payment for the Disposal has been received by the Company from Huang Pengcheng (黃鵬程), which shall not be a date later than the fifth Business Day after the date of the Agreement.

Financial effect of the Group

Upon Completion, each of Apex HR and Apex BVI will cease to be a wholly-owned subsidiary of the Company. Taking into account the unaudited net liability value of Apex HR and Apex BVI as at 31 August 2014, it is estimated that the Company will record a net gain on the Disposal of approximately HK\$7,430,000. The actual gain will depend on the net liability value of Apex HR and Apex BVI attributable to the Group as at the date of completion of the Disposal.

Reasons for the Disposal

The Group is principally engaged in the distribution of IT consumer products and corporate products.

Apex HR is a company incorporated and registered in the British Virgin Islands and is an investment holding company. As at the date of this announcement, Apex HR also holds the entire issued share capital of Apex Digital LLC, a company incorporated in the United States and the entire issued share capital of Apex Digital Inc. Ltd., both of which have no business operation as at the date of this announcement.

Apex BVI is a company incorporated in the British Virgin Islands and has no business operation as at the date of this announcement.

The Company wishes to clean up its corporate group structure and the Disposal is part of this corporate reorganisation exercise. Apex HR and Apex BVI have no actual business operations and do not contribute to the revenue stream of the Group. Accordingly, the Company wishes to effect the Disposal to streamline the Group's corporate structure.

In view of the foregoing, the Directors, including the independent non-executive Directors, do not expect that the Disposal will have a material adverse effect on the operation and financial results of the Group and consider that the Disposal has been made on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Information on Apex HR (Consolidated data)

The financial information of Apex HR for the two financial years ended 31 December 2013 and for the period ended 31 August 2014 are as follows:

	For the year ended 31 December 2012 (audited) <i>HK\$'000</i>	For the year ended 31 December 2013 (audited) <i>HK\$'000</i>	For the period from 1 January to 31 August 2014 (unaudited) <i>HK\$'000</i>
Revenue	–	–	–
Profit/(Loss) before and after taxation	(35)	5	(19,421)*
Net liabilities	26,856	26,851	7,430

* : Inter-group Liabilities waived

Information on Apex BVI

The financial information of Apex BVI for the two financial years ended 31 December 2013 and for the period ended 31 August 2014 are as follows:

	For the year ended 31 December 2012 (audited) <i>HK\$'000</i>	For the year ended 31 December 2013 (audited) <i>HK\$'000</i>	For the period from 1 January to 31 August 2014 (unaudited) <i>HK\$'000</i>
Revenue	–	–	–
Loss before and after taxation	5	6	1,314*
Net liabilities	1,308	1,314	0

* : Inter-group Liabilities waived

General

As the applicable percentage ratios of the Listing Rules in respect of the Disposal do not exceed 5%, the Disposal does not constitute a notifiable transaction for the Company pursuant to the Listing Rules. This is a voluntary announcement made by the Company.

Definitions

Unless otherwise stated, the terms in this announcement have the following meanings:

“Agreement”	a sale and purchase agreement dated 5 September 2014 entered into between the Company and Huang Pengcheng (黃鵬程) in relation to the Disposal
“Apex BVI”	Apex Digital Inc., a company incorporated in the British Virgin Islands with an issued share capital of one (1) ordinary share of US\$1.00 each. Prior to the Disposal, Apex BVI is a wholly-owned subsidiary of the Company
“Apex BVI Share”	one (1) ordinary share of US\$1.00 in the issued share capital of Apex BVI, representing 100% of its issued share capital
“Apex HK”	Apex Digital Inc. Limited, a company incorporated in Hong Kong with an issued share capital of two (2) ordinary shares of HK\$1.00 each
“Apex HR”	Apex Honor Resources Ltd., a company incorporated in the British Virgin Islands with an issued share capital of one (1) ordinary share of US\$1.00 each. Prior to the Disposal, Apex HR is a wholly-owned subsidiary of the Company and Apex HK and Apex LLC are wholly-owned subsidiaries of Apex HR
“Apex HR Share”	one (1) ordinary share of US\$1.00 in the issued share capital of Apex HR, representing 100% of its issued share capital
“Apex LLC”	Apex Digital, LLC, a company incorporated in United States of America with an issued share capital of one hundred (100) ordinary shares of US\$3,651.90 each
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong and the UK are open for business
“Company”	Changhong Jiahua Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM

“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sales Shares by the Company pursuant to the Agreement
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Intra-group Liabilities”	the debts and liabilities of Sofas UK owed to any other companies within the Group, details of which are set out in the sub-section entitled “Consideration” under the section entitled “The Agreement” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the GEM Stock Exchange
“PRC”	the People’s Republic of China
“US\$”	United States dollars, the lawful currency of the United States
“Sale Shares”	the Apex HR Share and Apex BVI Share
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 5 September 2014

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 Company 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 Company. The Directors, having made all reasonable enquires, 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 remain on the GEM website (www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.changhongit.com.hk.