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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)

ANNOUNCEMENT IN RELATION TO PUBLIC FLOAT

This announcement is made by Changhong Jiahua Holdings Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) pursuant to Rule 17.36 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

In the process of preparing for the proposed transfer of the listing of the Company’s shares from GEM to the Main Board, the Company became aware that a former director of Sichuan Changhong Cloud Computing Company Limited (“**OPCO**”), an operating entity which is controlled by the Group via VIE agreements and therefore a core connected person of the Company (as defined under the GEM Listing Rules), was also a shareholder of the Company holding 760,416 shares of the Company, representing approximately 0.05% of the total issued share capital of the Company during 17 May 2019, when the VIE structure became effective at the special general meeting of the Company to 3 June 2019 (the “**Period A**”). As a result of the above, the public float of the Company dropped from approximately 25.01% to approximately 24.96% during the Period A, which was below the minimum percentage of public shareholders of 25% as prescribed by Rule 11.23(7) of the GEM Listing Rules.

In addition, the Company became aware that on 3 June 2019, the abovementioned shareholder resigned from his position of director of OPCO and two new directors were appointed to OPCO on the same day, whereas each of these two newly appointed directors was also a shareholder of the Company, holding 20,799,636 shares and 788,956 shares of the Company respectively, representing in aggregate approximately 1.48% of the total issued share capital of the Company as at the date of this announcement. Accordingly, each of the two shareholders is considered as a core connected person of the Company (as defined under the GEM Listing Rules) between 3 June 2019 and their resignation as directors of OPCO on 11 November 2019 (the “**Period B**”). As a result of the above, the public float of the Company dropped to approximately 23.53% during the Period B, which was below the minimum percentage of public shareholders of 25% as prescribed by Rule 11.23(7) of the GEM Listing Rules.

The Company has taken appropriate steps to restore at least 25% of the shares of the Company to be held by the public shareholders as soon as reasonably practicable in accordance with the GEM Listing Rules. The three shareholders are not considered as core connected persons of the Company following their resignations from the position of directors of OPCO and as at the date of this announcement, and accordingly, the Company has fulfilled the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

Shareholders and potential investor of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 12 November 2019

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Yong, Mr. Zhu Jianqiu, Mr. Yang Jun and Mr. Luo Yongping and the independent non-executive directors of the Company are Mr. Jonathan Chan Ming Sun, Mr. Gao Xudong and Mr. Meng Qingbin.

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 GEM 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 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 www.hkgem.com on the “Latest Company Information” page for at least 7 days from the date of its posting thereon and on the website of the Company at www.changhongit.com.hk.