



长虹佳华
CHANGHONGIT

CHANGHONG JIAHUA HOLDINGS LIMITED

(Formerly known as China Data Broadcasting Holdings Limited 中華數據廣播控股有限公司)

(Incorporated in Bermuda with limited liability)

Stock Code : 8016

INTERIM REPORT
2015

The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Changhong Jiahua Holdings Limited (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 (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: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

UNAUDITED INTERIM RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the three months and six months ended 30 June 2015 together with the unaudited comparative figures for the respective corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Turnover	2	4,819,942	3,544,666	8,720,336	7,997,126
Cost of sales		<u>(4,647,242)</u>	<u>(3,375,121)</u>	<u>(8,372,172)</u>	<u>(7,633,880)</u>
Gross profit		172,700	169,545	348,164	363,246
Other income		6,686	1,209	8,041	4,077
Administrative expenses		(38,163)	(35,300)	(67,493)	(63,385)
Distribution and selling expenses		<u>(74,074)</u>	<u>(73,047)</u>	<u>(144,687)</u>	<u>(137,490)</u>
Profit from operation	4	67,149	62,407	144,025	166,448
Finance cost		<u>(15,327)</u>	<u>(13,680)</u>	<u>(27,120)</u>	<u>(37,297)</u>
Profit before taxation		51,822	48,727	116,905	129,151
Income tax expense	5	<u>(10,876)</u>	<u>(13,564)</u>	<u>(27,696)</u>	<u>(33,500)</u>
Profit for the period		<u>40,946</u>	<u>35,163</u>	<u>89,209</u>	<u>95,651</u>
Profit for the period attributed to:					
Owners of the Company		40,946	33,141	89,209	87,472
Non-controlling interests		<u>-</u>	<u>2,022</u>	<u>-</u>	<u>8,179</u>
		<u>40,946</u>	<u>35,163</u>	<u>89,209</u>	<u>95,651</u>
Earnings per share					
Basic and diluted (HK cents)	6	<u>1.59</u>	<u>1.48</u>	<u>3.47</u>	<u>4.02</u>

Details of the proposed interim dividend for the period ended 30 June 2015 are disclosed in paragraph headed “Dividends” of this report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment		<u>26,093</u>	<u>25,154</u>
CURRENT ASSETS			
Trade and bills receivables	7	1,807,061	2,070,943
Inventories		2,295,662	1,542,822
Trade deposits		509,980	342,141
Prepayments, deposits and other receivables		170,886	69,324
Tax recoverable		–	965
Pledged bank deposits		244,345	241,131
Cash and bank balances		<u>84,472</u>	<u>212,204</u>
		<u>5,112,406</u>	<u>4,479,530</u>
CURRENT LIABILITIES			
Trade and bills payables	8	2,444,052	2,009,424
Tax payable		6,145	37,714
Other payables and accruals		112,364	153,172
Customer deposits		157,864	154,965
Amount due to ultimate holding company		6,439	2,767
Borrowings		<u>1,041,068</u>	<u>868,500</u>
		<u>3,767,932</u>	<u>3,226,542</u>
NET CURRENT ASSETS		<u>1,344,474</u>	<u>1,252,988</u>
TOTAL ASSET LESS CURRENT LIABILITIES		1,370,567	1,278,142
NON-CURRENT LIABILITIES			
Deferred income		<u>7,123</u>	<u>9,459</u>
		<u>7,123</u>	<u>9,459</u>
TOTAL EQUITY		<u>1,363,444</u>	<u>1,268,683</u>
CAPITAL AND RESERVES			
Share capital		36,366	36,366
Convertible preference shares		27,897	27,897
Reserves		<u>1,299,181</u>	<u>1,204,420</u>
		<u>1,363,444</u>	<u>1,268,683</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Total equity at 1 January	1,286,683	1,082,897
Increase in share capital	–	24,641
Decrease in convertible preference shares	–	(19,050)
Decrease in share premium and reserves	(12,448)	(15,697)
Net profit for the period attributable to shareholders	<u>89,209</u>	<u>95,651</u>
Total equity as at 30 June	<u><u>1,363,444</u></u>	<u><u>1,168,442</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW – UNAUDITED

	For the six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	<u>(567,591)</u>	<u>250,759</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(12,448)</u>	<u>(10,106)</u>
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>455,521</u>	<u>(534,927)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(124,518)	(294,274)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>453,335</u>	<u>691,887</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE		
Represented by cash and bank balances and pledged bank deposits	<u><u>328,817</u></u>	<u><u>397,613</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited quarterly financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, these financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance (Cap. 622).

2. TURNOVER

The principal activities of the Group are the provision of professional integrated information technology (“IT”) solutions and services, and distribution of IT consumer products, IT corporate products, digital products, self developed products, consumer electronic products and related parts and components.

Turnover represents net amount received and receivable for the sale of different types of IT products, self developed products provision of professional integrated IT solutions and services and trading of consumer electronic products, net of discounts and corresponding sales related taxes. The amounts of each significant category of revenue recognised in turnover for the period ended 30 June 2015 and 2014 are as follows:

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
IT Consumer Products	5,978,645	5,547,244
IT Corporate Products	2,282,362	2,168,437
Consumer Electronic Products	147,772	190,585
Others	311,557	90,860
	8,720,336	7,997,126

3. SEGMENT INFORMATION

The chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided as they collectively make strategic decision towards the Group’s operation.

The Group’s reportable and operating segments are as follows:

- (a) IT Consumer Products – distribution of IT consumer products which include mainly personal computers (“PC”), digital products and IT accessories.
- (b) IT Corporate Products – distribution of IT corporate products which include mainly storage products, minicomputers, networking products, personal computer servers, intelligent building management system (“IBMS”) products and unified communication and contact centre (“UC & CC”) products.
- (c) Consumer Electronic Products – trading of consumer electronic products which include mainly liquid crystal display (“LCD”) panels, electronic parts and components.

- (d) Others – distribution of smartphones and development of its self developed products including but not limited to mobile location-based service products and provision of professional integrated IT solutions and services.

Segment profit represents the profit earned by each segment without allocation of bank interest expenses, unallocated income as well as head office and corporate expenses. The measure is for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	IT Consumer Products <i>HK\$'000</i>	IT Corporate Products <i>HK\$'000</i>	2015 Consumer Electronic Products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>5,978,645</u>	<u>2,282,362</u>	<u>147,772</u>	<u>311,557</u>	<u>8,720,336</u>
Segment profit	<u>59,962</u>	<u>142,199</u>	<u>617</u>	<u>1,593</u>	<u>204,371</u>
Other income					8,041
Finance costs					(27,120)
Unallocated head office and corporate expenses					<u>(96,083)</u>
Profit before tax					<u>89,209</u>

	IT Consumer Products <i>HK\$'000</i>	IT Corporate Products <i>HK\$'000</i>	2014 Consumer Electronic Products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
External sales	<u>5,547,244</u>	<u>2,168,437</u>	<u>190,585</u>	<u>90,860</u>	<u>7,997,126</u>
Segment profit	<u>99,380</u>	<u>129,547</u>	<u>918</u>	<u>(2,470)</u>	<u>227,375</u>
Other income					4,077
Finance costs					(37,297)
Unallocated head office and corporate expenses					<u>(65,004)</u>
Profit before tax					<u>129,151</u>

Geographical information

The following provides an analysis of the Group's sales by geographical market, based on the origin of the goods:

	2015	2014
	HK\$'000	HK\$'000
Mainland China	8,649,668	7,809,670
Europe	3,475	–
South America	1,103	670
Hong Kong	64,080	147,153
Africa	–	8,916
Middle East	–	19,030
Australia	1,692	4,539
Other Asian District	318	7,148
	<u>8,720,336</u>	<u>7,997,126</u>

4. PROFIT FROM OPERATION

The Group's profit from operation has been arrived at after charging/(crediting):

	2015	2014
	HK\$'000	HK\$'000
Cost of inventories sold	8,372,172	7,633,880
Depreciation	(2,776)	2,540
Staff cost including directors' emolument		
– Salary and related staff cost	88,064	86,625
– Retirement benefits scheme contribution	10,642	21,417
Exchange (gain)/loss, net	<u>(2,591)</u>	<u>5,392</u>

5. INCOME TAX EXPENSE

Taxes on profit assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the period ended 30 June 2015 (2014: Nil).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rates of the Company's PRC subsidiaries is 25% for the period ended 30 June 2015 and 30 June 2014.

The Group did not have any significant unprovided deferred tax liabilities (including withholding tax) in respect of the period.

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months and the six months ended 30 June 2015 was based on the net profit for the period attributable to owners of the Company of HK\$40,946,000 (2014: HK\$33,141,000) for the three months ended 30 June 2015 and the net profit for the period attributable to owners of the Company of HK\$89,209,000 (2014: HK\$87,472,000) for the six months ended 30 June 2015 and on 1,454,652,000 (2014: 1,454,652,000) ordinary shares and 1,115,868,000 (2014: 1,115,868,000) preference shares in issue during the three months and the six months ended 30 June 2015. The convertible preference shares can be converted subject to the requirement of the public float.

As there was no diluted shares during the three months and the six months ended 30 June 2015 and 2014, the diluted earnings per share was same as basic earnings per share.

7. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 to 180 days. Overdue balances are reviewed regularly by senior management. An ageing analysis of the trade receivables as at the balance sheet date, based on invoice date, is as follows:

	2015	2014
	HK\$'000	HK\$'000
Within 3 months	1,298,986	1,883,638
4 to 6 months	156,904	75,685
7 to 12 months	297,527	74,708
Over 1 year	53,644	36,912
	<u>1,807,061</u>	<u>2,070,943</u>

8. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the balance sheet date, based on date of receipt of goods, is as follows:

	2015	2014
	HK\$'000	HK\$'000
Within 3 months	2,007,150	1,852,076
4 to 6 months	420,238	140,846
7 to 12 months	9,583	5,593
Over 1 year	7,081	10,909
	<u>2,444,052</u>	<u>2,009,424</u>

DIVIDEND

The Board has resolved to declare the payment of an interim dividend of HK\$0.02 per Share for the six months ended 30 June 2015. The interim payment is expected to be paid on Wednesday, 28 October 2015 to all shareholders whose name appear on the register of members of the Company at the close of business on 13 October 2015. (interim dividend for the six months ended 30 June 2014: Nil).

The proposed interim dividend will not be reflected as a dividend payable as of 30 June 2015, but will be recorded as a distribution of retained earnings for the year ending 31 December 2015. The proposed interim dividend of HK\$51,410,400 for the period is calculated based on 1,454,652,000 ordinary shares and 1,115,868,000 preference shares of the Company in issue.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The Company's register of members will be closed from Wednesday, 14 October 2015 to Friday, 16 October 2015, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 13 October 2015.

BUSINESS REVIEW

In the first half of 2015, the recovery of global economy was full of difficulties and reverses with clear differentiation. Economy of the PRC was in the path of a stable slowdown, and was expected to accelerate gradually. Information technology and informationization represented by Internet+ will create new momentum for economic development. Acceleration of the localization process in IT will also bring about new market opportunities. The Group, by adhering to the guideline of "exploring new ways, expanding the market territory through the internet platform, and offering a quality service to partners", continued to grasp market opportunities. On the basis of carrying out conventional distribution business steadily, the Group sped up the building of online marketing platform and spared no effort in promoting the development of localization business, and improved its comprehensive service capabilities. Meanwhile, the Group enhanced its operational control comprehensively to prevent operational risks.

In the first half of 2015, the IT corporate products distribution business continued the good momentum in the first quarter and maintained its growth, while the IT consumer products distribution business stabilized, and consumer electronic products business continued to scale down. The Group recorded revenue of approximately HK\$8,720.34 million in the first half of 2015, representing an increase of approximately 9.04% as compared with that in the corresponding period of the last financial year. In view of weak market demand and fierce competition, the overall gross margin in the first half of this year was 3.99%, representing a decrease of approximately 0.55% as compared with that in the corresponding period of the last financial year. In the first half of 2015, profit attributable to shareholders amounted to approximately HK\$89.21 million, representing a decrease of approximately 6.73% as compared with that in the corresponding period of the last financial year, and basic earnings per share amounted to HK3.47 cents, representing a decrease of approximately HK0.55 cents as compared with HK4.02 cents in the corresponding period of the last financial year.

IT consumer products distribution business: amid the lackluster IT consumer product market and keen competition, the Group strived to expand sales of products from its dominant product line and optimize its product mix. The turnover of this segment rose by approximately 7.78% to HK\$5,978.65 million as compared with the corresponding period of last year, while the profit decreased by approximately 39.66% to HK\$59.96 million.

IT corporate products distribution business: the Group continued to promote the integration and promotion of industry solutions, technology solutions and proprietary equipment in its comprehensive services such as cloud computing and big data. The Group made use of the localization opportunity to give play to advantages in manufacturing resources and to deepen cooperation with global manufacturers on the localization business, whose initial success was achieved. The turnover of this segment of the Group increased by approximately 5.25% to HK\$2,282.36 million as compared with the corresponding period of last year, while the profit generated from it increased by approximately 9.77% to HK\$142.20 million.

Consumer electronic products business: this segment has ceased operation due to the misappropriation of assets by a former employee of Changhong Overseas Development Limited (“CHOD”), a wholly-owned subsidiary of the Company. In the first half of 2015, the turnover of this segment decreased by approximately 22.46% to HK\$147.77 million as compared with the corresponding period of last year, while the profit generated from it decreased by approximately 32.79% to HK\$617,000.

Other business: the turnover of this segment increased by approximately 242.90% to HK\$311.56 million as compared with the corresponding period of last year, and the profit generated from it increased by approximately 164.49% to HK\$1.59 million.

To enhance the trading liquidity of the shares of the Company and to promote the Company’s corporate image to public investors, the Company made an application to the Stock Exchange on 28 April 2015 for the Transfer of Listing in respect of the Company from the GEM Board to the Main Board. For further details, please refer to the announcements of the Company dated 28 April 2015. Further updates will be provided by the Company from time to time as and when appropriate.

During the period under review, the management of CHOD reported to the Board that a former employee of CHOD has misappropriated certain assets of CHOD and the case has been reported to the Hong Kong Police on 14 June 2015 (the “Incident”). The Incident may have a material adverse impact on the financial position of the CHOD. Also an independent committee has been established to investigate the Incident. For further details, please refer to the announcements of the Company dated 15 June 2015, 19 June 2015 and 20 July 2015. Further updates will be provided by the Company from time to time as and when appropriate.

Contingent Liabilities

In relation to the Incident, two writs of summons (“Summons”) have been issued against CHOD in the District Court of the Hong Kong Special Administrative Region from purported suppliers of CHOD demanding payment of USD81,144.00 and USD81,379.20, respectively. The Company is in the progress of investigation and has not yet completed the investigation as at the date of this report.

Establishment of a limited partnership

In order to participate in and benefit from the development of new intellectual technology areas in China, Changhong IT Digital Technology Co., Ltd (an indirect wholly-owned subsidiary of the Company) (“Changhong IT Digital”), together with, among others, Sichuan Changhong Electric Co., Limited (the controlling shareholder of the Company) entered into a partnership agreement on 11 August 2015 (the “Partnership Agreement”). Pursuant to the Partnership Agreement, Changhong IT Digital will contribute RMB27.5 million and own 11.0% equity interests as a limited partner upon the establishment of this limited partnership. The scope of investment of this limited partnership will primarily focus on enterprises with high growth potential who are engaging in new intellectual technology areas including, among others, the development of smart terminal technology enhancing hardware and software, innovative smart terminal equipment, cloud computing and big data technology. For further details in relation to the establishment of this limited partnership, please refer to the announcement of the Company dated 11 August 2015.

OUTLOOK

In the second half of 2015, the PRC economy will continue to be faced with relatively big downward pressure as the global economic recovery is expected to remain uncertain and unstable. To deal with unfavorable economic environment and drastic changes in the industry, the Group will, by adhering to the established policy of “exploring new ways, expanding the market territory through the internet platform, and offering a quality service to partners”, actively grasp market opportunities such as Internet + and localization. Cooperation will be strengthened and the practice and development of the new business model will be accelerated in order to promote the transition to a comprehensive IT service provider. Meanwhile, the Group will increase risk control, continue to optimize organizational structure and business process, improve efficiency in assets operation and lower costs and expenses in order to deliver a stable and satisfactory performance.

LIQUIDITY AND FINANCIAL RESOURCES

For the period under review, the Group’s financial and liquidity positions remained healthy and stable. As at 30 June 2015, the Group’s total interest-bearing borrowings amounted to HK\$1,041.07 million and its cash and bank balances amounted to HK\$328.82 million. Net current assets of the Group was approximately HK\$1,344.47 million. The management is confident that the Group’s financial resources is sufficient for its daily operations.

The Group’s monetary assets and liabilities and transactions are principally denominated in Renminbi, Hong Kong dollars and United States dollars. As the spread of the Group’s transactions being denominated in Renminbi has enlarged, although the exchange rate between Hong Kong dollars and United States dollars is pegged, the Group considers that its exposure to exchange risk may increase as a result. The Company will continue to monitor the situation and make necessary arrangement as appropriate.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2015, the total number of the Group's staff was 1,174 (30 June 2014: 1,240). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group provides retirement benefit for its employees in Hong Kong in form of mandatory provident fund, and pays social pension insurance and housing provident fund for its employees in China in accordance with the local laws and regulations.

CORPORATE GOVERNANCE

The Company endeavours to adopt prevailing best corporate governance practices. For the six months ended 30 June 2015, the Company had complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The primary responsibilities of the audit committee of the Company (the "Audit Committee") are to review and supervise the financial reporting process and internal control system of the Group. The members of the Audit Committee are Mr. Jonathan Chan Ming Sun (chairman), Mr. Robert Ip Chun Chung, Mr. Sun Dongfeng and Mr. Cheng Yuk Kin.

The Audit Committee has reviewed the Group's results for the period ended 30 June 2015 and has provided advice and comments thereon.

REMUNERATION COMMITTEE

The primary responsibilities of the remuneration committee of the Company (the "Remuneration Committee") are to review and make recommendation for the remuneration policy of the directors and senior management. The members of the Remuneration Committee are Mr. Jonathan Chan Ming Sun (chairman), Mr. Robert Ip Chun Chung, Mr. Sun Dongfeng and Mr. Zhu Jianqiu.

NOMINATION COMMITTEE

The primary responsibilities of the nomination committee of the Company (the "Nomination Committee") are to formulate nomination policy and make recommendation to the Board on nomination and appointment of directors and board succession. The members of the Nomination Committee are Mr. Zhao Yong (chairman), Mr. Robert Ip Chun Chung, Mr. Sun Dongfeng and Mr. Jonathan Chan Ming Sun.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERESTS OF THE DIRECTORS IN THE COMPANY

As at 30 June 2015, the interests or short positions of the Directors and chief executive of the Company in the ordinary shares of the Company (the “Shares”), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Name of Director	Capacity	Number of Ordinary shares held	Approximate percentage of interest %
Mr. Zhu Jianqiu (“Mr. Zhu”) (<i>Note 1</i>)	Interest in a controlled corporation	82,415,762(L)	5.67

Notes:

- (1) Mr. Zhu is the sole shareholder of the Typical Faith Limited, which in turn is holding the 82,415,762 Shares.

Save as disclosed in this paragraph, as at 30 June 2015, none of the Directors or chief executive of the Company had interests in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate. No options have been granted to the Directors up to the date of this report.

INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS IN THE COMPANY

So far as was known to the Directors, as at 30 June 2015, the persons or companies (not being a Director or chief executive of the Company) whose interests in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed or were notified to the Company and the Stock Exchange pursuant to the positions under Divisions 2 and 3 of Part XV of the SFO, or which were as recorded in the register required to be kept under section 336 of the SFO or who were directly or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long positions in shares

Name of Substantial shareholder	Capacity	Class of shares	Number of shares held	Approximate percentage of interest in relevant class of shares (Note 1) %
Sichuan Changhong Electric Co., Limited ("Sichuan Changhong")	Interests of controlled corporation and beneficial owner	Ordinary	1,008,368,000 (L) (Note 2)	69.32
		Preference	1,115,868,000 (L) (Note 3)	100.00
Changhong (Hong Kong) Trading Limited	Interests of controlled corporation and beneficial owner	Ordinary	913,000,000 (L) (Note 4)	62.76
		Preference	1,115,868,000 (L) (Note 3)	100.00
Fit Generation Holding Limited	Beneficial owner	Ordinary	897,000,000 (L)	61.66
		Preference	1,115,868,000 (L)	100.00
Sichuan Investment Management Company Limited (Note 5)	Beneficial owner	Ordinary	83,009,340 (L)	5.70
Typical Faith Limited (Note 6)	Beneficial owner	Ordinary	82,415,762 (L)	5.67

Notes:

1. The percentages are calculated based on the total number of Shares and preference shares of the Company in issue as at 30 June 2015, which were 1,454,652,000 and 1,115,868,000, respectively.
2. Of the 1,008,368,000 Shares held by Sichuan Changhong, 95,368,000 Shares were held directly, 16,000,000 Shares were held through its wholly-owned subsidiary, Changhong (Hong Kong) Trading Limited and 897,000,000 Shares were held through Fit Generation Holding Limited, which is wholly-owned by Changhong (Hong Kong) Trading Limited.
3. 1,115,868,000 preference shares were held by Fit Generation Holding Limited, which is wholly-owned by Changhong (Hong Kong) Trading Limited, which is a wholly-owned subsidiary of Sichuan Changhong.
4. Of the 913,000,000 Shares, 16,000,000 Shares were held directly and 897,000,000 Shares were held through Fit Generation Holding Limited.
5. Upon completion the acquisition of the entire issued share capital of Wide Miracle Limited on 5 June 2014, Sichuan Investment Management Company Limited ceased to be a connected person of the Company and its shareholding in the Company is counted towards public float.
6. Typical Faith Limited is wholly-owned by Mr. Zhu.

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

DIRECTOR'S INTEREST IN A COMPETING BUSINESS

Sichuan Changhong is a substantial shareholder of the Company established in the PRC of which shares are listed on the Shanghai Stock Exchange. Sichuan Changhong is principally engaged in the wholesale business of consumer home electronics items under the name of "Changhong".

Save as disclosed in this paragraph, none of the Directors or the substantial shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group during the period under review.

STANDARD OF DEALINGS AND CODE OF CONDUCT FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (the “Code of Conduct”) in accordance with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct for securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standards set out in the Code of Conduct throughout the six months ended 30 June 2015.

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

Hong Kong, 14 August 2015

As at the date of this report, 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.