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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: 3991)

INSIDE INFORMATION INITIATION OF LITIGATION

This announcement is made by Changhong Jiahua Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 31 July 2020, Changhong IT Digital Technology Co., Ltd. (“**Changhong IT Digital**”), a subsidiary of the Company, and the Suning Procurement Center of Suning.com Co., Ltd. (the “**Suning Procurement Center**”) entered into a business cooperation master agreement and a supplemental agreement, pursuant to which, Changhong IT Digital shall supply computers and other products to the Suning Procurement Center. After the continuous supply of goods by Changhong IT Digital according to the agreements, the Suning Procurement Center has defaulted on payments gradually. On 23 August 2021, Changhong IT Digital and the Suning Procurement Center entered into a second supplemental agreement, pursuant to which, in the case of overdue payment, the Suning Procurement Center shall pay the capital occupancy fee at the rate of 6.5% per annum of the overdue amount until the date of actual payment. Since October 2021, the Suning Procurement Center and its related companies have pledged a total of four real estate as collaterals (the “**Pledged Properties**”) to Changhong IT Digital with the maximum aggregate amount of guaranteed debts of RMB1,258,470,000. The Suning Procurement Center subsequently settled part of the outstanding amount, but no further payment was made after 24 January 2024. As of 21 April 2024, the principal amount of defaulted payment for goods owed by the Suning Procurement Center was RMB722,218,927.58 and the outstanding capital occupation fee was RMB173,348,687.

In this regard, Changhong IT Digital submitted a complaint to the Intermediate People’s Court of Nanjing City, Jiangsu Province (the “**Nanjing Court**”) on 22 April 2024, requesting the Nanjing Court to order the Suning Procurement Center to pay RMB722,218,927.58 for goods, RMB173,348,687 for capital occupation fee and the priority

of compensation after the auction of the Pledged Properties. Changhong IT Digital has recently received the Notice of Case Acceptance (case number: (2024) Su 01 Min Chu No. 852) and other relevant legal documents served by the Nanjing Court.

The litigation is currently only at the acceptance stage. There is still uncertainty about the final judgement and enforcement results of the litigation and whether it will have any significant impact on the profits for the current period or subsequent period of profits of the Group. The Group will advocate its own legitimate rights and interests in accordance with the law and actively take relevant legal measures to protect the legitimate rights and interests of the Group and the shareholders of the Company.

Further announcement(s) will be made by the Company to inform its shareholders and potential investors of any material development of the above legal proceedings as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Changhong Jiahua Holdings Limited
Zhu Jianqiu
Chairman and Executive Director

Hong Kong, 10 May 2024

As at the date of this announcement, the executive Directors are Mr. Zhu Jianqiu, Mr. Zhao Qilin, Ms. Mao Haiyun, Mr. Ma Ban, Ms. Su Huiqing and Mr. Zhou Jiachao and the independent non-executive Directors are Mr. Jonathan Chan Ming Sun, Mr. Gao Xudong and Mr. Meng Qingbin.