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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)

POSITIVE PROFIT ALERT

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

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review of the Group’s unaudited consolidated management accounts for the nine months ended 30 September 2020 (the “**Period**”), the Group is expected to record a significant increase in its revenue and profit attributable to owners of the Company for the Period, and the revenue for the Period is expected to increase by approximately 46% as compared to the revenue of the Group of approximately HK\$19,678,155,000 for the corresponding period of last year, and the profit attributable to owners of the Company for the Period is expected to increase by approximately 24% as compared to the profit attributable to owners of the Company of approximately HK\$231,258,000 for the corresponding period of last year.

The above increase in revenue for the Period is mainly due to the increase in distribution categories and the expansion of the sales scale of some existing distribution categories, and the increase in profit for the Period is mainly due to (i) the substantial increase in the Group’s revenue for the Period; (ii) the reduction in corporate income tax rates for certain subsidiaries for the Period and the income tax expense of the Group decreased by approximately 56% as compared with the corresponding period of last year; and (iii) received project investment income distribution from Sichuan Hongyun New Generation Information Technology Venture Capital Fund Partnership (Limited Partnership) during the Period, which resulted in an increase of approximately 29% in other income of the Group compared with the corresponding period of last year.

The Board expects that the above increase in revenue and profit for the Period will likely have a positive impact on the annual results of the Group for the year ended 31 December 2020. The Company will make further announcements in accordance with relevant laws and regulations and the requirements of the Listing Rules when necessary.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the Period and other information currently available, and such information has not been reviewed by or discussed with the auditor of the Company. Actual financial results of the Group for the Period may be different from what is disclosed in this announcement. As uncertainties may still arise up to 31 December 2020, the increase mentioned above may not be maintained for the year 2020.

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
Zhao Yong
Chairman

Hong Kong, 16 October 2020

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