LUZHENG FUTURES Company Limited
魯証期貨股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01461)

PROFIT WARNING

This announcement is made by LUZHENG FUTURES Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (within the meaning of the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on information currently available to the Company and the preliminary assessment on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, the Company expects the Group to record a decrease of approximately 75% in net profit attributable to the Shareholders for the year ended 31 December 2019 as compared to the corresponding period in 2018. The current period's expected decrease in business performance was mainly due to the following factors: (i) the downward adjustment of market interest rates and the changes in the fee cut policies of the futures exchanges during the year ended 31 December 2019, resulting in a decline in the income of futures companies; (ii) the Sino-U.S. Trade friction in 2019 increased the volatility in the financial and commodity markets, which led to significant swing in the Group's investment income. In order to avoid risks, the Group proactively reduced the size of investment of its own funds, resulting in a further reduction in the income of the Group's investment business; and (iii) in response to the internationalization of the futures market of the Mainland China, the Company has been actively expanding its international footprints, and new establishments have increased its operating costs in the short term. The Company will make great efforts in market development, strengthen its risk control, enhance its professional service capability, optimize and improve the Company's profit structure to overcome the adverse impact of market volatility on the Company's operations.

The information contained in this announcement is only based on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, which has not been reviewed or audited by the auditors of the Company or approved by the audit committee of the Company. The Group's actual financial results for the year ended 31 December 2019, which may be different from what is disclosed in this announcement, will be audited by the auditors of the Company and will be disclosed in the annual results announcement of the Group for the year ended 31 December 2019. The 2019 annual results announcement is expected to be published before the end of March 2020.

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

By order of the Board
LUZHENG FUTURES Company Limited
Zhong Jinlong
Chairman

Jinan, the PRC
19 February 2020

As at the date of this announcement, the Board consists of Mr. Zhong Jinlong and Mr. Liang Zhongwei as executive directors; Mr. Liu Hongsong, Mr. Hu Kainan, Mr. Ming Gang and Mr. Liu Feng as non-executive directors, and Mr. Gao Zhu, Mr. Wang Chuanshun, Mr. Li Dapeng and Mr. Zheng Jianping as independent non-executive directors.