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華融國際金融控股有限公司

HUARONG INTERNATIONAL FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 993)

PROFIT WARNING

This announcement is made by Huarong International Financial 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 Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

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 the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”) and the information currently available to the Board, the Group expects to record a net loss in the range between HK\$450 million to HK\$500 million for the Period as compared to the net loss of approximately HK\$230 million reported for the six months ended 30 June 2019.

In the first half of 2020, international economic environment remained complex and volatile, while adverse effects of the global outbreak of the novel coronavirus (“**COVID-19**”) pandemic sustained. The global economy took a hit, and Hong Kong securities market was subject to downturn volatility. The Company estimates that there was a significant decrease in the total revenue during the Period and a significant increase in the unrealised (non-cash) loss arising from the adverse fair value change of the financial assets at fair value through profit or loss at the end of the Period. However, it is estimated that provisions for the direct investments in debt instruments, receivables, loans and advances in margin financing of the Group and finance costs for the Period both decreased, which narrowed the range of the net loss of the Group.

Faced with the unfavourable external circumstances, the Group is proactively implementing various strategic measures, including restructuring and acceleration of business transformation with the support of China Huarong Asset Management Co., Ltd., its controlling shareholder, in an effort to carry out various operational management tasks in a stable and orderly manner and develop a sustainable operation model.

As at the date of this announcement, the Company is still in the process of finalising the unaudited consolidated interim results of the Group for the Period. The information contained in this announcement is based on a preliminary review by the Board on the information currently available to the Board, and is not based on any figure or information which has been audited or reviewed by the independent auditor of the Company or reviewed by the audit committee of the Company. Shareholders and potential investors are advised to read carefully the announcement of the interim results of the Group for the six months ended 30 June 2020, which is expected to be released in late August 2020.

Reference is made to the announcement (the “**Rule 3.5 Announcement**”) jointly issued by the Company and Huarong Investment Stock Corporation Limited dated 6 July 2020 in relation to, among other things, the Proposal and the Scheme (each as defined in the Rule 3.5 Announcement).

The profit warning included in this announcement (the “**Profit Warning**”) constitutes a profit forecast under Rule 10 of The Code on Takeovers and Mergers (the “**Takeovers Code**”) issued by the Securities and Futures Commission of Hong Kong and is required to be reported on by the Company’s financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code. Under Rule 10.4 of the Takeovers Code, if the Profit Warning is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial advisers and auditors or accountants on the said profit forecast, in the next document to be sent to the Shareholders (the “**Shareholders’ Document**”) (i.e. the Scheme Document). However, if the interim results for the six months ended 30 June 2020 which fall within the ambit of Rule 10.9 of the Takeovers Code have been published by the time of release of the next Shareholders’ Document and the relevant results together with the notes to the financial statements are included in the next Shareholders’ Document, the requirements to report on the Profit Warning under Rule 10.4 of the Takeovers Code will no longer apply.

Shareholders and potential investors of the Company should note that the Profit Warning has not been reported on in accordance with the requirements under Rule 10 of the Takeovers Code and does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Proposal and the Scheme (each as defined in the Rule 3.5 Announcement). 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
Huarong International Financial Holdings Limited
Yu Meng
Chairman

Hong Kong, 12 August 2020

As at the date of this announcement, the Board comprises Mr. Yu Meng and Mr. Wang Junlai as executive directors, Ms. Wang Qi as non-executive director, and Mr. Hung Ka Hai Clement, Mr. Ma Lishan and Mr. Guan Huanfei as independent non-executive directors.

All directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements contained in this announcement misleading.