# CHINA LEON INSPECTION HOLDING LIMITED
# 中国力鸿检验控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1586)**

## POSITIVE PROFIT ALERT

This announcement is made by China Leon Inspection Holding Limited (the "**Company**", and 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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Director(s)**") of the Company hereby informs the shareholders of the Company and potential investors that, based on the preliminary assessment of the latest unaudited consolidated financial results of the Group for the year ended 31 December 2020 and the information currently available to the Group, the Group expects to record a substantial increase of more than 100% in net profit for the year ended 31 December 2020 as compared to the corresponding period of last year. The Board is of the view that the substantial increase is mainly fueled by the following factors:

### 1. Initial Success in Business Platform, Continuous Increase in Operational Efficiency

The Company adopted target-driven approach as the effective management tool to continuously enhance the Company's operating system, constantly focus on research and development as well as upgrade of testing technology, and comprehensively implement the digital operation and automated platform, which greatly increased the operational efficiency. Meanwhile, the Company continued to enhance its information system, optimize its management efficiency and enhance its business services in order to increase its competitiveness and the effectiveness of risk management, which provided a solid foundation for the future business development of the Company. On the other hand, due to the impact of pandemic, the Company has adopted various measures to further strengthen the cost control to increase its profitability and output;

**2. Effectual Employee Incentive Scheme**

The Company continued to introduce new incentives to its employees. The launch of Share Award Scheme in the year 2020, together with the Share Option Scheme adopted earlier, could provide an effective long-term motivation mechanism to the employees as well as enhance the team cooperation, retain talents and thus promote a sustainable development of the Company; and

**3. Comprehensive Implementation of "2+X" Strategy, Remarkable Achievement in M&A**

The strategic acquisitions of the Group in 2018 and 2019 have successfully expanded the service scope and network of the Company. Meanwhile, the Group, with its extensive management experience, was able to deliver a considerable post acquisition result and thus significantly improved the overall revenue of the Group.

The Board also wishes to inform that this announcement is the fourth consecutive positive profit alert since June 2019.

As the Company is still in the process of compiling its consolidated financial results for the year ended 31 December 2020, the information contained in this announcement is only based on the preliminary assessment by the Board with reference to the latest unaudited consolidated financial results of the Group for the year ended 31 December 2020 and the information currently available to the Group, which have not yet been finalized or reviewed by the auditor of the Company and may be subject to adjustments as appropriate. Shareholders of the Company and potential investors are advised to read carefully the annual results announcement for the year ended 31 December 2020 of the Company for further details, which is expected to be published around 31 March 2021 in compliance with the Listing Rules.

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

By Order of the Board
**China Leon Inspection Holding Limited**
**Yang Rongbing**
*Executive Director*

Beijing, PRC, 25 January 2021

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. Li Xiangli, Ms. Zhang Aiying, Mr. Liu Yi and Mr. Yang Rongbing as executive Directors; Mr. Wang Gang as non-executive Director; and Mr. Wang Zichen, Mr. Zhao Hong and Mr. Liu Hoi Keung as independent non-executive Directors.*