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中金投集团
China Financial Services Holdings Ltd

China Financial Services Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 605)

PROFIT WARNING

This announcement is made by China Financial Services Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to rule 13.09(2) 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).

Reference is made to the announcement of the Company dated 19 October 2020 (the "**Announcement**"). Unless otherwise specified, capitalized terms used in this announcement shall have the same meaning as defined in the Announcement.

The board of directors of the Company (the "**Board**") announces that, based on its preliminary assessment of the Group's unaudited consolidated management accounts for the year ended 31 December 2020 (the "**Unaudited Financial Information**"), the Group expects to record a net loss in the range of HKD1,200 million to HKD1,500 million as compared to the net profit of approximately HKD214 million for the year ended 31 December 2019. Based on the preliminary assessment of the Unaudited Financial Information currently available, such expected net loss was mainly due to (i) increase in impairment loss on loans lent by the Group to third parties and related loss in connection with the Incidents, and (ii) decline in revenue attributable by (a) the increase in offer of loans by banks to small and medium enterprises which are one of the Group's major targeted group of customers, (b) the increase in default of repayment of loans by the Group's customers which may be attributable by the impact of the noval coronavirus pneumonia pandemic and write off of the relevant loans by the Group on a prudent basis, and (c) lower interests rate offered by the Group in the second half of year 2020 at the request of the Group's customers on the basis that the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases*(《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) issued by the judicial committee of Supreme People's Court*(最高人民法院審判委員會) on 20 August 2020 in the People's Republic of China ("**PRC**") imposed a ceiling of 4 times one year Loan Prime Rate (LPR) which was 15.4% at that moment on the interest rate that may be charged by lenders. That 15.4% interest was significantly lower than the Group's average interest rate charged. Subsequently in 9 November 2020, Supreme People's Court*(最高人民法院) in the PRC issued the reply of the Supreme People's Court on the applicable scope for the new judicial interpretations of private lending*(最高人民法院關於新民間借貸司法解釋適用範圍問題的批複)which clarified that the said policy and interest rate ceiling only apply to loans between individuals(民間借貸)but do not apply to loans granted by licensed money lenders. Based on Supreme People's Court*(最高人民法院) in the PRC issued the reply of the Supreme People's Court on the applicable scope for the new judicial interpretations of private lending*(最高人民法院關於新民間借貸司法解釋適用範圍問題的批複), the said policy and interest rate ceiling shall not apply to members of the Group which are licensed money lenders. The Group shall seek advice from the PRC legal adviser as may be necessary.

The Group is still in the process of finalizing its consolidated annual results for the year ended 31 December 2020. The information contained in this announcement is only a preliminary assessment by the Board based on the Unaudited Financial Information, which has not been reviewed by the auditor and the audit committee of the Company and may be subject to adjustments where necessary.

Shareholders and potential investors are advised to refer to the consolidated annual results of the Company for the year ended 31 December 2020 as agreed by the Company's auditors, which are expected to be announced on or around 30 March 2021.

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

By Order of the Board
China Financial Services Holdings Limited
Chung Chin Keung
Company Secretary

Hong Kong, 17 March 2021

* *For identification purpose only*

As at the date of this announcement, the directors of the Company are:

Executive Director:
Dr. Cheung Chai Hong

Non-executive Directors:
Mr. Chan Yuk Ming *(Chairman)*
Mr. Fang Feiyue
Mr. Dong Yibing
Mr. Wu Xinjiang

Independent Non-executive Directors:
Mr. Chan Chun Keung
Mr. Chan Wing Fai
Dr. Zhang Xiao Jun
Madam Zhan Lili