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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**") in accordance with 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 (the "**Inside Information Provisions**") of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING FOR FY2020

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 assessments of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 ("**FY2020**") and information currently available to the Board, the Group expected to record a net loss ranging from HK$2.65 billion to HK$2.75 billion for FY2020, similar to the level of net loss for 2019. As the privatization (the "**Privatization**") of Huarong Investment Stock Corporation Limited ("**HRIV**") was completed on 10 November 2020 and HRIV became a wholly-owned subsidiary of the Company, the aforesaid assessment of financial information of the Group has adopted merger accounting for the preparation of financial statements in accordance with AG 5 "Merger Accounting for Common Control Combinations" published by the Hong Kong Institute of Certified Public Accountants, and the comparative data has been restated accordingly, as if the privatization had occurred as at the beginning of 2019.

The substantial loss of the Group for 2020 was mainly attributable to: (1) the reduction in interest income in line with the reduction of investment projects held by the Group during FY2020 following the completion of disposal of investment projects held by Huarong Tianhai (Shanghai) Investment Management Company Limited (華融天海（上海）投資管理有限公司) and Wide Trend Global Limited, two subsidiaries, in late 2019 to optimize its investment portfolio and alleviate financial pressure (substantial net loss and impairment loss on financial assets at fair value through profit or loss had been incurred in connection with such investment at the time and there has been no indication of significant improvement. For details, please refer to the announcement and circular of the Company dated 20 October 2019 and 22 November 2019, respectively); (2) the substantial decrease in the market value of financial assets at fair value through profit or loss in line with the decline in prices of the financial assets that the Group had invested in owing to the extensive impact of the COVID-19 pandemic on the global economy and market uncertainties affecting the performance of the capital market, coupled with significant provisions made by the Group in the respect of its direct investment in debt instruments, trade receivables, loans and margin finance advances. However, the Company anticipated substantial decrease in finance costs and administrative and other operating expenses for FY2020, thereby partially offsetting the impact of the aforesaid adverse factors.

PROFIT WARNING FOR 1H2021

Based on preliminary assessments of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021 ("**1H2021**") and information currently available to the Board, the Group expected to record net loss ranging from HK$250 million to HK$350 million for 1H2021, compared to net loss of approximately HK$480 million (as restated due to the Privatization) for the six months ended 30 June 2020. The decrease in loss was mainly attributable to the increase in the market value of financial assets at fair value through profit or loss and the decrease in finance costs.

The Group's operating and financial performance in 1H2021 showed improvements over FY2020. The Group will continue to actively advance the stable development of various businesses and accelerate business transformation and the commencement of new businesses in accordance with the five-year business development planning for 2021–2025, while adopting multiple risk mitigation measures for further improvement of the Group's financial conditions and performance, thereby enhancing the Group's growth potential in the long term.

Information contained in this announcement is based on a preliminary review by the Board on the information currently available to the Board, rather than on any figures or information which have been audited or reviewed by the independent auditor of the Company or reviewed by the Company's audit committee. Shareholders and potential investors are advised to read carefully the Group's annual results for FY2020 and interim results for 1H2021 to be published at the end of August 2021.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited has been suspended from 9:00 a.m. on 1 April 2021, pending the publication of the annual results for FY2020. The Company's shares will remain suspended until further notice. The Company will publish further announcement(s) as and when appropriate to provide shareholders and potential investors with any information updates.

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

By order of the Board
Huarong International Financial Holdings Limited
Xu Xiaowu
Chairman

Hong Kong, 18 August 2021

As at the date of this announcement, the Board comprises Mr. Xu Xiaowu 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.