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HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

華聯國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment of the Group's unaudited management account for the period ended 30 June 2018 and information currently available to the Board, the Group is expected to record an approximately 50% decrease in revenue to approximately HK\$59 million and an approximately 137% increase in loss to approximately HK\$71 million for the six months ended 30 June 2018 as compared to the revenue of approximately HK\$118 million and loss of approximately HK\$30 million of the corresponding period in 2017.

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

The announcement is made pursuant to provisions on inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). This announcement is made by Hua Lien International (Holding) Company 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 the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the Group’s unaudited management accounts for the period ended 30 June 2018 and information currently available to the Board, the Group is expected to record an approximately 50% decrease in revenue to approximately HK\$59 million and an approximately 137% increase in loss to approximately HK\$71 million for the six months ended 30 June 2018 as compared to the revenue of approximately HK\$118 million and loss of approximately HK\$30 million of the corresponding period in 2017. The Board considers that the decline on revenue and increase in loss for the period was mainly due to the recent changes of below two business segments.

(I) Supporting Service Business Segment

For reasons as explained below of the delay in re-complying process of the requirements of the continuing connected transaction under the Listing Rules, the supporting service business segment cannot carry out any continuing connected transaction with its customers who presently are all connected parties, therefore, the supporting service business segment does not record any segment revenue and will record a segment loss of approximately HK\$2 million for the six months ended 30 June 2018 as compared to the segment revenue of approximately HK\$27 million and segment profit of approximately HK\$9 million of the corresponding period in 2017.

- (i) Reference is made to the paragraph headed “Outlook” on page 7 of the 2017 annual report of the Company which includes, among others:

“Reference is made to the circular of the Company dated 28th May 2015, the three years annual cap for the continuing connected transactions of the Company under the 2015-2017 Supply and Service Agreements have expired on 31 December 2017. The Group has, since 1 January 2018, suspended those continuing connected transactions until all compliance matters fulfilled under Listing Rules and the new three years annual cap granted. The Group will take appropriate actions in order to comply with all those requirements under the provisions of Chapter 14A of the Listing Rules including the seeking of approvals from the independent shareholders for another three years annual caps in second quarter of year 2018.”

The Company wishes to inform its shareholders that as of today's date, the abovementioned three years annual cap for 2018 to 2020 have not yet been obtained. The Group is still in the process of finalizing those documents. The delay was due to the parties for the continuing connected transactions is still in the process of reaching consensus on the trade terms, among others, the exclusivity and the credit period.

The Board will proceed the re-complying process in accordance to Listing Rules once the parties reach compromise on those trade terms.

(II) Sugar Business Segment

The sugar business segment will record a decrease in segment revenue of approximately HK\$32 million to approximately HK\$59 million and will record an increase in segment loss of approximately HK\$44 million to HK\$61 million for the six months ended 30 June 2018 as compared to the segment revenue of approximately HK\$92 million and segment loss of approximately HK\$17 million of the corresponding period in 2017, because of the following recent changes in official policies in Jamaica.

- (i) The decrease in segment revenue from the sugar business segment for the six months ended 30 June 2018 was caused by the fundamental changes in official policy on refined sugar importation for the retail trade in Jamaica since January 2018. Under the new policy the Sugar Industry Authority (SIA), the regulator of the sugar business of Jamaica, will not import any refined sugar itself but instead it will grant the licences to qualified entities, which will source refined sugar to import from abroad and distribute it to local companies. Such change in policy have led to a substantial increase in sugar distributors in Jamaica. They imported substantial quantity of refined sugar from overseas to compete directly with local produced raw sugar of our Group in Jamaica which lead a substantial decrease in revenue of our sugar business segment; and
- (ii) The increase in segment loss from the sugar business segment for the six months ended 30 June 2018 were mainly induced by the decrease in gross profit from the sugar business segment of the Group for the six months ended 30 June 2018 by approximately 52% to approximately HK\$12 million as compared to the approximately HK\$25 million of the same period in 2017 mainly because of the approximately 35% decrease in revenue as mentioned above; the increase in packing cost from the adoption of new official guidelines in Jamaica since January 2018 which specify that all sugar in retail trade must now to be in small pack, sealed and labelled; and the significant increase in foreign exchange loss of the sugar business segment for the six months ended 30 June 2018 to approximately HK\$23 million as compared to the approximately HK\$1 million of the same period in 2017 due to the further weakening of Jamaican dollar.

The information contained in this announcement is only based on preliminary assessment performed by the Board with reference to the Group’s management accounts and information currently available to the Company and has not been reviewed by the Company’s auditor and the audit committee, as the Company is still in the process of finalizing its interim results for the six months ended 30 June 2018 (“**2018 Interim Results**”), the 2018 Interim Results may differ from what is disclosed in this announcement. Further details of the Company’s 2018 Interim Results will be provided in the Company’s 2018 Interim Results announcement, which is expected to be released on 31 August 2018.

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

By order of the Board
Hua Lien International (Holding) Company Limited
Ms. Liu Yan
Chairman

Hong Kong, 21 August 2018

As at the date of this announcement, the Board comprises eight directors, of which three are executive directors, namely Mr. Liu Xueyi, Mr. Han Hong, and Mr. Wang Zhaohui, two are non-executive directors, namely Ms. Liu Yan and Mr. Zhang Jian, and three are independent non-executive directors, namely Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry.

** For identification purpose only*