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 year ended 31 December 2018 and information currently available to the Board, the Group is expected to record (i) a revenue of approximately HK$134.5 million in 2018 as compared to that of approximately HK$240.5 million in 2017 which declined by approximately HK$106.0 million (about 44 percent); (ii) a gross loss of approximately HK$9.1 million as compared to the gross profit of approximately HK$57.3 million in 2017 which decreased by approximately HK$66.4 million (about 113 percent); and (iii) despite the drops in revenue and gross profit, the overall loss for the year ended 31 December 2018 remained stable as compared to that of HK$101.3 million of the corresponding year in 2017 as the decrease of other operating expense in relating to impairment loss of assets in 2018 more than offset the drop in gross profit of approximately HK$66.4 million.

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 year ended 31 December 2018 and information currently available to the Board, the Group is expected to record (i) a revenue of approximately HK$134.5 million in 2018 as compared to that of approximately HK$240.5 million in 2017 which declined by approximately HK$106.0 million (about 44 percent); (ii) a gross loss of approximately HK$9.1 million as compared to the gross profit of approximately HK$57.3 million in 2017 which decreased by approximately HK$66.4 million (about 113 percent); and (iii) despite the drops in revenue and gross profit, the overall loss for the year ended 31 December 2018 remained stable as compared to that of HK$101.3 million of the corresponding year in 2017 as the decrease of other operating expense in relating to impairment loss of assets in 2018 more than offset the drop in gross profit of approximately HK$66.4 million.

(I) Decline in Revenue

The notable decline in revenue of approximately HK$106.0 million in 2018 was caused by the approximately HK$98.7 million decrease in revenue from the supporting service business segment and the approximately HK$7.3 million decrease in revenue from the sugar business segment.

The decline in revenue of approximately HK$98.7 million from the supporting service business segment was brought by 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 did not record any revenue in 2018 as compared to the revenue of approximately HK$98.7 million in 2017.

The revenue from the sugar business segment is relatively stable and only record a slight decrease of approximately HK$7.3 million for the year ended 31 December 2018. The sales volume of raw sugar and molasses was increased approximately by 5,200 ton of sugar (about 25 percent) and approximately 7,800 ton of molasses (about 56 percent) respectively as compared with that in 2017 for reason of the resumption of the operation of Monymusk Sugar Factory in 2018. As further elaborated below, the increase in sales volume was neutralized by the decrease in the average unit selling price of raw sugar and molasses of approximately 26 percent and 2 percent respectively in 2018, resulting in the revenue of the sugar business segment slightly decreased by approximately HK$7.3 million in 2018.

(II) Decrease in Gross Profit

The decrease in gross profit of approximately HK$66.4 million in 2018 was induced by the approximately HK$42.3 million decrease in gross profit from the supporting service business segment and the approximately HK$24.1 million decrease in gross profit from the sugar business segment.

For reason as explained above, the supporting service business segment have no trading transaction been carried out and therefore no gross profit recorded in 2018. This explained the approximately HK$42.3 million decrease in gross profit from the supporting service business segment as compared with that in 2017.

The decrease in gross profit of approximately HK$24.1 million of sugar business segment was resulting from the decrease in average unit selling price of raw sugar and molasses of approximately 26 percent and 2 percent respectively in 2018. The decrease in average unit selling price of raw sugar was because the drop in international sugar prices and the rise in domestic price of 20kg small pack sugar in Jamaica created a huge price difference for small pack sugar trader using illegal mean to smuggle imported sugar into Jamaica and repack into small pack to compete with local sugar manufacturers in 2018 which shrunk the market share of PCSC in Jamaica. As a result, PCSC needs to increase the ratio of export and domestic sales from approximately 30:70 to 60: 40 in 2018 in order to maintain the overall revenue and the average unit selling price was driven down consequently by 26 percent as the export price of raw sugar was much lower than domestic price. Whereas, the decrease in average unit selling price of molasses was due to the local wholesalers of molasses demanded higher sales discount to absorb the increased volume of output in 2018.

(iii) Stable Loss for the year

Despite the drops in revenue and gross profit, the loss for the year ended 31 December 2018 remained stable as compared to that of HK$101.3 million of the corresponding year in 2017 as the decrease of other operating expense in relating to impairment loss of assets in 2018 more than offset the drop in gross profit of approximately HK$66.4 million.

The Company is still in the process of finalising the results of the Group for the year ended 31 December 2018. This announcement is only based on the preliminary assessment of the Group's unaudited management accounts for the year ended 31 December 2018 and the information currently available to the Board subject to finalisation and necessary adjustments which has not been confirmed nor audited by the Company's auditor.

The final results announcement and other financial information of the Company for the year ended 31 December 2018 is expected to be published on 29 March 2019. Shareholders of the Company and potential investors are advised to read the final results announcement of the Company for the year ended 31 December 2018 when it is published.

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, 18 March 2019

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*