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Renco Holdings Group Limited
融科控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

PROFIT WARNING

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Renco Holdings Group Limited (the “**Company**”, together with its subsidiaries as 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).

Based on the information currently available to the Group and a preliminary assessment of the unaudited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**Relevant Year**”), the Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record an increase in its consolidated loss before taxation for the Relevant Year of approximately HK\$1,000 million as compared with the loss before taxation of approximately HK\$603 million for the prior financial year ended 31 December 2019. The Board considers that the expected losses during the Relevant Year were mainly due to (i) the provision of losses on several overdue repayment of the financial assistances provided by the Group (“**Overdue Financial Assistances**”) and additional provision of losses on certain overdue receivables under the litigation proceedings on Overdue Financial Assistances of approximately HK\$398 million in total; (ii) the substantial fair value losses of approximately HK\$270 million arising from the adverse market price movements in the listed securities held by the Group at the fair value through its profit and loss; and (iii) the impairment losses of approximately HK\$320 million arisen as the result of the decrease in the market value of the treasury investments segment and financial services segment caused by the current worldwide capital market fluctuations and the adverse impacts of the outbreak of Coronavirus Disease 2019.

The Company is still in the process of assessing and ascertaining the recoverability of certain assets of the Group to finalize the unaudited consolidated annual results of the Group for the Relevant Year. The information contained in this announcement is only based on the unaudited consolidated management accounts of the Group, which had not been audited or reviewed by the Company’s auditors nor reviewed by the audit committee of the Company, and may be subject to further adjustments or amendments. Shareholders and potential investors are advised to read carefully the Group’s annual results announcement for the Relevant Year, which is expected to be published by the end of March 2021.

The Board is in the opinion that the aforesaid impairment provisions for the investments in financial assets provided by the Group and the Overdue Financial Assistances were made in accordance with the requirements of the accounting standards. In order to lower the investment risks and reduce the losses, the Group puts its best efforts to maximize the recovery of certain assets by restructuring the relevant investments in the financial assets and conducting lawsuits against debtors of Overdue Financial Assistances or others.

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

By order of the Board
Renco Holdings Group Limited
Su Zhiyang
Company Secretary

Hong Kong, 22 March 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Cheok Ho Fung and Mr. Shan Yongxin being executive Directors; and Mr. Li Yongjun being non-executive Director; and Mr. Ng Man Kung, Mr. Lau Fai Lawrence and Mr. Mak Kwok Kei being independent non-executive Directors.