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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 condensed consolidated financial statements of the Group for the six months ended 30 June 2022 (the “**Relevant Period**”), the Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record an increase of 33% in its consolidated loss for the Relevant Period to approximately HK\$289 million as compared with the loss of approximately HK\$217 million for the corresponding period in 2021. The Board considers that the expected losses for the Relevant Period were mainly due to (i) the provision for losses on several overdue repayment of the financial assistances provided by the Group (the “**Overdue Financial Assistances**”) and additional provision for losses on certain overdue receivables under the litigation proceedings on the Overdue Financial Assistances of approximately HK\$219 million in total; (ii) the substantial fair value losses of approximately HK\$40 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\$20 million arisen as a 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 finalise the unaudited condensed consolidated interim results of the Group for the Relevant Period. The information contained in this announcement is only a preliminary assessment by the management of the Company 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 the Group's interim results announcement for the Relevant Period, which is expected to be published by the end of August 2022.

The Board is in the opinion that the aforesaid impairment provisions for the investments in financial assets and the Overdue Financial Assistances provided by the Group 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 the 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, 23 August 2022

As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung, Mr. Hung Yeung Alvin and Ms. Xing Mengwei being executive Directors; Mr. Li Yongjun being non-executive Director; and Mr. Lau Fai Lawrence, Mr. Mak Kwok Kei and Mr. Xu Xinwei being independent non-executive Directors.