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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)

INSIDE INFORMATION ESTIMATED INCREASE IN NET LOSS – ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 accounts for the year ended 31 December 2023 and the information currently available to the Board, it is expected that the Group will record a net loss of approximately HK\$58 million during Reporting Year, as compared to a net loss of approximately HK\$45 million for the Preceding Year.

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

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 2023 and information currently available to the Board, it is expected that the Group will record a net loss for the year ended 31 December 2023 (the “**Reporting Year**”) of approximately HK\$58 million, as compared to a net loss of approximately HK\$45 million for the year ended 31 December 2022 (the “**Preceding Year**”).

The Board considers that the expected increase in net loss of approximately HK\$13 million of the Group during the Reporting Year as compared to the Preceding Year was principally attributable to the following:

- (a) an increase in finance costs of approximately HK\$25 million as a result of the approximately HK\$25 million increase in foreign exchange loss arising on translating the results and financial position of the subsidiaries when their functional currencies depreciated during the year;
- (b) an increase in loss of change in fair value of biological assets of approximately HK\$5 million mainly due to the decrease in area under sugarcane of approximately 600 hectares during the year by ploughing of those low yielding sugarcane area in order to for bringing fresh nutrients to the surface while burying weeds and sugarcane remains to decompose for new nutrients into the soil.
- (c) an increase in gross profit of approximately HK\$1 million by reason of approximately 1% increase in gross margin through the increase in average selling prices of raw sugar and molasses during the year;
- (d) a decrease in administrative expenses of approximately HK\$6 million by virtue of the decrease in packaging costs involving local sales and the decrease in export-related expenses when export sales declined during the year; and
- (e) a decrease in other operating expenses of approximately HK\$10 million owing to the decrease of approximately HK\$10 million in write-down on inventory of spare parts for property, plant and equipment during the year.

As the Company is still in the process of finalizing its final results for the year ended 31 December 2023, the information contained in this announcement is based only on a preliminary assessment of the unaudited management accounts of the Company as at 31 December 2023 by, and information currently available to, the Board which have not been audited or reviewed by the Company's auditor or the audit committee of the Company, and may be subject to adjustments. Further details of the Company's final results for the year ended 31 December 2023 will be announced on 28 March 2024.

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
Zhang Zhaogang
Chairman

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises eight directors, of which three are executive directors, namely Mr. Han Hong, Mr. Wang Zhaohui and Mr. Zhang Qi, two are non-executive directors, namely Mr. Zhang Zhaogang and Ms. Chen Si, 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*