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WALKER GROUP HOLDINGS LIMITED

盈進集團控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1386)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions.

The Board wishes to inform the shareholders of the Company and potential investors that the Group may record a substantial loss for the year ending 31 March 2014 as compared with the loss recorded for the corresponding period last year.

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

This announcement is made by Walker Group Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Inside Information Provisions**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that based on the preliminary estimate and assessment made by the Board with reference to the latest unaudited consolidated management accounts of the Company, it is estimated that the Group may record a substantial loss for the year ending 31 March 2014, which is expected to be approximately two times the loss for the previous financial year. The estimated loss is mainly attributable to the following reasons:

- (1) A change of inventory provision policy. The Company has adopted a new policy which is expected to result in a significant increase of provision for inventories. This newly adopted provision policy relates more realistically to the current market conditions;

* For identification purpose only

- (2) A significant loss of impairment value of an acquired trademark; and
- (3) The estimated operating loss to be recorded in the current financial year. The poor market conditions for consumable goods and the severe competition continued, with the decline in sales and the rise in operating costs during the second half of the year.

While the majority of the above estimated loss arises from non-cash items namely, the provision of inventories and impairment of trademark, thus the Board is of the view that the financial position and the cash flow of the Group remain sound and stable.

The Company is still in the process of finalizing the annual results of the Group for the year ending 31 March 2014. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the management accounts and raw financials of the Group, which have not been reviewed or audited by the Company's auditor. Details of the Group's performance for the year ending 31 March 2014 will be disclosed in the annual results announcement on or before 30 June 2014.

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

By order of the Board
Walker Group Holdings Limited
CHAN Mei Sheung
Chairman

Hong Kong, 14 March 2014

As at the date of this announcement, the Board comprises:

Executive directors:

Ms. CHAN Mei Sheung
Mr. KIU Wai Ming

Independent non-executive directors:

Mr. SZE Tsai Ping, Michael
Dr. FAN Yiu Kwan, JP
Mr. LEE Kwan Hung