Chuan Holdings Limited
川控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1420)

INSIDE INFORMATION

PROFIT WARNING
FOR THE SIX MONTHS ENDED 30 JUNE 2020

This announcement is made by Chuan 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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") would like to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, the Group is expected to record a net loss for the six months ended 30 June 2020 (the "**Interim Period**") of approximately S$7.2 million as compared to a net profit of approximately S$1.2 million for the six months ended 30 June 2019. Based on the information currently available to the Board, such expected net loss was mainly attributable to:

(i) the delays in project schedules and lower revenue recognition as a result of the suspension of most construction activities of the Group amidst the circuit breaker measures imposed by the Singapore Government during the period between 7 April 2020 and 1 June 2020 to combat COVID-19 and the movement restrictions on foreign worker dormitories such that the construction sector was unable to resume operations immediately to its normal level even after the circuit breaker period ended on 1 June 2020;

* *For identification purposes only*

(ii) the increase in operating costs of approximately S$7.3 million comprising an increase in the subcontracting fees, overheads and dumping charges attributable to various projects while the fixed costs such as manpower costs and depreciation incurred depsite the suspension of construction activities remained relatively stable. Such costs were partially offset by the decrease in cost for diesel and leasing costs as a result of the suspension of construction activities;

(iii) the additional relieves provided by the Singapore Government in the form of rebates, waiver of foreign worker levies and wage support of a total of approximately S$2.2 million which helped to defray part of the Group's manpower costs during the circuit breaker period; and

(iv) the increase in the expected impairment losses on deposits, receivables and contract assets totally of approximately S$2.5 million for the Interim Period in view of the current economic slowdown in Singapore as compared to approximately S$167,000 for the same period last year.

As at the date of this announcement, although the Group was granted an approval by the relevant authorities to resume its activities at its construction sites, the pace of resumption of works remains slow due to the stringent safety and health requirements on manpower imposed by the Singapore Government.

The Group will continue to closely monitor its operations and the COVID-19 situation in order to adjust its measures and strategies accordingly, and will provide updates as and when any other significant developments arise.

The Company is in the process of finalising the Group's unaudited interim results for the Interim Period. The information contained in this announcement is only based on a preliminary assessment made by the Board on the unaudited consolidated management accounts of the Group and information currently available to the Board, and such information has not been confirmed, reviewed or audited by the Company's auditors or audit committee and may be subject to adjustment. Shareholders and potential investors are advised to refer to the details of the Group's interim results for the Interim Period, which are expected to be released by way of an announcement on or around 28 August 2020.

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

By order of the Board
Chuan Holdings Limited
Lim Kui Teng
Chairman and Executive Director

Hong Kong, 25 August 2020

As at the date of this announcement, the Board comprises Mr. Lim Kui Teng, Mr. Quek Sze Whye, Mr. Bijay Joseph and Mr. Lau Yan Hong as executive Directors; and Mr. Chan Po Siu, Mr. Phang Yew Kiat and Mr. Wee Hian Eng, Cyrus as independent non-executive Directors.