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Wah Wo Holdings Group Limited

華和控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9938)

PROFIT WARNING

This announcement is made by Wah Wo Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) 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 board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2021 (the “**Year**”) and other information currently available to the management of the Group, the Group is expected to record a consolidated net profit ranging from approximately HK\$5.5 million to HK\$6.5 million for the Year, as compared with an audited consolidated net profit of approximately HK\$42.6 million for the year ended 31 March 2020 (after excluding the one-off listing expenses of approximately HK\$15.0 million incurred in relation to the listing of the shares of Company on the Main Board of the Stock Exchange in January 2020).

Such decrease in net profit was mainly attributable to the decrease in gross profit and gross profit margin due to the following factors:

- (i) following the outbreak of the novel coronavirus (COVID-19), the supply chain management and production capacity across the construction material suppliers have been affected, which resulted in a delay in suppliers’ delivery of construction materials which was beyond the control of the Group. In order to catch up with the schedule of the on-going projects, the Group incurred additional costs to speed up the installation process; and
- (ii) the increase in overall construction costs due to additional costs incurred for subcontracting works for the on-going projects as a result of unstable project schedules during the COVID-19; and
- (iii) the downturn in the overall economic performance in Hong Kong, together with fierce competition in the market forced the Group to be more competitive in its project pricing, which resulted in a decline in the gross profit margin of the Group.

As at the date of this announcement, the Company is in the course of preparing and finalising the consolidated financial results of the Group for the Year. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the information currently available including the unaudited consolidated management accounts of the Group, which has not been reviewed by the Company's independent auditors or the audit committee of the Company and is therefore subject to adjustments. The annual results announcement of the Group for the Year is expected to be published on 28 June 2021.

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
Wah Wo Holdings Group Limited
CHEN Yuet Wa
Chairman and Executive Director

Hong Kong, 16 June 2021

As at the date of this announcement, the Board comprises five members, of which Mr. CHEN Yuet Wa and Mr. CHAN Fai are the executive directors of the Company; and the Mr. CHOW Chi Fai, Mr. CHAN Hon Ki and Mr. YU Chi Wing are the independent non-executive directors of the Company.