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CHEUK NANG (HOLDINGS) LIMITED

卓能（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

PROFIT WARNING

This announcement is made by Cheuk Nang (Holdings) 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 under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 9 August 2022 in respect of the inside information of the Company (the “**Inside Information Announcement**”) and the profit warning announcement of the Company dated 22 August 2022 (the “**Profit Warning Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as they are used in the Inside Information Announcement and Profit Warning Announcement.

As disclosed in the Profit Warning Announcement, the Group expected to record loss attributable to owners of the Company (before taking into account of changes in fair value of investment properties) of approximately HK\$60 million for the 2022 Financial Year, as compared to profit attributable to owners of the Company (before taking into account of changes in fair value of investment properties) for the 2021 Financial Year. The Board wishes to update the shareholders of the Company and potential investors that, based on further assessment on the information currently available, including preliminary valuation assessment of fair values of the Group’s investment properties, and the further review of the unaudited consolidated management accounts of the Group for the 2022 Financial Year by the Board, the Group expects to record (i) a significant decrease in gross profit of approximately HK\$720 million for the 2022 Financial Year as compared to the gross profit of approximately HK\$730 million for the 2021 Financial Year, which was mainly attributable to a significant decrease in revenue for the 2022 Financial Year of approximately HK\$940 million as compared to that for the 2021 Financial Year; (ii) positive change in fair value of investment properties of

approximately HK\$95 million for the 2022 Financial Year as compared to negative change of approximately HK\$99 million for the 2021 Financial Year; and (iii) loss attributable to owners of the Company of approximately HK\$150 million for the 2022 Financial Year as compared to profit attributable to owners of the Company of approximately HK\$150 million for the 2021 Financial Year, which is mainly resulted from the combined effect of (a) drop in gross profit; (b) decrease in other income; (c) turnaround from negative change in fair value of investment properties for the 2021 Financial Year to positive change in fair value of investment properties for the 2022 Financial Year; and (d) decrease in administrative expenses and income tax expenses.

The Board wishes to emphasize that the information contained in this announcement is only based on the information currently available to the Company including preliminary valuation assessment of fair values of the Group's investment properties and that it is still in the process of finalising the Group's results for the 2022 Financial Year which have not been reviewed and confirmed by the auditors of the Company and the audit committee of the Company and are subject to possible adjustments. Shareholders of the Company and potential investors are advised to read carefully the Group's annual results announcement for the 2022 Financial Year, which is expected to be published on 27 September 2022.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By Order of the Board
CHEUK NANG (HOLDINGS) LIMITED
Ho Sau Fun Connie
Company Secretary

Hong Kong, 19 September 2022

As at the date of this announcement, the Executive Directors are Dr. Chao Sze Tsung Cecil (Chairman), Ms. Chao Gigi (Vice Chairman), Mr. Yung Philip and Ms. Ho Sau Fun Connie; the Non-executive Directors are Mr. Chao Howard and Mr. Lee Ding Yue Joseph and the Independent Non-executive Directors are Mr. Ting Woo Shou Kenneth, Mr. Lam Ka Wai Graham and Mr. Sun Dai Hoe, Harold.