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KWAN ON HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1559)

PROFIT WARNING

This announcement is made by Kwan On 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 (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 of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholder(s)**”) and potential investors that, based on a preliminary assessment of the latest available unaudited consolidated management accounts of the Group, the unaudited consolidated loss attributable to owners of the Company for the year ended 31 March 2023 (the “**Year**”) is expected to be within the range of approximately HK\$110.0 million to HK\$130.0 million as compared with a net loss of approximately HK\$68.9 million for the year ended 31 March 2022 (the “**Previous Year**”). The Board considers that the expected net loss was mainly attributable to a provision of expected credit loss on receivables, amounting to approximately HK\$35.1 million. In the Year, there was a significant increase in the proportion of private sector receivables, mainly due to newly awarded projects in mainland China and Malaysia. Consequently, the management has concluded that the credit risk associated with trade receivables and contract assets has considerably increased compared to the majority of trade receivables or contract assets associated with the HKSAR government in the Previous Year. Furthermore, additional provision of approximately HK\$22.7 million was made for prepayments to subcontractors. This provision was provided after considering factors such as discontinuation of subcontractors during ongoing contract works due to disagreements or disputes, as well as the individual credit assessment of the subcontractors.

The Company is still in the process of finalising the unaudited annual results of the Group for the Year. This profit warning announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the Year, which are subject to finalisation and other potential adjustments, if any, and have not been reviewed by the Company's auditor nor have they been reviewed by the audit committee of the Company. Therefore, the actual annual results of the Group for the Year may differ from the information contained in this announcement.

Shareholders of the Company and potential investors are advised to read carefully the annual results announcement of the Company, which is expected to be published on 30 June 2023.

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

By Order of the Board
Kwan On Holdings Limited
Chen Zhenghua
Chairman

Hong Kong, 26 June 2023

As at the date of this announcement, the Executive Directors are Mr. Chen Zhenghua, Mr. Zhang Fangbing, and Mr. Cao Lei; and the Independent Non-Executive Directors are Professor Lam Sing Kwong, Simon, Mr. Lum Pak Sum and Mr. Gong Zhenzhi