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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 of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 March 2024 and the information currently available to the Board, the Group is expected to record a consolidated net loss of not more than approximately HK\$57.9 million for the year ended 31 March 2024 as compared to the audited consolidated net profit of approximately HK\$2.9 million for the year ended 31 March 2023.

The expected turnaround from profit to loss in the current year was primarily attributable to (i) non-cash item resulted from the fair value loss of investment properties of approximately HK\$19.1 million; (ii) winding up of a major customer of the Group on 1 March 2024 and the related loss in three construction projects with that customer amounting to approximately HK\$20.6 million; and (iii) increase of provision for impairment loss allowance of approximately HK\$22.6 million and specific provisions of approximately HK\$23.8 million to certain customers because of the Board’s estimated increase in credit risk of the Group after the aforesaid customer, being a major construction group in Hong Kong, had wound up during the year.

Regarding sub-paragraph (ii) in the paragraph above, reference is made to the announcement of the Company dated 22 April 2024 which states, among others, that the Group had submitted proof of claims of approximately HK\$38.0 million to the provisional liquidator of that customer of the Group. The Board wishes to clarify that after successful negotiations with various suppliers to terminate any further supply of materials to reduce loss, and considering that the potential profits that might have been forfeited have in fact not been recognised in the books and records of the Group, the loss of the Group in relation to the relevant three construction projects with that customer is expected to be reduced from approximately HK\$38.0 million to approximately HK\$20.6 million.

Further, one of the principal bank of the Group has informed the management of the Group that the Group is in breach of the covenant(s) in relation to an undertaking to channel not less than 50% of operating income or cash to the bank account maintained by such bank as contained in the relevant facility letter, and also remind the Group to rectify such breach on or before 31 January 2025. Given that (i) the relevant bank has never indicated to the Group that it would demand immediate repayment against the Group because of such breach; and (ii) the Group has already been undergoing rectification measures which has been brought to the attention of the relevant bank and in response, the relevant bank replied that it will not take any further action, the Board considers that such breach is merely technical, and is neither significant to the Group's operations nor the relevant bank would demand immediate repayment which will trigger the disclosure obligation under Rule 13.19 of the Listing Rules.

The Company is still in the process of preparing the annual results of the Group for the year ended 31 March 2024. The information contained in this announcement is based on the preliminary assessment made by the Board with reference to the information currently available and the unaudited consolidated management accounts of the Group for the year ended 31 March 2024, which have not been audited or reviewed by the Company's auditor or the audit committee of the Board and may be subject to adjustment. Shareholders and potential investors of the Company are advised to refer to further details of the Group's performance during this period to be disclosed in the Group's results announcement for the year ended 31 March 2024, which is expected to be published on 27 June 2024.

Shareholders and potential investors of the Company 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, 13 June 2024

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.