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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 2024 (the “**Year**”) is expected to be within the range of approximately HK\$150.0 million to HK\$190.0 million as compared with a net loss attributable to owners of the Company of approximately HK\$111.7 million for the year ended 31 March 2023 (the “**Previous Year**”). The Board considers that the expected net loss was mainly attributable to (1) an impairment loss amounting to approximately HK\$43.8 million from assets held for sale related to a property under development in the Philippines that a sale agreement was signed on 15 December 2023, and the transaction was completed in May 2024; (2) a provision of approximately HK\$30.0 million for legal disputes arising from contract works with our subcontractors which was made after considering factors such as disputes in the certification of contract works between our Group and subcontractors, leading to several ongoing legal claims; (3) an increase in gross loss of over HK\$40.0 million, which was a result of delays in the completion of various government contracts due to the pandemic in recent years. To mitigate potential penalties and further warnings from government representatives regarding late project completion, the Group allocated additional resources to accelerate contract progress, incurring additional costs. Furthermore, supplementary agreements were either signed or are in the process of being signed to withdraw from certain contracts. Under these

conditions, the Group is obligated to rectify identified defects and fulfill certain works as agreed upon in the supplementary agreements before handing over the incomplete works and project sites to the government; and (4) an increase in expenses of approximately HK\$21.0 million due to inflated administrative costs and increased finance costs that the borrowing costs for the property in the Philippines could not be capitalized in the Year.

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 28 June 2024.

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, 21 June 2024

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.