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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 Group is expected to record a net loss of not less than approximately HK\$24 million for year ended 31 March 2021 (the “**Year**”) as compared with a net profit of approximately HK\$14.6 million for the year ended 31 March 2020 (the “**Previous Year**”). Such expected net loss is mainly due to:

1/The widespread of COVID-19 pandemic has caused unprecedented disruptions in business operations and the Hong Kong economy as a whole, which resulted in delays in the work schedule of construction projects in civil engineering contracts of the Group. The prolonged retention of the workforce on-site and implementation of a strict preventive measure for COVID-19 have increased the direct cost of our civil engineering contracts and thus drove down our gross profit margin to 2% during the Year, compared with 11% from the Previous Year.

2/In response to the economy uncertainty caused by the COVID-19 pandemic, the Group adopted a more conservative approach in submitting tender and have not entered into any new construction project in overseas market during the Year. Given all the construction related project in overseas market have been completed in the Previous year, no revenue was reported from the overseas construction related business segment for the Year as compared with the revenue and profit of HK\$98 million and HK\$13 million reported in the Previous Year respectively.

The Company is still in the process of finalising the 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 or audited 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 2021.

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 2021

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.