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WING CHI HOLDINGS LIMITED

榮智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6080)

INSIDE INFORMATION

EXPECTED SIGNIFICANT DECREASE IN LOSS

This announcement is made by Wing Chi Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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).

Reference is made to the announcement of the Company regarding inside information on expected significant decrease in loss dated 23 October 2019 (the “**Previous Decrease in Loss Announcement**”). The purpose of this announcement is to provide an update on the financial position of the Company following the publication of the Previous Decrease in Loss Announcement.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the Group’s unaudited consolidated management accounts for the year ended 31 March 2020 (the “**FY2020**”) and the financial information currently available to the Board, the Group’s consolidated net loss for the FY2020 is expected to decrease significantly within the range of approximately 54% to 65% as compared to the consolidated net loss of approximately HK\$34.5 million for the year ended 31 March 2019 (the “**FY2019**”). Such expected significant decrease in the consolidated net loss for the FY2020 was mainly due to the improvement of the gross profit margin. Despite the slight decrease in revenue for the FY2020 which will be explained in the following paragraph, the gross profit margin of the Group for the FY2020 has improved mainly due to the fact that most of the loss projects have substantially been completed in the corresponding period of last year and the number of loss projects for the FY2020 has substantially been reduced.

Based on the information currently available, the Board also wishes to inform the Shareholders and potential investors that the expected revenue of the Group for the FY2020 will decrease slightly since most of the Group’s sizable projects have substantially been completed in the FY2019. The slight decrease in revenue is also due to the severe competition in the foundation and site formation market following (i) an increase in market participants, (ii) the suppressed contract prices in the industry and (iii) the overall weakness of the economy.

Moreover, the outbreak of novel coronavirus (COVID-19) (the “COVID-19”) has caused some disruption in the supply of materials from the People’s Republic of China which resulted in (i) delay in site progress and (ii) increase in cost due to the need to maintain the requisite site workforce and other machinery and equipment pending delivery of the requisite materials, resulting in unavoidable resources idling and increased overhead. In light of the negative impact on the operation of the Group arising from the COVID-19, the Group will continue to try its best to implement tight cost control measures on the existing projects, improve the efficiency of work-flow throughout the construction process, and strengthen the effectiveness of project management.

As the Company is still in the process of finalising the annual results of the Group for the FY2020, the information contained in this announcement represents only a preliminary assessment by the Board with reference to the latest unaudited consolidated management accounts of the Group and other information currently available, which have not been reviewed by the Auditors of the Company, nor have been confirmed by the Audit Committee of the Company. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the FY2020 which is expected to be published by the end of June 2020 in accordance with the Listing Rules.

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

By Order of the Board
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman

Hong Kong, 5 May 2020

As at the date of this announcement, the Executive Directors are Mr. Li Cheuk Kam and Mr. Li Wai Fong; the Non-executive Director is Mr. Poon Wai Kong; and the Independent Non-executive Directors are Mr. Wong Chik Kong, Mr. Chan Chung Kik Lewis and Mr. Lee Kwok Lun.