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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)

PROFIT WARNING

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).

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 condensed consolidated management accounts for the six months ended 30 September 2020 (the “**Period**”) and the financial information currently available to the Board, the Group is expected to record a net loss attributable to owners of the Company of not less than approximately HK\$26 million for the Period as compared to the net loss attributable to owners of the Company of approximately HK\$7.5 million for the six months ended 30 September 2019.

The Board considers that such an increase in loss is mainly due to:

1. substantial loss being incurred in some of the foundation and site formation works due to (i) the need to employ additional resources to deal with the unforeseen ground conditions and site constraints in the construction projects and (ii) delay in the handover of certain works area and change of construction methods by clients which in turn impair construction efficiency;
2. the adverse impact from the outbreak of novel coronavirus (“**COVID-19**”) which has caused deterioration of the macro-economy and increased the difficulty on the Group’s negotiation with its customers on the construction workdones of the completed projects;
3. an increase in impairment loss on contract assets has been recognised during the Period; and
4. the decrease in gross profit margin due to severe competition in the foundation and site formation market following (i) the suppression of contract prices in both the public and the private sectors and (ii) the overall weakness of the economy.

As the Company is still in the process of finalising the unaudited condensed consolidated interim results of the Group for the Period, the information contained in this announcement represents only a preliminary assessment by the Board with reference to the latest unaudited condensed 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 interim results announcement of the Group for the Period which is expected to be published by the end of November 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, 23 October 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.