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Kwong Luen Engineering Holdings Limited

廣聯工程控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1413)

PROFIT WARNING

This announcement is made by Kwong Luen Engineering Holdings Limited (the “**Company**”, 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 in 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 “**Shareholders**”) and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group and the information currently made available to the Board, the Group is expected to record consolidated loss attributable to owners of the Company of approximately HK\$2.0 million to consolidated profit attributable to owners of the Company of approximately HK\$2.0 million for the year ended 31 March 2023, as compared to consolidated profit attributable to owners of the Company of approximately HK\$23.5 million for the year ended 31 March 2022.

Such substantial decline in profit is mainly attributable to a decrease in gross profit margin for the Group’s business due to (i) the increase in cost of sales as a result of increase in price of the raw materials, mainly attributable to the outbreak of COVID-19 SARS-CoV-2 Omicron variant in Hong Kong in early 2022 and mainland China in the second and third quarter of 2022; and (ii) stagnation in economic growth of Hong Kong, as demonstrated by the contraction in gross domestic product of Hong Kong for each of the four quarters of 2022 and the reduction of private residential development from 21,300 units in 2021 to 11,000 in 2022, leading to increased competition, reduction in tender opportunities and decrease in gross profit margin of projects awarded.

As the Company is still in the process of finalising the annual results of the Group for the year ended 31 March 2023, the information contained in this announcement is based solely on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group and the information currently available, which have neither been reviewed by the audit committee of the Company nor reviewed or audited by the Company's auditors. The above information may be subject to further adjustments upon final review by the Board. Shareholders and potential investors are advised to refer to the details in the annual results of the Group for the year ended 31 March 2023, which is expected to be published in late June 2023 in accordance with the Listing Rules.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
Kwong Luen Engineering Holdings Limited
YIP Kwong Cheung
Chairman and Executive Director

Hong Kong, 16 June 2023

As at the date of this announcement, the executive directors are Mr. YIP Kwong Cheung, Ms. KWAN Chui Ling and Mr. LIN Rida; and the independent non-executive directors are Ms. CHENG Shing Yan, Mr. WONG Yiu Kit Ernest and Mr. TANG Sher Kin.