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HANDS FORM HOLDINGS LIMITED

恆新豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1920)

PROFIT WARNING

This announcement is made by Hands Form 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 in 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 of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2020 and the information currently available, the Group is expected to record a consolidated net profit of not more than HK\$10 million for the year ending 31 December 2020, as compared to the consolidated net profit of approximately HK\$35.8 million for the year ended 31 December 2019.

The Board is of the view that the expected decrease in net profit is due to the aggregate effect of the following:

- (a) decrease in revenue due to substantial completion of the projects on hand during the year ending 31 December 2020 and competitive construction project pricing arising from intense market competition;
- (b) decrease in the gross profit margin due to (i) the need to employ additional subcontractors and resources to deal with unexpected changes to the on-site arrangements initiated by main contractors and (ii) delay in site progress due to the sustaining outbreak of Novel Coronavirus Disease 2019 (COVID-19) has resulted in an increase in subcontracting costs owing to the prolonged need for maintaining the required site workforce; and

- (c) the negative effect of (a) and (b) above was partially offset by the recognition of one-off government subsidy granted to the Group under Employment Support Scheme for the Construction Sector (Casual Employees) launched by the Construction Industry Council in connection with the outbreak of COVID-19.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2020 and the information currently available, which have not been audited or reviewed by the Group's auditors or the audit committee of the Board, and may be subject to adjustments. Shareholders and potential investors of the Company are advised to refer to the details in the annual results announcement of the Company for the year ending 31 December 2020, which is expected to be published in March 2021 in accordance with the Listing Rules.

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

By order of the Board
Hands Form Holdings Limited
Cheung Kwok Fai Adam
Chairman and Executive Director

Hong Kong, 11 December 2020

As at the date of this announcement, the Board comprises Mr. Cheung Kwok Fai Adam, Mr. Ng Sheung Chung and Mr. Ma Kan Sun as executive Directors, Mr. Chong Kan Kin as non-executive Director, and Mr. Pak Shek Kuen, Mr. Lo Chi Hung and Mr. Ho Kwok Lung as independent non-executive Directors.