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HONG WEI (ASIA) HOLDINGS COMPANY LIMITED

鴻偉（亞洲）控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 8191)

PROFIT UPDATE

This announcement is made by Hong Wei (Asia) Holdings Company Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

2019 Unaudited Annual Results

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary assessment of the unaudited management accounts of the Company for the year ended 31 December 2019 (“**Current Period**”) and other information currently available, the Company is expected to record a profit attributable to the Shareholders for the Current Period of between HK\$23.0 to HK\$24.0 before changes in fair values less costs to sell of biological assets (“**Valuation Changes of Biological Assets**”) as compared to the loss for the year attributable to owners of the Company of approximately HK\$59.6 million for the year ended 31 December 2018 (“**Previous Period**”), which included net loss arising from changes in fair values less costs to sell of biological assets of approximately HK\$64.5 million. This improvement mainly due to the absence of adjustments for the Current Period on (a) impairment loss in property, plant and equipment as there had been no further sustaining decline in sales volume and average unit selling price of particleboards as a result of adverse market condition reported in the Previous Period ; and (b) impairment loss on prepaid forestlands lease payments attributable to the material curtailment of grant by the relevant government department of timber wood harvesting quotas as part of the PRC government’s strengthening in the drive of environmental protection in Previous Period.

As the Company is still in the course of preparing the financial results of the Company for the year ended 31 December 2019, the information contained in this announcement is only a preliminary assessment by the Board based on the unaudited management accounts of the Company and other information currently available to the Company which has not been reviewed or audited by the auditors or the audit committee of the Company, and may be subject to further adjustments or amendments. Details of the financial information to be disclosed in the Company’s annual results

announcement for the year ended 31 December 2019 shall prevail over the information contained in this announcement.

As at the date of this announcement, due to restrictions in force in parts of China (and more recently in Hong Kong) to restrict travel and require quarantine of visitors to combat the COVID-19 outbreak since early 2020, the audit process for the annual results for the Current Period has not yet been completed (primarily including interviews with suppliers and bankers of the Group which are located in Mainland China that has been seriously hampered due to the COVID-19 situation) and the valuation process by professional valuers (the “**Valuers**”) has also been delayed due to late receipt of third party industry data for valuation of biological assets. The information contained in this announcement is only based on preliminary assessments made by the Board with reference to the Group’s unaudited consolidated management accounts (without taking into account the effect of the Valuation Changes of Biological Assets) for the Current Period and other information currently available, which has not been reviewed by the Company’s auditor and the audit committee of the Company and may be subject to changes.

2020 First Quarterly Results

Based on a preliminary assessment of the unaudited management accounts of the Company for the three months ended 31 March 2020 (“**2020Q1**”) and other information currently available, the Company is expected to record an increase in quarterly loss attributable to the owners of the Company for 2020Q1 of approximately three times that recorded for the three months ended 31 March 2019 (“**2019Q1**”). The increase in loss was mainly attributable to the decrease in revenue and gross profit for 2020Q1 by approximately over 60% and 40% respectively. Such decrease in revenue and profit was partially offset by the corresponding decrease in selling and distribution expenses attributable to the decrease in customers orders in 2020Q1 as well as decrease in administration expenses in the 2020Q1 attributable to the suspension of business activities due to restrictions imposed by the local government in view of the outbreak of COVID-19 in China. Nevertheless, the extent of decrease in selling and distribution expenses and administration expenses was still insufficient to offset the impact arising from the decrease in gross profit and hence contributing to the increase in loss for 2020Q1 to approximately HK\$6 million (2019Q1: HK\$1.4 million).

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company and, in case of doubt, to seek independent advice from professional or financial advisers.

By order of the Board
**Hong Wei (Asia) Holdings Company
Limited**
Wong Cheung Lok
Chairman and executive director

Hong Kong, 26 March 2020

As at the date of this announcement, the executive Directors are Mr. Wong Cheung Lok, Ms. Cheung Ngar Kwan, Mr. Liu Jiayong, Mr. Wong Kin Ching and Mr. Lai Weifeng; and the independent non-executive Directors are Dr. Xu Jianmin, Ms. Qian Xiaoyu and Dr. Chow Ho Wan, Owen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website (www.hkgem.com) for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.hongweiasia.com.