MILESTONE

Milestone Builder Holdings Limited
進 階 發 展 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1667)

PROFIT WARNING

This announcement is made by Milestone Builder Holdings Limited (the "**Company**"and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) 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).

Based on the information currently available to the board of directors of the Company (the "**Board**") and the preliminary review of the management accounts of the Group for the six months ended 30 September 2020 (the "**Period**"), the Board wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors of its preliminary estimation that the Group is expected to record a consolidated net loss attributable to the owners of the Company for the six months ended 30 September 2020 of approximately HK$39 million as compared to a consolidated net profit of approximately HK$0.6 million for the six months ended 30 September 2019 (the "**Profit Warning**"). The expected loss of the Group's results was primarily attributable to:

1. the on-going projects during the Period which had lower gross profit margin than that of the on-going projects during the period ended 30 September 2019 due to the increasingly competitive environment of the construction industry;

2. decrease in the number of projects awarded to the Group in both public and private construction market, due to severe competition and the negative effect arising from the outbreak of the novel coronavirus (COVID-19) and the overall economic depression in Hong Kong; and

3. cost overrun resulting from unexpected prolonged completion of certain projects as there were additional costs incurred to catch up with the progress of these certain on-going projects and to maintain the quality of construction work.

As at the date of this announcement, the Group is in the course of finalising the interim results of the Group for the Period. As such, the information contained in this announcement is a preliminary assessment and estimation by the management of the Company based on the information currently available, including the management accounts of the Group for the Period. This preliminary assessment is not based on any financial figures and/or information which have been audited, verified or reviewed by the Company's auditors or audit committee. As such, the final interim results of the Group for the Period may therefore be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read carefully the final interim results announcement of the Company for the Period (the "**2020 Final Interim Results Announcement**"), which is expected to be published by end of November 2020.

Reference is also made to the Company's announcement dated 29 October 2020 (the "**Rule 3.5 Announcement**") jointly issued by Smart Excel Group Limited and the Company in relation to the Offer (as defined in the Rule 3.5 Announcement). Following the publication of the Rule 3.5 Announcement, the Company is required to comply with the relevant requirements under the Code on Takeovers and Mergers (the "**Takeovers Code**") issued by the Securities and Futures Commission. The Profit Warning constitutes a profit forecast under the Takeovers Code and must be reported on by the Company's financial adviser and its auditors or consultant accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosures of the inside information under Rule 13.09 of the Listing Rules and the Inside Information Provisions, the Company is required to issue this announcement as soon as practicable and given the time constraints, the Company has encountered genuine practical difficulties (time-wise or otherwise) in meeting the reporting requirements set out in Rule 10.4 of the Takeovers Code.

Pursuant to Rule 10.4 of the Takeovers Code and Practice Note 2 of the Takeovers Code, the reports from the Company's financial adviser and auditors or consultant accountants on the Profit Warning are required to be included in the next document to be sent to the Shareholders in connection with the Offer (as defined in the Rule 3.5 Announcement), which is expected to be the composite offer and response document (the "**Composite Document**"). It is expected that the 2020 Final Interim Results Announcement will be published after the despatch of the Composite Document. If this is the case, the Profit Warning shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Composite Document to be sent to the Shareholders. Otherwise, the requirement under Rule 10 of the Takeovers Code to report on the Profit Warning will be superseded by the publication of the 2020 Final Interim Results Announcement, provided that the relevant results together with the notes to the financial statements are included in the Composite Document.

The Shareholders and potential investors should note that the Profit Warning does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with Rule 10 of the Takeovers Code. Shareholders and potential investors are advised to exercise caution in placing reliance on the Profit Warning in assessing the merits and demerits of the Offer (as defined in the Rule 3.5 Announcement) and when dealing in the securities of the Company.

By Order of the Board
Milestone Builder Holdings Limited
Leung Kam Fai
Chairman and Executive Director

Hong Kong, 11 November 2020

As at the date of this announcement, the executive directors of the Company are Mr. Leung Kam Fai (Chairman) and Mr. Lam Ka Ho, and the independent non-executive directors of the Company are Mr. Keung Kwok Hung, Ms. Lau Suk Han Loretta, Mr. Wong Chun Tai and Mr. Fong Man Fu Eric.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The English text of this announcement shall prevail over its Chinese text.