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SAM WOO CONSTRUCTION GROUP LIMITED

三和建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code : 3822)

PROFIT WARNING

This announcement is made by Sam Woo Construction Group 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 pursuant to 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 (the “**Shareholders**”) of the Company and potential investors that, based on the information currently available to the Board, the Group expects to record a net loss of not less than HK\$30 million for the year ended 31 March 2021 (the “**Year**”) as compared to the net profit for the last year. Such expected net loss arose mainly because contract revenue decreased more than 60% during the Year as compared to that of the last year.

As disclosed in the last published interim report of the Group, there was a gap period during which the construction revenue dropped more than half while overhead costs such as equipment depreciation and labour costs did not decrease in proportion. Such gap period occurred in the first half of the Year because (a) the Hospital Expansion, Airport Logistic Centre and Tseung Kwan O Cross Bay Link construction projects were completed; but (b) the construction works of new projects including West Kowloon Cultural District and Kai Tak Development District projects were scheduled in the second half of the Year. As a result, the Group recorded a net loss of HK\$43 million for the first half of the Year.

Situation in the second half of the Year has improved as more construction projects had commenced works.

Despite the above, the directors of the Company are of the view that the financial position of the Group remained healthy with expected zero net gearing as at 31 March 2021.

The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available and the latest available unaudited management accounts of the Group, which have not been reviewed or audited by the Company's audit committee or auditors and are subject to adjustments. The Company is in the process of preparation for the final results of the Group for the year ended 31 March 2021 which is expected to be published by the end of June 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Sam Woo Construction Group Limited
Lau Chun Ming
Chairman

Hong Kong, 25 May 2021

As at the date of this announcement, the executive directors of the Company are Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung Lai So; the independent non-executive directors of the Company are Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold.