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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\$10 million for the six months ended 30 September 2021 (the “**Period**”). This represented a reduction in the net loss as compared to HK\$43 million recorded for the corresponding period in the last year.

As disclosed in the last published annual report of the Group for the year ended 31 March 2021, the Group has three major projects on hand, including West Kowloon Cultural District, Kwun Tong Commercial Building and East Kowloon Public Housing. This contributed to an increase in the Group’s contract revenue of over 65% for the Period compared to the corresponding period in the last year. However, the gross profit margin was relatively low despite the increase in contract revenue. One of the main reasons was the increase in material prices, in particularly construction steel which forms a major cost component of foundation works. The market price of steel had risen to its new record during the Period and therefore the Group has increased the material costs for the projects on hand. Another reason attributable to the thin gross profit margin was the extra labour and plant costs incurred by the Group due to idling resulted from the interrupted work programme in a construction site. Accordingly, the gross profit generated by these projects was not enough to cover the overheads of the Group and therefore a net loss was recorded for the Period.

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 interim results of the Group for the period ended 30 September 2021 which is

expected to be published by the end of November 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, 27 October 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.