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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\$90 million for the year ended 31 March 2022 (the “**Year**”). The main reason was that gross profit margin of the major projects was relatively low which was not enough to cover the overheads of the Group.

The management considered that there were several factors leading to the thin gross profit margin of the major projects. (1) Some contract customers had not yet certified the value of construction works in response to the Group’s application for interim payments. Therefore, the contract revenue recognised by the Group might not be able to cover all the contract costs incurred in the same period. (2) Material prices had increased in general during the Year. The market price of steel and fuel had risen to new records during the Year and therefore the Group has increased the material costs for the construction contracts. (3) The Group incurred extra labour and plant costs during idling time resulted from interrupted work programme in some construction sites.

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 2022.

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 2022 which is expected to be published by the end of June 2022.

**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, 24 May 2022

*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.*