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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\$80 million for the six months ended 30 September 2022 (the “**Period**”). Such expected net loss arose mainly because contract revenue decreased more than 40% during the Period as compared to that of the last year and therefore was not enough to cover the construction costs and overheads of the Group incurred during the Period.

The management considered that there were several factors leading to such result. (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) There were gap periods between the completion of East Kowloon Public Housing project and West Kowloon Cultural District project and the commencement of Kai Tak Public Housing project which was awarded in late July. Therefore, the reduced contract revenue during the gap periods was not enough to cover the overhead costs such as equipment depreciation and labour costs.

Despite the above, the directors of the Company are of the view that the financial position of the Group remained healthy. The Group has recently obtained two long term loan facilities in an aggregate amount of HK\$200 million which fall due after two years (Please refer to the Company’s announcements dated 20 June 2022 and 28 September 2022 for details). These two loan facilities together with other new facilities enable the Group to have sufficient working capital to complete the current projects and to bid other new projects.

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 2022 which is expected to be published by the end of November 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, 28 October 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.