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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 for the year ended 31 March 2019 (the “**Year**”) as compared to the net profit for the last year. The expected net loss was incurred mainly because (a) contract revenue and profit margin derived from the major construction projects decreased while overhead costs had not decreased proportionately; and (b) provision for retention receivables increased.

As disclosed in the last published interim report of the Group for the first half of the Year, the Group recorded a net loss mainly attributable to the decrease in contract revenue. The Group mainly relied on the Hospital Expansion project to contribute to the Group’s revenue and profit. However, this project had a relatively lower margin due to subcontracting of non-bored piling works. Besides, due to a limited number of tenders available, tenders that were available had consequently been met with severe price competition. Therefore, the Group expected the profit margin of its projects to remain substantially suppressed.

The directors of the Company are of the view that the financial position of the Group remains healthy with expected zero net gearing as at 31 March 2019, which will enable the Group to brace itself against operational pressures.

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 which is expected to be published by the end of June 2019.

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, 26 April 2019

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.