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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\$15 million for the year ended 31 March 2023 (the “**Year**”), which represented an improvement as compared to the net loss of HK\$87 million as resulted in the first six months period of the Year (the “**First Half**”).

As disclosed in the last interim report of the Company for the six months ended 30 September 2022, the contract income recognised in the First Half was not able to cover the contract costs and overheads incurred in the same period because (1) some contract customers had not yet certified the value of construction works in response to the Group’s application for interim payments; and (2) there were gap periods between the completion of East Kowloon Cultural District project and West Kowloon Cultural District project and the commencement of Kai Tak Public Housing project in the second quarter of the Year.

The above situation has improved in the second half of the Year (the “**Second Half**”) because (1) construction works of Kai Tak Public Housing project have commenced and (2) some contract customers have certified or have agreed to certify the value of construction works undertaken in the previous periods. Therefore, the Group’s contract income increased substantially in the Second Half, as compared with the First Half. Accordingly, gross profit generated in the Second Half enabled the Group to set-off a significant part of the gross loss incurred in the First Half. In addition, a large part of the provisions made for the long outstanding retention receivables related to two completed Macau projects was written back after the relevant contract monies were received by Group in the Second Half.

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 2023 which is expected to be published by the end of June 2023.

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, 29 May 2023

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.