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SH GROUP (HOLDINGS) LIMITED

順興集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1637)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review on the unaudited management accounts of the Group and information currently available to the Board, the Group is expected to record a notable improvement in the operating results and a net profit for the six months ended 30 September 2017 as opposed to a net loss for the corresponding period ended 30 September 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by SH Group (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) wishes to inform the shareholders of the Company and potential investors that, based on the preliminary review on the unaudited management accounts of the Group and the information currently available to the Board, the Group is expected to record a notable improvement in the operating results and a net profit for the six months ended 30 September 2017 as opposed to a net loss for the corresponding period ended 30 September 2016. The Board considers that the aforementioned turnaround from net loss to net profit was mainly due to (i) the increase in revenue recognised from the engineering service contracts mainly attributable to the increase in average contract size of the Group’s projects in progress; (ii) the increase in gross profit margin mainly attributable to a change in project mix towards more residential projects, which generally offer a higher gross profit margin than non-residential projects; and (iii) there was no one-off listing expenses incurred during the six months ended 30 September 2017.

If the effect of the one-off listing expenses incurred during the six months ended 30 September 2016 is excluded, the Group would be expected to record a significant increase of no less than 100% in the profit attributable to owners of the Company for the six months ended 30 September 2017 as compared to the six months ended 30 September 2016.

As the Company is still in the process of finalising the unaudited consolidated interim results of the Group for the six months ended 30 September 2017, the information contained in this announcement is only based on the preliminary review and assessment by the Board of the unaudited management accounts of the Group and other information currently available, which have neither been reviewed by the audit committee of the Company nor audited or reviewed by the Company's auditors. The above information may be subject to further adjustments upon further review. Shareholders of the Company and potential investors are advised to read carefully the announcement of the interim results of the Group for the six months ended 30 September 2017 which is expected to be published in November 2017 in accordance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
SH Group (Holdings) Limited
Yu Cheung Choy
Chairman

Hong Kong, 16 October 2017

As at the date of this announcement, Mr. Yu Cheung Choy and Mr. Lau Man Ching are the executive Directors; Mr. Yu Ho Chi is the non-executive Director; and Mr. Lam Yim Nam, Mr. Lee Wing Kee and Mr. To Yan Ming, Edmond are the independent non-executive Directors.