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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)

PROFIT WARNING

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 significant decrease in its net profit for the Current Period as compared to the net profit of approximately HK\$20.2 million for the Last Period.

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 significant decrease in its net profit for the six months ended 30 September 2018 (the “**Current Period**”) as compared to the net profit of approximately HK\$20.2 million for the same period last year (the “**Last Period**”). The Board considers that the significant decrease in net profit was mainly attributable to the following factors:

- a) Decrease in revenue since the majority of the projects undertaken during the Last Period were substantially completed in the year ended 31 March 2018 while some of the awarded projects currently on hand are at the early stage of project implementation, hence the revenue being recognised by the Group during the Current Period was minimal; and
- b) Decrease in gross profit and gross profit margin mainly due to (i) intensified competition in the industry faced by the Group that the Group adopted a more competitive pricing strategy in securing new projects; and (ii) increase in direct staff costs as a result of more employees were hired to handle the awarded projects currently on hand.

As the Company is still in the process of finalising the unaudited consolidated interim results of the Group for the Current Period, 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 Current Period which is expected to be published before the end of November 2018 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, 2 November 2018

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.