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AB BUILDERS GROUP LIMITED

奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01615)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by AB Builders Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Due to the on-going China-US trade tension, the global lockdowns and restrictions following the outbreak of novel coronavirus (“**COVID-19**”), this has contributed a serious economic recession in Macau since the real GDP of Macau for the first quarter of 2020 decreased by 48.7% when compared with that for the first quarter of 2019.

The board of directors (the “**Board**”) of the Company wishes to inform shareholders of the Company and potential investors that, based on preliminary assessment of the unaudited consolidated management accounts of the Group and information currently available to the Board, the Group is currently expected to record a significant net loss for the six months ended 30 June 2020 as compared to a net profit of approximately MOP15.2 million for the corresponding period in 2019.

The expected decline in performance for the six months ended 30 June 2020 was primarily attributable to:

- The on-going projects during the period ended 30 June 2020 were with lower gross profit margin than that of the on-going projects during the period ended 30 June 2019 due to the increasingly competitive environment of the construction industry. Also, the number of projects generating revenue during the period ended 30 June 2020 was less than that of the period ended 30 June 2019;
- As a result of the macro-economics pressure and the continuing pressure following the outbreak of COVID-19, the progress of certain on-going projects has delayed which adversely affected the corresponding revenue and gross profit.

Due to the above-mentioned factors, the Group is facing a challenging period for the six months ended 30 June 2020 as well as the whole year of 2020, leading to the expected significant decline in performance. The Board is already taking proactive measures to mitigate the operational risks and reduce costs. As part of the cost-saving measures, all executive directors of the Company have agreed to take a pay cut by 30% whereas all senior management of the Company have agreed to reduce their salaries by 20% from June 2020 to August 2020. The Company also implemented salary reduction scheme for its staff. Depending on the circumstances, all cost-saving measures may be extended to the end of the year.

Despite of the expected decrease in performance for the six months ended 30 June 2020, the Board continues to consider that the Group is capable of maintaining a sustainable and healthy financial position while continuing to solidify its competitiveness in the construction markets both in Macau and Hong Kong. In addition, given the Group's track record in the construction industry, the Board also believes that the Group is well-positioned to grab opportunities once the market recovers. As at the date of this announcement, the Company is still in the process of finalising the unaudited consolidated interim results of the Group for the six months ended 30 June 2020. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available to the Board, which have not been reviewed by the audit committee of the Company nor the Company's auditors and are subject to possible adjustments arising from further review.

Shareholders of the Company and potential investors should exercise caution when dealing in the securities of the Company.

By Order of the Board
AB Builders Group Limited
Lao Chio Seng
Chairman and executive Director

Macau, 9 July 2020

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Lao Chio Seng, Ms. Lao Chao U, Ms. Lao Ka U, Mr. Cheang Iek Wai and Mr. Ip Kin Wa; and three independent non-executive Directors, namely Mr. Chu Yat Pang Terry, Mr. O'Yang Wiley and Mr. Choy Wai Shek, Raymond, MH, JP.