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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)

DISCLOSEABLE TRANSACTION PURCHASE OF EQUIPMENT AND CHANGE OF USE OF THE NET PROCEEDS

On 18 May 2015, an order was confirmed by the SWEE with the Supplier, pursuant to which SWEE shall purchase the Equipment for the Consideration of EUR11,689,536 (equivalent to approximately HK\$104 million) from the Supplier.

As one or more of the applicable percentage ratios in relation to the transactions contemplated under the Order Confirmation is more than 5% but less than 25%, the transactions contemplated under the Order Confirmation together constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Based on the operational needs of the Group arising from ongoing projects and potential future projects, the Group decided to proceed with the purchase of the Equipment under the Order Confirmation. With a view to satisfy the Consideration, the Board resolved to reallocate the use of the Net Proceeds for financing the expansion of the Group's fleet of machinery and equipment by removing the restriction on the number and the mix of each kind of machinery and equipment to increase flexibility.

Reference is made to an announcement published by the Company dated 23 March 2015 in relation to the Memorandum of Understanding (“MOU”) for the purchase of equipment from a potential supplier. After arm's length negotiation between the Parties on terms, including but not limited to the purchase quantity and delivery schedule, an order was confirmed on 18 May 2015 by the Purchaser for the purchase of the Equipment from the Supplier at the Consideration of EUR11,689,536 (equivalent to approximately HK\$104 million).

THE ORDER CONFIRMATION

Date	:	18 May 2015
Parties	:	(1) the Purchaser, SWEE, a wholly-owned subsidiary of the Company is principally engaged in the leasing of machinery and equipment in Hong Kong (2) the Supplier, an European manufacturer of construction machinery and equipment
Equipment	:	a batch order of foundation related machinery and equipment as specified under the Order Confirmation
Consideration	:	EUR11,689,536 in aggregate (equivalent to approximately HK\$104 million)
Payment Terms	:	the agreed price of the Equipment under each delivery will become payable seven days prior to the respective delivery, which is scheduled to take place prior to 31 December 2015

The Directors confirm that the Consideration was determined after arm's length negotiations between the Parties by reference to the market value of similar type of equipment.

The Purchase is subject to (i) proper financial arrangement in place; and (ii) approval from, among others, the Stock Exchange, if necessary.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Supplier and its ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

REASONS FOR AND BENEFITS OF THE MEMORANDUM OF UNDERSTANDING

The Group is principally engaged in the provision of foundation works and ancillary services. The Equipment is intended to be deployed in construction projects by the Group. The Directors believe that the purchase of the Equipment will enhance the construction capacity and efficiency of the Group.

The Directors are of the view that the Order Confirmation are made on normal commercial terms which are fair and reasonable. The Directors also believe that the purchase of the Equipment is in the interest of the Group and the shareholders of the Company as a whole.

SOURCE OF FUNDING

The purchase of the Equipment will be financed by internal resources (including the Net Proceeds) and borrowings of the Group. As at the date of this announcement, the amount of borrowings to finance this purchase is still under negotiation between the Group and the financial institutions. Notwithstanding that the Consideration will be settled in EUR and the Company may be exposed to foreign exchange risks, the Directors consider that there will not be material adverse impact to the financial conditions of the Group.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in relation to the transactions contemplated under the Order Confirmation is more than 5% but less than 25%, the transactions contemplated under the Order Confirmation together constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Group did not have prior transactions with the Supplier and/or its ultimate beneficial owner which would require to be aggregated under Rule 14.22 of the Listing Rules.

CHANGE OF USE OF THE NET PROCEEDS

Pursuant to the Prospectus, the Company intends to utilise the Net Proceeds in the following manner:

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| approximately 90% or
approximately HK\$87.3 million | – to acquire and/or partly finance the expansion of the Group's fleet of machinery and equipment, including four crawler cranes, four oscillators and four reverse circulation drills from Asian and/or European machinery suppliers; and |
| approximately 10% or
approximately HK\$9.7 million | – to be used as general working capital of the Group. |

Based on the latest unaudited consolidated management accounts of the Group as at 31 March 2015, the Net Proceeds received by the Company were approximately HK\$117 million, after the deduction of underwriting fees and commission and expenses. As at the date of this announcement, the Company has not utilised any of the Net Proceeds and has placed the entire amount of the Net Proceeds in deposit with the Company's bank accounts.

Based on the operational needs of the Group arising from ongoing projects and potential future projects, the Group decided to proceed with the purchase of the Equipment under the Order Confirmation. With a view to satisfy the Consideration, the Board resolved to reallocate the use of the Net Proceeds for financing the expansion of the Group's fleet of machinery and equipment by removing the restriction on the number and the mix of each kind of machinery and equipment to increase flexibility. The adjusted proposed use of the Net Proceeds as follows:

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| <p>approximately 90% or
approximately HK\$105 million</p> | <p>– to acquire and/or partly finance the expansion of the Group's fleet of machinery and equipment, including but not limited to crawler cranes, oscillators, reverse circulation drills and other foundation related equipment and ancillaries from Asian and/or European machinery suppliers; and</p> |
| <p>approximately 10% or
approximately HK\$12 million</p> | <p>– to be used as general working capital of the Group.</p> |

The Board considers that the above reallocation of the use of Net Proceeds will enable better alignment of the use of Net Proceeds with the Group's current financial needs and is therefore in the interests of the Company and its shareholders as a whole.

DEFINITIONS

“Board”	the board of Directors
“Company”	Sam Woo Construction Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the aggregate consideration for the purchase of the Equipment pursuant to the Order Confirmation
“Director(s)”	the director(s) of the Company
“Equipment”	a batch order of foundation related machinery and equipment as specified under the Order Confirmation
“EUR”	the lawful currency of the Euro Zone
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Proceeds”	the net proceeds from the Placing and Public Offer as defined in the Prospectus
“Order Confirmation”	the order confirmation dated 18 May 2015 by the Purchaser for the purchase of the Equipment from the Supplier
“Parties”	SWEE and the Supplier
“percentage ratio”	has the meaning ascribed to this term under the Listing Rules, as application to a transaction
“Prospectus”	the prospectus of the Company dated 29 September 2014
“Supplier”	an European manufacturer of construction machinery and equipment, an independent third party
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SWEE”	Sam Woo Engineering Equipment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

By order of the Board
Sam Woo Construction Group Limited
Lau Chun Ming
Chairman

Hong Kong, 18 May 2015

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.

Note: For the purpose of this announcement, amounts denominated in EUR have been translated into HK\$ for the purpose of illustration only at the exchange rate of EUR1.00 = HK\$8.8840.