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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)

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015**

The board (the “Board”) of directors (the “Directors”) of Sam Woo Construction Group Limited (the “Company”) is pleased to present the annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2015 (the “Year”/“2015”), together with the comparative figures for the corresponding year ended 31 March 2014 (the “Previous Year”/“2014”). These information should be read in conjunction with the prospectus of the Company dated 29 September 2014 (the “Prospectus”).

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2015**

		<b>Year ended 31 March</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>851,285</b>	492,734
Cost of sales	4	<b>(545,040)</b>	(327,100)
Gross profit		<b>306,245</b>	165,634
Other income and gain, net		<b>3,217</b>	2,867
Administrative expenses	4	<b>(55,362)</b>	(29,447)
Operating profit		<b>254,100</b>	139,054
Finance income	5	<b>1,277</b>	583
Finance costs	5	<b>(14,367)</b>	(9,742)
Finance costs, net	5	<b>(13,090)</b>	(9,159)
Profit before income tax		<b>241,010</b>	129,895
Income tax expense	6	<b>(21,842)</b>	(2,809)
Profit for the year		<b>219,168</b>	127,086
Other comprehensive income		<b>—</b>	—
Profit and total comprehensive income attributable to equity holders of the Company		<b>219,168</b>	127,086
Basic and diluted earnings per share (HK cents)	7	<b>63.39</b>	42.36

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2015**

		<b>As at 31 March</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>509,245</b>	398,832
Deferred income tax assets		<b>233</b>	3,602
Deposits and prepayments		<b>3,911</b>	1,368
		<hr/>	<hr/>
		<b>513,389</b>	403,802
		<hr/>	<hr/>
<b>Current assets</b>			
Trade and retention receivables	9	<b>202,367</b>	78,586
Deposits, prepayments and other receivables		<b>3,308</b>	3,115
Amounts due from customers			
for contract work		<b>27,054</b>	19,481
Amount due from a related company		–	386
Income tax receivable		–	27
Restricted bank balances		<b>55,041</b>	36,138
Short-term bank deposit		<b>8,000</b>	–
Cash and cash equivalents (excluding bank overdraft)		<b>177,061</b>	85,937
		<hr/>	<hr/>
		<b>472,831</b>	223,670
		<hr/>	<hr/>
<b>Total assets</b>		<b>986,220</b>	627,472
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>4,000</b>	–
Reserves		<b>523,780</b>	218,719
		<hr/>	<hr/>
<b>Total equity</b>		<b>527,780</b>	218,719
		<hr/>	<hr/>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2015**

		<b>As at 31 March</b>	
		<b>2015</b>	<b>2014</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		<b>122,510</b>	37,806
Deferred income tax liabilities		<b>41,818</b>	31,846
Amount due to a director		<b>20,125</b>	—
		<b>184,453</b>	69,652
<b>Current liabilities</b>			
Trade and retention payables	10	<b>36,936</b>	14,873
Accruals and other payables		<b>16,586</b>	22,284
Amounts due to customers for contract work		<b>6,834</b>	—
Borrowings		<b>203,423</b>	298,876
Income tax payable		<b>10,208</b>	3,068
		<b>273,987</b>	339,101
<b>Total liabilities</b>		<b>458,440</b>	408,753
<b>Total equity and liabilities</b>		<b>986,220</b>	627,472

*NOTES:*

**1 GENERAL INFORMATION AND REORGANISATION**

**1.1 General information**

The Company was incorporated in the Cayman Islands on 17 September 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in foundation works and ancillary services in Hong Kong and Macau (the "Business").

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 16 October 2014.

These consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated and was approved for issue on 24 June 2015.

**1.2 Reorganisation**

Prior to the completion of the group reorganisation set out under the section "History and Corporate Structure" in the Prospectus, which was completed on 15 September 2014 (the "Reorganisation"), companies now comprising the Group (collectively the "Operating Companies") were principally held under Sam Woo Group Limited ("SW (BVI)"), of which the sole shareholder was Actiease Assets Limited ("Actiease Assets").

On 15 September 2014, Actiease Assets transferred its entire interest in the issued share capital of SW (BVI) to the Company by crediting the Company's existing one nil-paid share in issue as fully paid and the Company allotting and issuing 999 additional shares, credited as fully paid, to Actiease Assets. Upon completion of the Reorganisation, the Company has become the holding company of the companies now comprising the Group.

On 15 September 2014, pursuant to the written resolution passed by the shareholders on 15 September 2014, the authorised share capital of the Company was increased from HK\$380,000 to HK\$10,000,000 by the creation of an additional 962,000,000 shares of HK\$0.01 each.

On 16 October 2014, pursuant to the Capitalisation Issue (as mentioned in the Prospectus), the Company issued additional 299,999,000 shares, credited as fully paid, to Actiease Assets.

On 16 October 2014, pursuant to the Share Offer (as mentioned in the Prospectus), the Company issued a total 100,000,000 shares at a price of HK\$1.50 per share.

### 1.3 Basic of presentation

Immediately prior to and after the Reorganisation, the Business has been conducted by the Operating Companies, principally under SW (BVI). Pursuant to the Reorganisation, the Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Business with no change in management of such business. Accordingly, the consolidated financial statements of the Group are presented using the carrying values of the Business under SW (BVI) for all years presented.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants and have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 2.2 Summary of significant accounting policies

#### (a) *New, revised and amended standards adopted by the Group:*

The following amendments to standards and interpretation are mandatory for the Group’s financial year beginning 1 April 2014 and have been adopted by the Group:

HKAS 32 (Amendment)	Financial Instruments: Presentation on Asset and Liability Offsetting
HKAS 36 (Amendment)	Recoverable Amount Disclosure for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of Derivatives
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Consolidation for Investment Entities
HK(IFRIC) – Int 21	Levies

The adoption of these new standards, amendments and interpretation to the existing standards does not have any significant impact to the results and financial position of the Group’s consolidated financial statements.

(b) *New and amended standards not yet adopted*

The following new standards and amendments have been issued but are not effective for the financial year beginning on or after 1 April 2014 and have not been early adopted:

HKAS 1 (Amendment)	Disclosure Initiative <sup>(2)</sup>
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>(2)</sup>
HKAS 16 and HKAS 41 (Amendment)	Bearer Plants <sup>(2)</sup>
HKAS 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contribution <sup>(1)</sup>
HKAS 27 (Amendment)	Equity Method <sup>(2)</sup>
HKFRS 9	Financial Instruments <sup>(5)</sup>
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture <sup>(2)</sup>
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception <sup>(2)</sup>
HKFRS 11 (Amendment)	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation <sup>(2)</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>(2)</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>(4)</sup>
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010 – 2012 cycle <sup>(1)</sup>
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011 – 2013 cycle <sup>(1)</sup>
HKFRSs (Amendment)	Annual improvements to HKFRSs 2012 – 2014 cycle <sup>(3)</sup>

- <sup>(1)</sup> Effective for the Group for annual period beginning on 1 July 2014.
- <sup>(2)</sup> Effective for the Group for annual period beginning on 1 January 2016.
- <sup>(3)</sup> Effective for the Group for annual period beginning on 1 July 2016.
- <sup>(4)</sup> Effective for the Group for annual period beginning on 1 January 2017.
- <sup>(5)</sup> Effective for the Group for annual period beginning on 1 January 2018.

Management is in the process of making an assessment on the impact of these new and revised standards, amendments or interpretations but is not yet in a position to determine whether they will have a significant impact on the Group's results of operations and financial position.

(c) *New Hong Kong Companies Ordinance (Cap.622)*

In addition, the revised listing rules on disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's financial year ending on 31 March 2016 with early adoption permitted. The Group has early adopted these revised listing rules in these consolidated financial statements, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

### 3 REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents gross contract receipts on foundation works and ancillary services in the ordinary course of business. Revenue recognised is as follows:

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover		
Foundation works and ancillary services	<b>851,285</b>	492,734

The chief operating decision-maker has been identified as the executive directors of the Company. The executive directors regard the Group's business as a single operating segment and reviews financial information accordingly.

#### (a) Segment information

The Group's revenue from external customers attributable to the countries which the Group derives revenue and information about its non-current assets, excluding deferred income tax assets, based on both (i) the country of domicile of companies holding these assets and (ii) their physical location are detailed below:

##### *Revenue from external customers*

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>446,417</b>	37,335
Macau	<b>404,868</b>	455,399
	<b>851,285</b>	492,734

##### *Non-current assets (excluding deferred income tax assets)*

- (i) Based on country of domicile of companies holding the assets:

	<b>As at 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>513,156</b>	400,200

The machinery and equipment of the Group were owned by Sam Woo Bore Pile Foundation Limited and Sam Woo Engineering Equipment Limited, the country of domicile of both is Hong Kong.



(ii) Based on physical location of the assets:

	As at 31 March	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	313,754	217,309
Macau	199,402	182,891
	<u>513,156</u>	<u>400,200</u>

#### 4 EXPENSES BY NATURE

	Year ended 31 March	
	2015 HK\$'000	2014 HK\$'000
Cost of sales		
Construction contracts costs ( <i>note (a)</i> )	519,829	311,181
Depreciation		
– owned plant and equipment	10,787	7,236
– leased plant and equipment	3,798	2,519
Repair and maintenance	1,897	322
Others	8,729	5,842
	<u>545,040</u>	<u>327,100</u>
Administrative expenses		
Staff costs, including directors' emoluments ( <i>note (b)</i> )	13,492	11,639
Auditors' remuneration	1,518	750
Depreciation		
– owned plant and equipment	651	666
Operating lease rental in respect of		
– office and storage premises	3,889	3,299
– directors' quarters	2,167	2,167
Professional fees		
– incurred for initial public offering	11,662	1,528
– others	11,665	3,049
Motor vehicle expenses	2,058	1,171
Bank charges	1,041	579
Others	7,219	4,599
	<u>55,362</u>	<u>29,447</u>
Total cost of sales and administrative expenses	<u>600,402</u>	<u>356,547</u>

Notes:

- (a) Construction contract costs included but not limited to costs of construction materials, staff costs (refer to note (b) below), consultancy fee, parts and consumables, subcontracting charges and transportation.

	Year ended 31 March	
	2015 HK\$'000	2014 HK\$'000
(b)		
Wages and salaries	179,864	116,572
Pension costs – defined contribution plans	1,918	1,471
Employment benefits	2,539	1,410
	<u>184,321</u>	<u>119,453</u>
Less: amount included in construction contracts costs or capitalised in work-in-progress	<u>(170,829)</u>	<u>(107,814)</u>
	<u><u>13,492</u></u>	<u><u>11,639</u></u>

## 5 FINANCE INCOME AND COSTS

	Year ended 31 March	
	2015 HK\$'000	2014 HK\$'000
Finance income		
– Interest income on bank deposits	<u>1,277</u>	<u>583</u>
	<u><u>1,277</u></u>	<u><u>583</u></u>
Finance costs		
– Interest expense on bank loans	(10,661)	(7,666)
– Interest expense on obligations under finance leases	(3,397)	(1,782)
– Interest expense on bank overdrafts	(184)	(294)
– Interest expense on amount due to a director	<u>(125)</u>	<u>–</u>
	<u><u>(14,367)</u></u>	<u><u>(9,742)</u></u>
Finance costs, net	<u><u>(13,090)</u></u>	<u><u>(9,159)</u></u>

## 6 INCOME TAX EXPENSE

Hong Kong profits tax and Macau complementary tax have been provided at the rate of 16.5% and 12%, respectively, on the estimated assessable profit for the Year and the Previous Year.

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
Current income tax	<b>3,347</b>	23
Over-provision in prior year	–	(20)
Deferred income tax	<b>13,341</b>	(263)
Macau profits tax		
Current income tax	<b>5,154</b>	3,069
	<b>21,842</b>	<b>2,809</b>

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 15 September 2014 and the Capitalisation Issue of the ordinary shares which took place on 16 October 2014.

	<b>Year ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Profit attributable to equity holders of the Company (HK\$'000)	<b>219,168</b>	127,086
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<b>345,753</b>	300,000
Basic earnings per share (HK cents)	<b>63.39</b>	42.36

### (b) Diluted

Diluted earnings per share is of the same amount as the basic earnings per share as there were no potential dilutive ordinary shares outstanding at the year end.

## 8 DIVIDENDS

- (a) Final dividends of HK\$50,000,000 and HK\$50,000,000 were declared and paid by SW (BVI) to the then shareholders in August 2013 and September 2014, respectively.
- (b) A dividend in respect of the year ended 31 March 2015 of HK15 cents per share, amounting to a total dividend of HK\$60,000,000, will be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect such dividend payable.

## 9 TRADE AND RETENTION RECEIVABLES

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
Trade receivables	127,835	27,799
Retention receivables	74,532	50,787
	<hr/>	<hr/>
Trade and retention receivables	<b>202,367</b>	<b>78,586</b>
	<hr/>	<hr/>

The credit period granted to trade customers other than for retention receivables was within 45 days. The terms and conditions in relation to the release of retention vary from contract to contract, which may be subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. The Group does not hold any collateral as security.

The ageing analysis of the trade receivables based on invoice date was as follows:

	As at 31 March	
	2015	2014
	HK\$'000	HK\$'000
1 to 30 days	127,835	27,799
	<hr/>	<hr/>

As at 31 March 2015, there were no trade and retention receivables which were past due but not impaired (2014: none).

## 10 TRADE AND RETENTION PAYABLES

	As at 31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<b>35,637</b>	14,534
Retention payables	<b>1,299</b>	339
	<hr/>	<hr/>
Total trade and retention payables	<b>36,936</b>	14,873
	<hr/> <hr/>	<hr/> <hr/>

The ageing analysis of the trade payables based on invoice date was as follows:

	As at 31 March	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 30 days	<b>25,586</b>	13,275
31 to 60 days	<b>5,142</b>	641
61 to 90 days	<b>1,823</b>	—
91 to 180 days	<b>3,032</b>	10
181 to 365 days	<b>54</b>	196
More than 365 days	—	412
	<hr/>	<hr/>
	<b>35,637</b>	14,534
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the Year under review, the Group achieved an outstanding performance with an increase of approximately 73% in the Group's revenue to approximately HK\$851 million (2014: HK\$493 million) from the provision of foundation works and ancillary services. The encouraging financial result was attributable to a few major projects undertaken during the Year.

<b>Major projects undertaken during the year ended 31 March 2015:</b>	<b>Status as at 31 March 2015</b>	<b>Expected completion date</b>
Multi-storey Logistics Centre at Tsing Yi	Completed	
Shatin to Central Rail Link Project	Completed	
Hotel Casino Project, Macau	Completed	
Hong Kong Boundary Crossing Facilities	Ongoing	2015/16
Composite Development Project, Macau	Ongoing	2015/16

The construction works of three major projects, namely the Multi-storey Logistics Centre at Tsing Yi, Shatin to Central Rail Link Project and Hotel Casino Project, Macau were already completed before the year-end date of 31 March 2015.

Among the two ongoing projects, only a small portion of the Hong Kong Boundary Crossing Facilities remains to be completed in mid-2015, while the Composite Development Project, Macau, which mobilisation works took place in around November 2014, is expected to be completed before the end of the financial year ending 31 March 2016. Additional work orders were recently requested by the contract customer to extend the scope of works of the Composite Development Project, Macau by more than one-half of the original number of bored piles together with other changes. While the contract value of this project is anticipated to exceed the previously mentioned sum of approximately HK\$463 million due to these additional work orders, the final contract sum is subject to re-measurement based on the actual volume of works performed.

### BUSINESS OUTLOOK

The recent delays in funding approvals granted by the Legislative Council have increased risks to the construction market due to resources being tied up for certain public infrastructure works with uncertain commencement dates. While we have submitted tenders for certain public works which were delayed due to pending budget approval by the Legislative Council, we have also kept abreast of the opportunities in the private sector. With the affirmative housing policy and supply targets announced by the HKSAR government to curb the over-heated residential market due to accumulated property supply shortages, prospects for the construction market are widely considered to be good based on the increasing number of new construction projects. Subsequent to the year end, the Group has confirmed a new project, namely the Proposed Commercial/ Residential Development in Wong Tai Sin district.

<b>New project confirmed subsequent to 31 March 2015</b>	<b>Status as at 31 March 2015</b>	<b>Expected completion date</b>
Proposed Commercial/Residential Development in Wong Tai Sin district	Not yet commenced	2016/17

Subject to the execution of all phases of construction works as stated in the contract for this project, the aggregate contract sum is expected to be in the region of HK\$320 million (including all contingent and/or provisional contract amounts) and this contract is expected to be completed in 2017 or earlier.

The Directors remain positive about the prospects of the construction industry attributable to the demand for commercial and residential buildings and public infrastructure developments in Hong Kong and Macau. Therefore, the Group continues to expand its fleet of machinery and equipment. While approximately HK\$127 million was invested during the Year to acquire additional foundation machinery and equipment, the Group placed an equipment purchase order of approximately HK\$104 million subsequently in May 2015 to further enhance its construction capacity and efficiency. For more details of this purchase order, please refer to the Company's announcement dated 18 May 2015.

## **FINANCIAL REVIEW**

Cost of sales increased by approximately 67% to HK\$545 million (2014: HK\$327 million) at a lesser rate as compared to the revenue's growth of approximately 73%, resulting in an improvement in gross margin to approximately 36% (2014: 34%). This mainly reflects the enhanced operational efficiency due to the timing of contracts awarded or commenced both in the first and second half of the Year and the subsequently shorter time between completion of one project and re-mobilising for a new project. The components in the costs of sales remain largely consistent as those of the Previous Year. While variable costs such as construction materials, labour costs, subcontracting fees and parts and consumables are largely dependent on the volume of construction activities undertaken, depreciation charges, which increased to approximately HK\$15 million for the Year (2014: HK\$10 million), mainly correlate to the Group's investments in acquiring machinery and equipment.

Administrative expenses of approximately HK\$55 million almost doubled compared to the Previous Year (2014: HK\$29 million). The increase was mainly attributable to the professional fees related to the Company's initial public offering (the "IPO") of approximately HK\$12 million; legal and professional fees and provision related to legal and arbitration proceeding arising from operations and consultancy fees of approximately HK\$12 million; as well as the increase in salaries and wages and other administrative expenses.

Finance costs for the Year were approximately HK\$14 million (2014: HK\$10 million), representing an increase of approximately 40%, mainly resulting from the drawdown of borrowings for acquisition of machinery and equipment and for working capital during the Year.

Income tax expense increased from approximately HK\$3 million in the Previous Year to approximately HK\$22 million in the Year, mainly due to the increase in estimated assessable profits subject to Hong Kong and Macau profits tax and deferred taxation arising from the accelerated depreciation allowance. The effective tax rate was about 9% (2014: 2%) which was lower than the statutory tax rates. The main reason was attributable to the intra-group leasing income not subject to Hong Kong and Macau tax, the details of which can be referred to in the Prospectus. The increase of this effective tax rate during the Year was mainly attributable to the increase in estimated assessable profits arising from the increased contract value of foundation works and ancillary services performed by the Group in Hong Kong during the Year when compared to the Previous Year.

As a result, profit after income tax of the Group was approximately HK\$219 million which was approximately 72% higher than that of approximately HK\$127 million for the Previous Year. The net margin remained stable at about 26% (2014: 26%).

### **Liquidity, Financial Resources and Gearing**

The Group generally meets its working capital requirements by cash flows generated from its operations and short term borrowings. During the Year, the Group generated net cash inflow from operating activities of approximately HK\$147 million, together with the availability of short term bank loans and overdrafts, thus the Group has been financially sound in its daily operations throughout the Year. A distribution of HK\$50 million final dividends relating to the Previous Year was also paid out in cash from the Group's retained earnings during the Year prior to the Reorganisation.

As at 31 March 2015, the Group had a total cash and bank balances of approximately HK\$240 million (2014: HK\$122 million) mainly denominated in HK\$ and MOP. The increase in total cash and bank balances was mainly due to the receipt of net proceeds from the IPO of approximately HK\$117 million, after the deduction of underwriting fees and commission and expenses.

As at 31 March 2015, the Group had total borrowings of approximately HK\$326 million (2014: HK\$337 million) denominated in either HK\$ or MOP. Borrowings usually include short-term and long-term bank loans, finance leases and overdrafts and carry variable interest rates. Among the total borrowings, approximately HK\$111 million (2014: HK\$121 million) were short-term bank loans and bank overdrafts and approximately HK\$75 million (2014: HK\$59 million) was the current portion of long-term bank loans and obligations under finance lease due within 12 months based on the respective scheduled repayment terms.



The Group's net gearing ratio, calculated by dividing net borrowings by total equity, was 0.23 times as at 31 March 2015 (2014: 1.10 times). For the purpose of calculating the Group's net gearing ratio, net borrowings represent the aggregate of total borrowings minus cash and cash equivalents, short-term bank deposits and restricted bank balances for securing the Group's revolving loan. As at 31 March 2015, the Group's net current assets were HK\$199 million (2014: net current liabilities of HK\$115 million) and current ratio, calculated by current assets divided by current liabilities, was 1.73 times (2014: 0.66 times). These improvements in the Group's financial position were mainly attributable to the strengthening of the capital base of the Company upon the Listing and the net profits generated from the Group's operations during the Year, which largely contributed to the increase in the Group's total equity to approximately HK\$528 million as at 31 March 2015 (2014: HK\$219 million).

The Group generally finances its capital expenditures by internally generated resources, long-term bank loans and finance leases. During the Year, the Group invested approximately HK\$127 million (2014: HK\$95 million) in the expansion of its fleet of machinery and equipment. Upon the public listing of the Company's shares since 16 October 2014 ("the Listing"), the capital contribution from the Company's shareholders became an additional source of finance.

### **Use of Net Proceeds from IPO**

As disclosed in the Company's announcement dated 18 May 2015, the Board resolved to reallocate the use of the IPO net proceeds for financing the expansion of the Group's 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 include (i) approximately 90% or approximately HK\$105 million to acquire and/or partly finance the expansion of the Group's 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 (ii) approximately 10% or approximately HK\$12 million to be used as general working capital of the Group.

As at 31 March 2015 and up to the date of this announcement, the Company had not utilised any of the net proceeds and has deposited the entire amount of the net proceeds in the Company's bank accounts.

### **Foreign Exchange Exposure**

Operations of the Group are mainly conducted in HK\$ and MOP and its revenue, expenses, cash and bank balances, borrowings, other monetary assets and liabilities are principally denominated in HK\$ and MOP. For the Year, the Group was not exposed to significant foreign currency risk nor had employed any financial instrument for hedging.

### **Pledge of Assets**

As at 31 March 2015, the net book amount of plant and equipment held under finance leases and pledged for long term bank loans amounted to approximately HK\$151 million (2014: HK\$114 million) and approximately HK\$108 million (2014: HK\$99 million), respectively. Certain banking facilities of the Group were secured by the Group's bank deposits of HK\$17 million (2014: HK\$10 million).

### **Capital Commitments**

As at 31 March 2015, the Group had capital commitments of approximately HK\$16 million (2014: HK\$105 million) in relation to acquisitions of machinery and equipment.

## **OTHER INFORMATION**

### **Human Resources**

As at 31 March 2015, the Group had approximately 228 (2014: 252) employees. The remuneration package includes salary, discretionary bonuses and allowances. In general, the Group determines employee salaries based on the individual's qualifications, position and performance (where applicable).

### **Material Acquisitions and Disposals of Assets**

During the Year, save as additions to machinery and equipment disclosed above, the Group did not have any material acquisitions or disposals of assets.

### **Contingent Liabilities**

As at 31 March 2015, save for guarantees of performance bonds relating to two (2014: one) foundation works and ancillary services projects of the Group of approximately HK\$67 million and HK\$29 million, respectively (2014: HK\$67 million), the Group did not have material contingent liabilities. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

### **Purchase, Sale or Redemption of Listed Securities**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period from the date of Listing up to 31 March 2015.

### **Corporate Governance**

The Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period from the date of Listing up to 31 March 2015.

### **Model Code of Securities Transactions by Directors**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules upon Listing. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the required standards as set out in the Model Code throughout the period from the date of Listing up to 31 March 2015.

### **Review of Annual Results**

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the financial year 31 March 2015. The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2015 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

### **Final Dividend and Annual General Meeting**

The Directors recommended the payment of a final dividend of HK15 cents per share amounting to approximately HK\$60 million, representing approximately 27% dividend ratio on an annual basis. Such payment of dividends will be subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 7 September 2015 and are payable to shareholders whose names appear on the register of members of the Company at the close of business on 15 September 2015. It is expected that the proposed final dividend will be paid on or about 5 October 2015. Notice of the annual general meeting will be published and despatched to shareholders of the Company in the manner required by the Listing Rules in due course.

### **Closure of Register of Members**

In order to establish entitlements to attend and voting at the forthcoming annual general meeting of the Company, the register of members of the Company will be closed from Thursday, 3 September 2015 to Monday, 7 September 2015, both days inclusive, during which period no transfer of share of the Company will be registered. All transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Wednesday, 2 September 2015.

In order to establish entitlements to the proposed final dividend, the register of members of the Company will be closed from Monday, 14 September 2015 to Tuesday, 15 September 2015, both days inclusive, during which period no transfer of share of the Company will be registered. All transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on Friday, 11 September 2015.

### **Publication of Results Announcement and Annual Report**

This announcement is published on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company at [www.samwoo-group.com](http://www.samwoo-group.com). The annual report will be despatched to the shareholders of the Company and available on the above websites in due course.

On behalf of the Board of  
**Sam Woo Construction Group Limited**  
**Lau Chun Ming**  
*Chairman*

Hong Kong, 24 June 2015

*As at the date of this announcement, the executive directors are Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung Lai So; and the independent non-executive directors are Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold.*