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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE INVESTMENT AND CONNECTED TRANSACTION

The board of directors (the “**Board**”) of Sam Woo Construction Group Limited (the “**Company**”) announce that on 20 October 2016, the Company’s wholly-owned subsidiary, Sam Woo Asia Development Group Limited (“**SW Development**”), entered into a memorandum of understanding (the “**MOU**”) with Gold Champion Enterprises Limited (“**Gold Champion**”, together with SW Development, the “**Parties**”) to explore the opportunity of co-operation for the development of certain pieces of land in Hong Kong held by subsidiaries of Gold Champion (the “**Possible Transaction**”). The co-operation may take place in the form of including but not limited to investment by the Company in Ga Fun Holdings Limited (together with its subsidiaries, “**Ga Fun Group**”), which is a subsidiary of Gold Champion.

Ga Fun Group is principally engaged in property investment with rental income as its principal income. As at the date of this announcement, Ga Fun Group owned, amongst others, certain pieces of residential and industrial land in Hong Kong, which land area aggregated to about 15,000 square metres.

The MOU is non-legally binding (save for certain binding provisions on due diligence, confidentiality, costs and termination). The terms and conditions of the Possible Transaction are subject to further negotiation and the due diligence results. Pursuant to the MOU, (a) the Company shall have the right to conduct due diligence review on Ga Fun Group and their business, including feasibility study on the land development; (b) the Parties shall use their respective best endeavours to negotiate in good faith and to enter into a definitive and binding agreement in relation to the Possible Transaction within 180 days from the date of the MOU or such other date as the Parties may mutually agree.

The Company, through its subsidiaries, is an established contractor principally engaged in the provision of foundation works and ancillary services. As referred to in the annual results and annual report of the Group last published for the year ended 31 March 2016, the delays in funding approval of public works and infrastructure projects caused by filibusters in the Legislative Council have contributed towards intense price competition for tenders in the

construction market. The Board anticipates that the revenue and profits as a contractor may be negatively affected and wishes to consider exploring opportunities in property investment or property development sector to broaden the business spectrum of the Group. The Board believes that synergy can be achieved by leveraging the existing experience and resources possessed by the Group.

Gold Champion is wholly-owned by Mr. Lau Chun Ming, the chairman and an executive director of the Company. Therefore, Gold Champion is a connected person of the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). If the Possible Transaction materialises, it may constitute a connected transaction of the Company under the Listing Rules.

The Board wishes to emphasize that the Possible Transaction may or may not proceed and the terms and condition of the Possible Transaction are subject to further negotiation between the Parties. As such, the MOU may or may not lead to the Proposed Transaction taking place. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement in respect of the Possible Transaction as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 20 October 2016

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.