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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)

### **INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

The board of directors (the “Board”) of Sam Woo Construction Group Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2016 (the “Period”), together with the comparative figures for the corresponding period in 2015 (the “Previous Period”). These information should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

<b>HIGHLIGHTS</b>		
	<b>1H 2016/17</b>	<b>1H 2015/16</b>
Revenue	HK\$479 million	HK\$540 million
Profit for the period	HK\$31 million	HK\$104 million
Earnings per share <i>(note)</i>	1.84 HK cents	6.35 HK cents
Interim dividend <i>(note)</i>	0.5 HK cents	1.25 HK cents
	<b>30 September 2016</b>	<b>31 March 2016</b>
Net gearing	0%	13%
Current ratio	1.6x	1.7x
Total equity	HK\$656 million	HK\$655 million
Aggregate value of major contracts on hand	about HK\$1,270 million yet to complete	

*Note:*

For comparative purpose, earnings per share and interim dividend for the Previous Period were restated as if the share subdivision of HK\$0.01 each into 4 shares of HK\$0.0025 each effective in December 2015 was taken place on 1 April 2015.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016*

		<b>Unaudited</b>	
		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	<b>478,503</b>	540,036
Cost of sales	4	<b>(419,881)</b>	(413,888)
Gross profit		<b>58,622</b>	126,148
Other income and gain, net		<b>85</b>	225
Administrative expenses	4	<b>(20,908)</b>	(15,147)
Operating profit		<b>37,799</b>	111,226
Finance income	5	<b>939</b>	1,509
Finance costs	5	<b>(5,217)</b>	(5,742)
Finance costs, net	5	<b>(4,278)</b>	(4,233)
Profit before income tax		<b>33,521</b>	106,993
Income tax expense	6	<b>(2,691)</b>	(3,305)
Profit and total comprehensive income for the period		<b>30,830</b>	103,688
Profit and total comprehensive income attributable to equity holders of the Company		<b>30,830</b>	103,688
			(Restated)
Basic and diluted earnings per share (HK cents)	7	<b>1.84</b>	6.35

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2016**

		<b>Unaudited</b> <b>30 September</b> <b>2016</b> <i>HK\$'000</i>	<b>Audited</b> <b>31 March</b> <b>2016</b> <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>599,553</b>	605,566
Deferred income tax assets		<b>605</b>	131
Deposits and prepayments		<b>4,809</b>	2,617
		<b>604,967</b>	608,314
<b>Current assets</b>			
Trade and retention receivables	9	<b>176,212</b>	295,954
Deposits, prepayments and other receivables		<b>1,399</b>	592
Amounts due from customers for contract work		<b>20,341</b>	28,562
Income tax recoverable		<b>116</b>	116
Restricted bank balances		<b>20,713</b>	20,559
Short term bank deposit		<b>–</b>	17,797
Cash and cash equivalents (excluding bank overdraft)		<b>390,073</b>	183,060
		<b>608,854</b>	546,640
<b>Total assets</b>		<b>1,213,821</b>	<b>1,154,954</b>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		<b>4,200</b>	4,200
Reserves		<b>652,281</b>	650,851
<b>Total equity</b>		<b>656,481</b>	655,051
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings		<b>105,979</b>	120,873
Deferred income tax liabilities		<b>45,928</b>	43,782
Amount due to a director		<b>20,713</b>	20,559
		<b>172,620</b>	185,214

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (CONTINUED)**  
**AS AT 30 SEPTEMBER 2016**

		<b>Unaudited</b>	<b>Audited</b>
		<b>30 September</b>	<b>31 March</b>
		<b>2016</b>	<b>2016</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and retention payables	10	<b>75,240</b>	87,307
Accruals and other payables		<b>40,683</b>	16,298
Amounts due to customers for contract work		<b>107,594</b>	28,672
Borrowings		<b>146,728</b>	167,444
Income tax payable		<b>14,475</b>	14,968
		<hr/>	<hr/>
		<b>384,720</b>	314,689
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>557,340</b>	499,903
		<hr/>	<hr/>
<b>Total equity and liabilities</b>		<b>1,213,821</b>	1,154,954
		<hr/> <hr/>	<hr/> <hr/>

*NOTES:*

**1 GENERAL INFORMATION AND KEY EVENTS**

**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. The Company and its subsidiaries now comprising the Group (together the "Group") are principally engaged in foundation works and ancillary services in Hong Kong and Macau.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial information is presented in Hong Kong dollars ("HK\$"), unless otherwise stated and was approved for issue on 29 November 2016.

This condensed consolidated interim financial information has not been audited.

**2 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**2.1 Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 September 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and has been prepared under the historical cost convention.

**2.2 Accounting policies**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2016, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ended 31 March 2016 are not expected to have a material impact on the Group.

There are no amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

### 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:

	Unaudited Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Foundation works and ancillary services	<b>478,503</b>	540,036

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 review financial information accordingly. Therefore, no segment information is presented.

### 4 EXPENSES BY NATURE

	Unaudited Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
Cost of sales		
Construction contracts costs ( <i>note (a)</i> )	<b>400,464</b>	401,360
Depreciation	<b>13,942</b>	7,755
Repair and maintenance	<b>5,233</b>	3,469
Others	<b>242</b>	1,304
	<b>419,881</b>	413,888
Administrative expenses		
Depreciation	<b>254</b>	227
Operating leases rental in respect of		
– Office premises and storage premises	<b>3,533</b>	2,483
– Directors' quarters	<b>1,084</b>	1,084
Professional fees	<b>2,256</b>	(973)
Staff costs, including directors' emoluments ( <i>note (b)</i> )	<b>9,151</b>	7,794
Others	<b>4,630</b>	4,532
	<b>20,908</b>	15,147
Total cost of sales and administrative expenses	<b>440,789</b>	429,035

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.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(b) Total staff cost	<b>65,041</b>	95,926
Less: amount included in construction contracts costs or capitalised in work-in progress	<b>(55,890)</b>	(88,132)
	<b>9,151</b>	7,794

## 5 FINANCE INCOME AND COSTS

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Finance income:		
– Interest income on bank deposits	<b>939</b>	1,509
Finance costs:		
– Interest expense on bank loans	<b>(3,104)</b>	(3,732)
– Interest expense on obligations under finance leases	<b>(1,959)</b>	(1,781)
– Interest expense on amount due to a director	<b>(154)</b>	(229)
	<b>(5,217)</b>	(5,742)
Finance costs, net	<b>(4,278)</b>	(4,233)

## 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 Period and the Previous Period.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong profits tax		
Current income tax	<b>1,019</b>	228
Over-provision in prior year	–	(62)
Deferred income tax	<b>1,672</b>	(106)
Macau profits tax		
Current income tax	–	3,245
	<b>2,691</b>	<b>3,305</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 periods. The weighted average number of ordinary shares used for such purpose were restated as if the share subdivision of HK\$0.01 each into 4 shares of HK\$0.0025 each effective in December 2015 (“Share Subdivision”) were taken place on 1 April 2015.

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
Profit attributable to equity holders of the Company (HK\$'000)	<b>30,830</b>	103,688
		(Restated)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (thousands)	<b>1,680,000</b>	1,633,224
Basic earnings per share (HK cents)	<b>1.84</b>	6.35

### (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 Period end.



## 8 DIVIDENDS

On 29 November 2016, the Board resolved to declare an interim dividend of 0.5 HK cents per shares for the Period (2015: 1.25 HK cents, as restated for the Share Subdivision).

Final dividends of HK\$63,000,000 relating to the year ended 31 March 2015 and HK\$29,400,000 relating to the year ended 31 March 2016 were declared in September 2015 and September 2016, respectively.

## 9 TRADE AND RETENTION RECEIVABLES

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Trade receivables	115,874	203,833
Retention receivables	60,338	92,121
	<u>176,212</u>	<u>295,954</u>

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 trade receivables based on invoice date is as follows:

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
1 to 30 days	105,432	147,822
31 to 60 days	–	56,011
91 to 180 days	10,442	–
	<u>115,874</u>	<u>203,833</u>

As at 30 September 2016 and 31 March 2016, there were no retention receivables which were past due.

# 10 TRADE AND RETENTION PAYABLES

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
Trade payables	64,348	74,955
Retention payables	10,892	12,352
	<u>75,240</u>	<u>87,307</u>

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

	Unaudited 30 September 2016 HK\$'000	Audited 31 March 2016 HK\$'000
0 to 30 days	60,105	67,645
31 to 60 days	1,989	510
61 to 90 days	949	—
91 to 180 days	475	6,524
181 to 365 days	830	89
More than 365 days	—	187
	<u>64,348</u>	<u>74,955</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

#### Group Revenue and Profit

The Group's revenue and profit for the Period decreased 11% and 70% to HK\$479 million and HK\$31 million, respectively (2015: HK\$540 million and HK\$104 million, respectively). The decrease was mainly due to a drop in contract revenue and decline in the overall profit margin of the projects undertaken by the Group as compared with those projects in the Previous Period.

The gross profit margin for the Period was 12% (2015: 23%). As disclosed in the annual results and annual report of the Group published for the year ended 31 March 2016 (the "Annual Report"), despite the relatively large contract size of the Hospital Expansion project, more than half of the contract value was related to non-bored pile works, which were subcontracted out and the margin of these subcontracting works was relatively low. Besides, the Group was unable to secure a new contract over the past twelve months which affected the utilisation of the foundation equipment and workforce that had been returned from Macau to Hong Kong after the completion of the Composite Development Project at the end of 2015. In addition, the overall profit of the Group was further suppressed by the overhead costs related to equipment depreciation and labour.

#### Major Projects during the Period

	As at 30 September 2016 Completion Status	Expected Completion Date	Estimated Remaining Contract Value (HK\$) (Note)
Proposed Commercial/Residential Development in Wong Tai Sin District	Around 30%	2017/18	95 million
Liantang/Heung Yuen Wai Boundary Control Point	Around 95%	2016/17	25 million
Hospital Expansion	Around 20%	2019	1,150 million

*Note:* The above remaining contract values were determined with reference to internal estimates based on the currently available information, and may be subsequently revised.

#### *Proposed Commercial/Residential Development in Wong Tai Sin District*

As mentioned in the Annual Report, certain technical complications in the first phase of the project had required the employer to re-design and re-schedule part of the works. As a result, there was only minimal amount of contract works carried out during the Period. The remaining two-thirds of the works is expected to be completed by the end of 2017.

### *Liantang/Heung Yuen Wai Boundary Control Point*

A substantial portion of this project has been completed during the Period. This project has contributed about 66% of the Group's revenue in the Period. According to the latest works programme, the remaining small portion of this project requires another half year or more to be completed which will be around the end of this financial year. As mentioned in the Annual Report, subsequent changes have been made to the design plans while the Group had already started working on the construction sites. Based on the updated information available, the value of this contract is expected to increase to about HK\$500 million.

### *Hospital Expansion*

This project contributed about 32% of the Group's revenue during the Period. The works carried out during the Period comprised primarily the preparatory work of the project and demolition of existing buildings. While the bore piling works are to commence in the second half of this financial year, the Group's has planned and mobilised its labour force and equipment at the construction site accordingly.

### **Business Outlook and Recent Development**

As discussed in the Annual Report, the delays in funding approval of public works and infrastructure projects caused by filibusters in Hong Kong's Legislative Council have contributed towards intense price competition for tenders in the construction market. Furthermore, the number of tenders available for the Group to compete for has been limited. The management is mindful of the market conditions going forward and is considering to scale-down its workforce if the outlook and timetable for the launch of those major commercial and public infrastructure projects in the pipeline as discussed in the Annual Report remain uncertain in the near future.

The Group is actively exploring options to diversify its income stream to compensate the impact associated with the downturn in public and large-scale construction tenders pipeline. The Group is evaluating opportunities in the property investment or property development sector. This enables the Group to broaden its business spectrum and source of profits. On the other hand, the Group can leverage its expertise, skills and experience to participate in the construction works in those investment projects which would help improve its revenue and profits as a contractor as well.

### *Memorandum of Understanding in respect of Possible Investment and Connected Transaction*

Subsequent to the end of the Period, a wholly-owned subsidiary of the Company named Sam Woo Asia Development Group Limited, entered into a memorandum of understanding (the "MOU") with Gold Champion Enterprises Limited ("Gold Champion") on 20 October 2016, with a view to explore co-operation for the development of certain land parcels in Hong Kong held by subsidiaries of Gold Champion (the "Possible Transaction"). The co-operation may include but would not be limited to investment by the Company in Ga Fun Holdings Limited (together with its subsidiaries, "Ga Fun Group"), a subsidiary of Gold Champion.

As at the date of the MOU, Ga Fun Group owned residential and industrial land parcels in Hong Kong with an aggregate land area of about 15,000 square metres. Each of Gold Champion and Ga Fun Group is wholly-owned by Mr. Lau Chun Ming, the chairman and an executive director of the Company. The MOU has allowed 180 days for the Group to conduct due diligence, including a feasibility study on land development, and to negotiate and enter into a definitive and binding agreement in relation to the Possible Transaction.

So far as the Company understands from Gold Champion, Ga Fun Group owns two land parcels in Yuen Long in the Residential (Group D) and Residential (Group E) land zone categories (the “Residential Lands”), respectively, and one land parcel in Fanling in the Industrial (Group D) land zone category (the “Industrial Land”). The total area of the Residential Lands was about 13,500 square metres and that of the Industrial Land was about 1,700 square metres. Through the due diligence exercise, the Company also intends to evaluate the potential value of development on these land parcels and assess the relevant investment costs. The Company wishes to explore viable property development projects whereby it can participate as a developer in residential and commercial properties.

As at the date of this announcement, no binding agreement had been entered into in relation to the above. For details of the MOU, please refer to the Company’s announcement dated 20 October 2016.

## **FINANCIAL REVIEW AND ANALYSIS**

Despite the decrease in revenue and profit for the Period as discussed above, the Group’s financial position remains healthy. The current ratio was 1.6 times (31 March 2016: 1.7 times) which has remained stable and the total cash and bank balance was approximately HK\$411 million (31 March 2016: HK\$221 million). The net gearing was 0% (31 March 2016: 13%) as the Group had a net cash position as at 30 September 2016. The Group has also maintained a stable dividend payout ratio which was about 27% for the Period.

### **Administrative Expenses**

Administrative expenses increased 38% from approximately HK\$15 million to approximately HK\$21 million. As certain litigations were concluded and the related costs and provision were recovered and written back during the Previous Period, that effect had set off partly the administrative expenses in the Previous Period. If legal and professional fees were excluded in both periods, the administrative expenses would have increased for about 16% mainly due to the increase in salaries expenses and operating lease rental in respect of storage premises.

### **Finance Cost**

Finance cost for the Period was approximately HK\$5.2 million, representing a decrease of approximately 9% compared with approximately HK\$5.7 million in the Previous Period. This is mainly attributable to the reduction in short-term bank loans while the Group has sufficient working capital generated internally to meet the needs of the current construction projects.

## **Taxation**

The effective tax rate of the income tax expense for the period is 8% (2015: 3%). Unlike the Previous Period, about 99% of the construction revenue in the Period was generated from Hong Kong projects whereas the assessable profit is subject to 16.5% tax rate in Hong Kong. The lower effective tax rate in the Previous Period was resulted mainly because (i) about 93% of the construction revenue was generated from the Macau project and the statutory tax rate there was lower than in Hong Kong; and (ii) there was rental income earned by subsidiaries in Hong Kong in relation to the leasing of machinery and equipment for use in Macau projects which was regarded as offshore income and therefore not subjected to taxation in Hong Kong and Macau.

## **Profit and Net Profit Margin**

As a result, the Group's profit after tax was approximately HK\$31 million (2015: HK\$104 million), representing a year-on-year decrease of approximately 70%. Net profit margin was 6% (2015: 19%).

## **Capital Expenditures and Capital Commitments**

The Group generally finances its capital expenditures by internally-generated resources, long-term bank loans and finance leases. Upon our listing, the capital contribution from the Company's shareholders became an additional source of finance. During the Period, the Group invested approximately HK\$8 million in the expansion of its machinery and equipment and placed certain purchase orders for machinery and equipment in response to the anticipated project needs in future. As at 30 September 2016, the Group's capital commitments relating to the purchase of machinery and equipment was approximately HK\$43 million (31 March 2016: HK\$4 million).

During the Period, save as disclosed herein, the Group did not make any material acquisitions or disposals of assets.

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

### *Liquidity*

The Group generally meets its working capital requirements by cash flows generated from its operations and short-term borrowings. During the Period, the Group generated from operating activities a net cash inflow of approximately HK\$233 million, which was more than that in the Previous Period (2015: HK\$68 million). This was mainly because the trade receivables of about HK\$193 million outstanding at 31 March 2016 were collected during the Period. Together with short-term bank loans and overdrafts facilities available, the Group has been financially sound in its daily operations throughout the Period.

### *Use of Proceeds*

Among the remaining net proceeds from the IPO in the amount of HK\$52 million as at 31 March 2016, approximately HK\$8 million was applied in acquiring machinery and equipment during the Period in accordance with the intended use. The remaining net proceeds of approximately HK\$44 million from the IPO as at 30 September 2016 is intended for financing acquisition of machinery and equipment in the future.

### *Cash and Bank Balances*

As at 30 September 2016, the Group had a total cash and bank balances of approximately HK\$411 million (31 March 2016: HK\$221 million) mainly denominated in Hong Kong dollars and Macau patacas. The increase in cash and bank balances was mainly due to the net cash generated from operating activities during the Period.

### *Borrowings*

As at 30 September 2016, the Group had total borrowings of approximately HK\$253 million (31 March 2016: HK\$288 million) denominated in either Hong Kong dollars or Euros. Borrowings generally include short-term and long-term bank loans, finance leases and overdrafts bearing floating interest rates. Of the total borrowings, approximately HK\$36 million (31 March 2016: HK\$36 million) were short-term bank loans and bank overdrafts and approximately HK\$105 million (31 March 2016: HK\$118 million) was the current portion of long-term bank loans and obligations under finance lease with maturity dates within 12 months. This analysis excludes those long term borrowings with an immediate demand clause that were classified under current liabilities.

### *Gearing Ratio and Total Equity*

As at 30 September 2016, the Group's net gearing ratio (net borrowings divided by total equity) was 0% (31 March 2016: 13%) as the Group had a net cash position. The Group's net cash position was mainly attributable to the profits from operations and the reduction in capital expenditure for machinery and equipment. For the purpose of calculating the Group's net gearing ratio, the net borrowings refer to the total borrowings less cash and cash equivalents, short-term bank deposits and restricted bank balances pledged as the security for credit facilities of the Group.

As at 30 September 2016, the Group's net current assets were approximately HK\$224 million (31 March 2016: HK\$232 million) and current ratio (current assets divided by current liabilities) was 1.6 times (31 March 2016: 1.7 times). The Group's total equity as at 30 September 2016 was approximately HK\$656 million (31 March 2016: HK\$655 million).



## **Foreign Exchange Exposure**

Operations of the Group are mainly conducted in Hong Kong dollars and Macau patacas. Its revenue, expenses, cash and bank balances, borrowings, other monetary assets and liabilities are principally denominated in those two currencies. Apart from the purchase orders for machinery and equipment paid in Euros and Singapore dollars and such short-term Euros borrowings for settlement, the Group was not exposed to any significant foreign currency risk nor had it employed any financial instrument for hedging.

## **Contingent Liabilities**

As at 30 September 2016, save for guarantees of performance bonds relating to two foundation works and ancillary services projects of the Group of approximately HK\$18 million and HK\$17 million, respectively (31 March 2016: same), the Group did not have any material contingent liabilities. The performance bonds are expected to be released in accordance with the terms of the respective construction contracts.

## **Pledge of Assets**

As at 30 September 2016, the net book amount of plant and equipment held under finance leases and pledged for long term bank loans amounted to approximately HK\$207 million (31 March 2016: HK\$210 million) and approximately HK\$174 million (31 March 2016: HK\$139 million), respectively. None of the banking facilities of the Group were secured by the Group's bank deposits (31 March 2016: none).

## **HUMAN RESOURCES**

As at 30 September 2016, the Group had around 259 employees. The remuneration package we offer to our employees includes salary, discretionary bonuses and allowances. In general, we determine employee salaries based on the individual's qualifications, position and performance (where applicable).

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board of Directors declared an interim dividend of HK0.5 cent per share, amounting to HK\$8.4 million, representing a dividend ratio of approximately 27%. These interim dividends are payable to shareholders whose names appear on the register of members of the Company as at the close of business on 13 December 2016. It is expected that interim dividend will be paid on or about 30 December 2016.

In order to establish entitlements to the interim dividend, the register of members of the Company will be closed on Tuesday, 13 December 2016, on which 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, Hong Kong for registration no later than 4:30 p.m. on Monday, 12 December 2016.



## **OTHER INFORMATION**

### **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.

### **Corporate Governance**

The Company had complied with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Period.

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

All directors confirmed that they complied with the required standards as set out in the Model Code throughout the Period.

### **Audit Committee**

The audit committee, comprising three independent non-executive directors, namely Professor Wong Sue Cheun, Roderick, Mr. Chu Tak Sum and Mr. Ip Tin Chee, Arnold, has reviewed the accounting principles and practice adopted by the Group, and the unaudited consolidated financial statements of the Group for the Period.

### **Publication of Results Announcement and Interim 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 interim 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, 29 November 2016

*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.*