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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)

## **CONTINUING CONNECTED TRANSACTION RENEWAL OF TENANCY AGREEMENTS**

The Board announces that on 19 July 2017, SWBP and SWEE, wholly-owned subsidiaries of the Company, as tenants, entered into the Fourth Tenancy Agreements with the Landlords, to renew the leases of Premises for a term of three years from 1 August 2017 to 31 July 2020 (both days inclusive).

Each of the Landlords is a private company owned by either one or a combination of Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka, Ms. Leung Lai So, each of whom a Director, and Ms. Lau Pui Shan, a director of SWBP. Mr. Lau Chun Ming and Ms. Leung Lai So together have approximately 71.43% interests in the issued share capital of the Company. Based on the aggregate annual rent payable of HK\$4,327,200 under the Fourth Tenancy Agreements, the highest applicable percentage ratio is more than 0.1% but less than 5%. Accordingly, the transactions contemplated under the Fourth Tenancy Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules and are required to be disclosed by this announcement, but are exempt from circular and shareholders' approval pursuant to Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the Third Tenancy Agreements as mentioned in the prospectus of the Company dated 29 September 2014. The Third Tenancy Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules and the lease terms will expire on 31 July 2017. On 19 July 2017, SWBP and SWEE, wholly-owned subsidiaries of the Company, as tenants, entered into the Fourth Tenancy Agreements with the Landlords, to renew the leases of Premises for a term of 3 years from 1 August 2017 to 31 July 2020 (both days inclusive).

## **THE FOURTH TENANCY AGREEMENTS**

### **Landlord** (collectively the “**Landlords**”)

|                       |   |               |
|-----------------------|---|---------------|
| Tenancy Agreement (A) | : | Cheer Crown   |
| Tenancy Agreement (B) | : | Cheer Wealth  |
| Tenancy Agreement (C) | : | East Ascent   |
| Tenancy Agreement (D) | : | Cheer Profit  |
| Tenancy Agreement (E) | : | Long Ascent   |
| Tenancy Agreement (F) | : | Healthy World |

### **Tenant**

|   |   |      |
|---|---|------|
| Tenancy Agreements<br>(A), (B), (C) & (D) | : | SWBP |
| Tenancy Agreements<br>(E) & (F)           | : | SWEE |

### **Premises** (collectively the “**Premises**”)

|                       |   |   |
|-----------------------|---|---|
| Tenancy Agreement (A) | : | RP of Lot Nos. 1313 and 1317 in DD106, Yuen Long, New Territories, Hong Kong  |
| Tenancy Agreement (B) | : | Flat A, 29/F, Block 1, Parc Palais, 18 Wylie Road, Ho Man Tin, Kowloon, Hong Kong                                     |
| Tenancy Agreement (C) | : | Carparking Space No. 62, Parc Palais, 18 Wylie Road, Ho Man Tin, Kowloon, Hong Kong                                   |
| Tenancy Agreement (D) | : | Carparking Space No. 63, Parc Palais, 18 Wylie Road, Ho Man Tin, Kowloon, Hong Kong                                   |
| Tenancy Agreement (E) | : | Flat C, 16/F, Block 2 and Private Carparking Space No. 61, Parc Palais, 18 Wylie Road, Ho Man Tin, Kowloon, Hong Kong |
| Tenancy Agreement (F) | : | Flat C, 15/F, Block 2 and Private Carparking Space No. 60, Parc Palais, 18 Wylie Road, Ho Man Tin, Kowloon, Hong Kong |

### **Lease term**

|  |   |  |
|--|---|--|
| Tenancy Agreements<br>(A), (B), (C), (D),<br>(E) & (F) | : | Thirty-six (36) calendar months commencing from 1 August 2017 and ending on 31 July 2020 (both days inclusive) |
|--|---|--|

**Rent**

|                       |   |                       |
|-----------------------|---|-----------------------|
| Tenancy Agreement (A) | : | HK\$180,000 per month |
| Tenancy Agreement (B) | : | HK\$73,000 per month  |
| Tenancy Agreement (C) | : | HK\$3,800 per month   |
| Tenancy Agreement (D) | : | HK\$3,800 per month   |
| Tenancy Agreement (E) | : | HK\$50,000 per month  |
| Tenancy Agreement (F) | : | HK\$50,000 per month  |

**Annual rent payable** : HK\$4,327,200

**Management fee, rates  
and government rent** : To be paid by the Landlords

**Termination** : Terminable by tenant after first twelve months of tenancy with one month's written notice or payment of one month's rent in lieu of notice

**PRINCIPAL ACTIVITIES OF THE GROUP AND THE LANDLORDS**

The Company is an investment holding company and the Group is principally engaged in foundation works and ancillary services.

The principal activity of each of the Landlords is property investment.

**REASON FOR RENEWAL OF TENANCY AGREEMENTS**

The premises leased under Tenancy Agreement (A) have been used as open storage and service depot for the Group's machinery and equipment over the past 10 years or more. The premises leased under Tenancy Agreements (B), (C), (D), (E) and (F) have been provided to certain Directors, including Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung Lai So, for use as quarters and private car parking spaces over the past 10 years or more. As the Third Tenancy Agreements will be expire on 31 July 2017, the Group renewed the leasing of these Premises for a term of 3 years commencing from 1 August 2017 with a view to continue the Group's present usage purpose of these Premises.

The annual caps are determined by the monthly rental of the Premises and are set out as follow:

|                           | <b>Annual cap</b> |
|---------------------------|-------------------|
| Year ending 31 March 2018 | : HK\$4,327,200   |
| Year ending 31 March 2019 | : HK\$4,327,200   |
| Year ending 31 March 2020 | : HK\$4,327,200   |

The Landlords offered to renew the leases of Premises at the existing rental rates. The Group had made reference to market rental of other comparable premises in nearby location recently, as published/quoted by the property agencies or currently leased by the Group, and decided to accept and enter into the Fourth Tenancy Agreements.

The independent non-executive Directors are of the opinion that the terms and conditions of the Fourth Tenancy Agreements are made on normal commercial terms or better and both the Fourth Tenancy Agreements and the annual cap amounts are fair and reasonable. They also believe that the Fourth Tenancy Agreements are entered into in the ordinary and usual course of business and in the interests of the Company and the Group and the Company's shareholders as a whole.

## **THE CONTINUING CONNECTED TRANSACTIONS**

Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka, Ms. Leung Lai So, each a Director, and Ms. Lau Pui Shan, a director of SWBP, have the following beneficial interests in the Landlords.

| <b>Landlord</b> | <b>Shareholdings</b>  |
|-----------------|---|
| Cheer Crown     | : Lau Chun Ming approximately 95%, the Company approximately 5% |
| Cheer Wealth    | : Lau Chun Ming approximately 100%                              |
| East Ascent     | : Lau Chun Ming 50%; Leung Lai So 25%; Lau Pui Shan 25%         |
| Cheer Profit    | : Lau Chun Ming 50%; Leung Lai So 25%; Lau Pui Shan 25%         |
| Long Ascent     | : Lau Chun Ming 50%; Lau Chun Kwok 49%; Leung Lai So 1%         |
| Healthy World   | : Lau Chun Ming 50%; Lau Chun Ka 50%                            |

Mr. Lau Chun Ming and Ms. Leung Lai So together also have approximately 71.43% interests in the issued share capital of the Company. Each of the Landlords is therefore a connected person to the Company as defined under Chapter 14A of the Listing Rules and accordingly, the transactions contemplated under the Fourth Tenancy Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Based on the aggregate annual rent payable of HK\$4,327,200 under the Fourth Tenancy Agreements, the highest applicable percentage ratio is more than 0.1% but less than 5%. Therefore, such transactions are subject to announcement, annual review and reporting requirements but are exempt from circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise required, the following expressions have the following meanings:

|                             |  |
|-----------------------------|--|
| “Board”                     | the board of directors of the Company  |
| “Cheer Crown”               | Cheer Crown Limited  |
| “Cheer Profit”              | Cheer Profit International Enterprise Limited  |
| “Cheer Wealth”              | Cheer Wealth International Development Limited   |
| “Company”                   | Sam Woo Construction Group Limited (三和建築集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange |
| “Directors”                 | the directors of the Company   |
| “East Ascent”               | East Ascent Enterprise Limited   |
| “Fourth Tenancy Agreements” | the tenancy agreements all dated 19 July 2017 between each of the Landlords and SWBP or SWEE for 3 years commencing from 1 August 2017                                     |
| “Group”                     | the Company and its subsidiaries   |
| “Healthy World”             | Healthy World Investment Limited   |
| “Listing Rules”             | The Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Ascent”               | Long Ascent Development Limited  |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited  |
| “SWBP”                      | Sam Woo Bore Pile Foundation Limited, a wholly-owned subsidiary of the Company   |

“SWEE” Sam Woo Engineering Equipment Limited, a wholly-owned subsidiary of the Company

“Third Tenancy Agreements” the tenancy agreements all dated 14 June 2014 between each of the Landlords and SWBP or SWEE, which terms will expire on 31 July 2017

By order of the Board  
**Sam Woo Construction Group Limited**  
**CHAN Sun Kwong**  
*Company Secretary*

Hong Kong, 19 July 2017

*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.*