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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 25 August 2023, SWBP and SWEE, wholly-owned subsidiaries of the Company, as tenants, entered into the New Tenancy Agreements with the Landlords, to renew the leases of Premises for a term of 1 year from 1 August 2023 to 31 July 2024 (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. One or more of the applicable percentage ratios in respect of annual caps aggregated under the Previous Tenancy Agreements and the New Tenancy Agreements exceed 5% but less than 25% and the total consideration is less than HK\$10,000,000. Accordingly, the transactions contemplated under the New 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 announcement of the Company dated 11 July 2022 containing details of the Previous Tenancy Agreements. The Previous Tenancy Agreements, which constitute continuing connected transactions under Chapter 14A of the Listing Rules, expired on 31 July 2023. On 25 August 2023, SWBP and SWEE, wholly-owned subsidiaries of the Company, as tenants, entered into the New Tenancy Agreements with the Landlords, to renew the leases of Premises for a term of 1 year from 1 August 2023 to 31 July 2024 (both days inclusive).

NEW 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 : SWBP
(A), (B), (C) & (D)

Tenancy Agreements : SWEE
(E) & (F)

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 (A), (B), (C), (D), (E) & (F): Twelve (12) calendar months commencing from 1 August 2023
and ending on 31 July 2024 (both days inclusive)

Rent

Tenancy Agreement (A)	:	HK\$360,000 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

Aggregate rent payable : HK\$6,487,200

Annualised rent payable : HK\$6,487,200

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

Termination : Terminable by tenant 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 space over the past 10 years or more. As the Previous Tenancy Agreements expired on 31 July 2023, the Group renewed the leasing of these Premises for a term of 1 year commencing from 1 August 2023 with a view to continue the Group's present usage purpose of these Premises.

The Landlords offered to renew the leases of Premises at the exiting 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 New Tenancy Agreements.

The Directors (including the independent non-executive Directors) are of the opinion that the terms and conditions of the New Tenancy Agreements are made on normal commercial terms or better and are fair and reasonable. They also believe that the New 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 executive Directors, Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung Lai So, abstained from voting on the board resolution approving the New Tenancy Agreements in view of their conflict of interests or potential interests in the New Tenancy Agreements.

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.

Landlord	Shareholdings
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 New Tenancy Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules.

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

	Previous Tenancy Agreements	New Tenancy Agreements	Annual caps aggregated
Year ending 31 March 2024 :	HK\$2,162,400	HK\$4,324,800	HK\$6,487,200
Year ending 31 March 2025 :	Nil	HK\$2,162,400	HK\$2,162,400

As one or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps aggregated under the Previous Tenancy Agreements and the New Tenancy Agreements exceed 5% but less than 25% and the total consideration is less than HK\$10,000,000, the entering into of the New Tenancy Agreements are subject to announcement requirements but are exempt from circular and independent 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 Property Holdings 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
“Director(s)”	the director(s) of the Company
“East Ascent”	East Ascent Enterprise Limited
“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
“New Tenancy Agreements”	the tenancy agreements all dated 25 August 2023 between each of the Landlords and SWBP or SWEE for 1 year commencing from 1 August 2023

“Previous Tenancy Agreements”	the tenancy agreements all dated 11 July 2022 between each of the Landlords and SWBP or SWEE, which terms have expired on 31 July 2023
“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

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

Hong Kong, 25 August 2023

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, Mr. Ip Tin Chee, Arnold and Mr. Pang Tat Choi, Paul.