
IMPORTANT

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sam Woo Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

Executive Directors:

Lau Chun Ming *(Chairman and Managing Director)*

Lau Chun Kwok

Lau Chun Ka

Leung Lai So

Hsu Kam Yee, Simon

Chan Sun Kwong

Non-executive Director:

Chiu Kam Kun, Eric

Independent Non-executive Directors:

Lee Peng Fei, Allen

Wong Sue Cheun, Roderick

Chan Wai Dune

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal Place
of Business in Hong Kong:*

Units 1310-13, 13th Floor

113 Argyle Street, Mongkok

Kowloon, Hong Kong

27th July, 2005

To the shareholders

Dear Sir or Madam,

**PROPOSALS IN RELATION TO RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND
AMENDMENTS TO THE BYE-LAWS AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the information on the Ordinary and Special Resolutions to be proposed at the forthcoming Annual General Meeting (“AGM”) of

* For identification purposes only

Sam Woo Holdings Limited (the “Company”) to be held on 24th August, 2005: (i) to grant to the directors of the Company (“Directors”) a general mandate to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the existing issued share capital of the Company on the date of the Ordinary Resolutions (the “Buyback Mandate”); (ii) to grant a general mandate to the Directors to allot, issue or deal with new shares not exceeding 20% of the issued share capital of the Company on the date of the Ordinary Resolutions (the “Issuance Mandate”); (iii) to increase the number of shares which the Directors may issue under the Issuance Mandate by the number of shares repurchased by the Company pursuant to the Buyback Mandate; (iv) to approve the amendments to the bye-laws of the Company (the “Bye-laws”) in order to align the Bye-laws with the amended Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”); and (v) to re-elect Directors.

RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting set out on pages 8 to 10 of this circular contains full text of all the Resolutions to be proposed at the AGM.

In accordance with the Listing Rules, this circular also serves as an explanatory statement to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against Resolutions 4 to 7 to be proposed at the AGM of the Company.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

The Ordinary Resolution 4 relates to the granting of the Buyback Mandate to the Directors of the Company to repurchase, on the Stock Exchange, shares up to a maximum of 10% of the issued share capital of the Company as at the date of the relevant resolution.

The Ordinary Resolution 5 relates to the granting of the Issuance Mandate to the Directors of the Company to allot, issue or deal with new shares up to a maximum of 20% of the issued share capital of the Company at the date of the resolution.

The Ordinary Resolution 6 relates to the extension of the Issuance Mandate to be granted to the Directors to issue new shares during the relevant period by adding to it the number of shares repurchased under the Buyback Mandate, if any.

The authority conferred on the Directors by the mandates as described in Ordinary Resolutions 4 to 6 will continue in force until the conclusion of the next Annual General Meeting of the Company; revocation or variation of the authority by ordinary resolution of the shareholders in general meeting; and the expiration of the period within which the next Annual General Meeting of the Company is required by the Company’s Bye-laws or any applicable laws to be held, whichever is the earlier.

REASONS FOR REPURCHASE

Although the Directors have no present intention of repurchasing any shares, they believe that the flexibility afforded by the Buyback Mandate would be beneficial to the Company and its shareholders. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company.

SHARE CAPITAL AND EXERCISE OF THE REPURCHASE MANDATE

As at 26th July, 2005, being the latest practicable date prior to the printing of this document, the issued share capital of the Company was 300,000,000 shares of HK\$0.10 each (“Shares”). Subject to the passing of the resolution approving the Buyback Mandate and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 30,000,000 Shares.

FUNDING OF REPURCHASES

In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and Bye-laws of the Company and all applicable laws, including the laws of Bermuda.

Bermuda law provides that the purchase of shares may only be effected out of the capital paid up on the shares to be repurchased, out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares of the Company made for the purpose of the repurchase. Any premium payable over the par value of the shares of the Company to be repurchased must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution or out of the Company’s share premium account before the shares are repurchased.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report of the Company for the year ended 31st March 2005) in the event that the Buyback Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

DIRECTORS’ UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases under the Buyback Mandate in accordance with the Listing Rules and laws of Bermuda.

EFFECT OF THE TAKEOVER CODE

If as a result of a repurchase of Shares, a substantial shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of The Code on Takeovers and Mergers (the “Takeover Code”). As a result, a shareholder, or group of shareholders acting in concert, depending on the level of such increase, could increase, obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at 26th July, 2005, the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Messrs Lau Chun Ming, Lau Chun Kwok, Lau Chun Ka and Ms Leung Lai So, the executive directors of the Company, and for the purpose of the Takeover Code are concert parties, in aggregate were beneficially interested in 225,000,000 shares representing 75% of the issued Share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Buyback Mandate, the shareholding of the aforesaid executive directors would be increased to approximately 83.33% of the issued Share capital of the Company. On this basis, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchases to be made under the Buyback Mandate. The Directors have no intention to exercise the Buyback Mandate to such an extent that the number of Shares in the hands of the public falling below the prescribed minimum percentage (under the Listing Rules) of 25%.

DISCLOSURE OF INTEREST

None of the Directors, and to the best of their knowledge having made all reasonable enquiries, nor any associates of the Directors, have any present intention to sell Shares to the Company under the Buyback Mandate in the event that the Buyback Mandate is approved by shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares or that they have undertaken not to sell any Shares held by them to the Company in the event that the Buyback Mandate is approved by its shareholders.

MARKET PRICES OF SHARES

The highest and lowest market prices for Shares recorded on the Stock Exchange during each of the previous twelve months were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2004		
July	0.68	0.65
August	0.66	0.60
September	0.63	0.51
October	0.52	0.49
November	0.52	0.49
December	0.52	0.49
2005		
January	0.52	0.51
February	0.51	0.51
March	0.51	0.51
April	0.51	0.51
May	0.51	0.51
June	0.51	0.51
July (up to the Latest Practicable Date)	0.51	0.51

SHARES REPURCHASES MADE BY THE COMPANY

No repurchase of shares have been made by the Company (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

The Special Resolution 7 relates to the amendments to the Bye-laws to align the same with the amended Listing Rules which have become effective on 1st January 2005.

The Stock Exchange has revised the Listing Rules in respect of corporate governance practices effective from 1st January 2005 which require, among others, that every director, including those appointed for a specific term, be subject to retirement by rotation at least once every three years.

In their present forms, the Bye-laws provide that at each annual general meeting one-third (or the number nearest to but not greater than one-third) of the Directors shall retire from office by rotation and that the chairman of the board and/or the managing director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of Directors to retire each year. As a result, a special resolution will be proposed at the AGM to amend the bye-laws of the Company to align the same with the amended Listing Rules.

Details of the amendments to the Bye-laws are set out in the notice of AGM on page 10 of this circular.

RE-ELECTION OF DIRECTORS

In relation to the election of Directors as referred to in item 2 of the notice of the AGM, Mr. Lau Chun Ka, Mr. Chiu Kam Kun, Eric and Professor Wong Sue Cheun, Roderick will retire by rotation in accordance to the Company's bye-law 87. All the retiring Directors, being eligible, offer themselves for re-election at the AGM. The followings are their biographical details:

Mr. LAU Chun Ka, aged 51, is an Executive Director of the Company. He joined the Group in the early 1970s. He has profound experience in mechanical engineering and construction/foundation equipment for over 20 years. Since he joined the Group, he has been responsible for the maintenance of machinery and equipment of the Group. During the last 15 years, he has concentrated on maintenance of construction machinery and equipment.

He holds 22,500,000 shares (representing approximately 7.5% of the issued share capital of the Company) of the Company through Nice Fair Group Limited, a corporation controlled by him. He was granted share options by the Company to subscribe for 500,000 shares (representing approximately 0.16% of the issued share capital of the Company upon exercise of the share options) in the share capital of the Company during the exercise period from 28th May 2004 to 27th May 2007, both days inclusive. Save as aforesaid, he does not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Future Ordinance. He has entered into a service agreement with the Company for a term of three years commencing from 9th April 2003. His director's fee and fringe benefits amount to HK\$1,200,000 per annum, subject to review by the Board from time to time with reference to prevailing market rates. He is a brother of both the Company's Chairman, Mr. Lau Chun Ming and another Executive Director, Mr. Lau Chun Kwok. The Directors are not aware of any other matters regarding the re-election of Mr. Lau that needs to be brought to the attention of the shareholders of the Company.

Mr. CHIU, Kam Kun, Eric, aged 46, is a Non-executive Director. He joined the Group in 2000 and has been working for major construction and engineering companies in Hong Kong for over 24 years, involving in civil engineering and building projects. He holds a higher diploma in civil engineering from the Hong Kong Polytechnic University and a master degree of science in construction project management from the University of Hong Kong. He is a member of the Institution of Civil Engineers in the UK, Hong Kong Institution of Engineers, the Institution of Engineers, Australia and the Chartered Institute of Arbitrators in the UK, an associate of the Hong Kong Institute of Arbitrators, and a member of the Contractor Registration Committee under the Buildings Ordinance. He was granted share options by the Company to subscribe for 500,000 shares (representing approximately 0.16% of the issued share capital of the Company upon exercise of the share options) in the share capital of the Company during the exercise period from 28th May 2004 to 27th May 2007, both days inclusive. Save as aforesaid, he does not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Future Ordinance. Mr. Chiu has no service contract with the Company and was appointed for an initial term of one year with the Company, which will continue thereafter until terminated by either party giving not less than three months' prior notice. He did not receive any director's fee for his directorship. A company in which Mr. Chiu is interested has provided consultancy service to the Company at a monthly fee determined with reference to prevailing market rates for the nature of services rendered as agreed among the parties. Mr. Chiu is not related to any directors, senior management or substantial or controlling shareholders of the Company.

The Directors are not aware of any other matters regarding the re-election of Mr. Chiu that needs to be brought to the attention of the shareholders of the Company.

Professor WONG Sue Cheun, Roderick, aged 60, is an Independent Non-executive Director. Professor Wong holds a bachelor degree of arts from San Diego State College, the US and a doctoral degree of philosophy from the University of Alberta, Canada. He is a fellow of the Royal Society of Canada and Chevalier dans l'Ordre National de la Légion d'Honneur of France. Currently, he is the Dean of Research and Graduate Studies at the City University of Hong Kong. In the last three years, Professor Wong has held, at different times, directorships with Hon Kwok Land Investment Company, Limited and Chinney Investments, Limited. As of today's date, he has resigned from all of the above companies. Professor Wong was granted share options by the Company to subscribe for 500,000 shares (representing approximately 0.16% of the issued share capital of the Company upon exercise of the share options) in the share capital of the Company during the exercise period from 28th May 2004 to 27th May 2007, both days inclusive. Save as aforesaid, he does not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Future Ordinance. Professor Wong has no service contract with the Company and was appointed for an initial term of one year with the Company, which will continue thereafter until terminated by either party giving not less than three months' prior notice. The director's fee payable to Professor Wong is HK\$240,000 per annum, subject to review by the Board from time to time with reference to prevailing market rates for the nature of services rendered. Professor Wong is not related to any directors, senior management or substantial or controlling shareholders of the Company.

The Directors are not aware of any other matters regarding the re-election of Professor Wong that needs to be brought to the attention of the shareholders of the Company.

PROCEDURES BY WHICH SHAREHOLDERS MAY DEMAND A POLL

Pursuant to Bye-law 66 of the Company, a resolution put to the vote of any general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by the Chairman of the meeting or:

- (i) by at least three shareholders present in person or by duly authorized representative in case of shareholder being a corporation or by proxy for the time being entitled to vote at the meeting;
- (ii) by any shareholder or shareholders present in person or by duly authorized representative in case of shareholder being a corporation or by proxy and representing not less than one-tenth of the total voting rights of all the shareholder having the right to vote at the meeting; or
- (iii) by any shareholder or shareholders present in person or by duly authorized representative in case of shareholder being a corporation or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

PROXY ARRANGEMENT

A form of proxy for use at the AGM is enclosed with the Annual Report for the year ended 31st March, 2005. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the AGM.

RECOMMENDATION

The Directors consider that the Buyback Mandate and the granting/extension of Issuance Mandate are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of all the resolutions as set out in the notice of the AGM as they intend to do the same in respect of their own shareholdings.

Yours faithfully
On behalf of the Board
Lau Chun Ming
Chairman and Managing Director

NOTICE OF ANNUAL GENERAL MEETING



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Members of Sam Woo Holdings Limited (the “Company”) will be held at Ballroom G-H, Penthouse, Hotel Miramar, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Wednesday, 24th August, 2005 at 10:00 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st March, 2005;
2. To re-elect the following retiring Directors and authorize the Board of Directors to fix Directors’ remuneration:
 - (a) to re-elect Mr. LAU Chun Ka as Executive Director;
 - (b) to re-elect Mr. CHIU Kam Kun, Eric as Non-executive Director; and
 - (c) to re-elect Professor WONG Sue Cheun, Roderick as Independent Non-executive Director;
3. To appoint Auditors and to authorise the Board of Directors to fix Auditors’ remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.”;

** For identification purposes only*

5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of shares or rights to acquire shares of the Company, or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, the total nominal amount of additional shares to be allotted, issued, dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (b) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.”; and
6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT the general mandate granted to the Directors of the Company pursuant to resolution no. 5 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares since the granting of such general mandate referred to in the above resolution no. 4, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution.”

7. To consider and, if thought fit, pass the following resolution as a Special Resolution:

“**THAT** the Bye-laws of the Company be and are hereby altered as follows:

Bye-law 87(1)

By deleting the existing bye-law 87(1) in its entirety replacing therewith the following new bye-law 87(1):

“Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the rules and regulations of the Designated Stock Exchange and notwithstanding any other provisions in the Bye-laws or any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Company at the general meeting at which a Director retires may fill the vacated office.”; and

Bye-law 87(2)

By inserting the words “and shall continue to act as a Director throughout the meeting at which he retires” immediately at the end of the first sentence “A retiring Director shall be eligible for re-election” in by-law 87(2).”

and that the directors be and are hereby authorised to do all such acts, deeds and things as they shall, in their absolute discretion, deem fit in order to effect the foregoing.”

By Order of the Board
Chan Sun Kwong
Company Secretary

Hong Kong, 27th July, 2005

Notes:

- (a) As at the date hereof, the Board comprises Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka, Ms. Leung Lai So, Mr. Hsu Kam Yee, Simon and Mr. Chan Sun Kwong as executive directors, Mr. Chiu Kam Kun, Eric as non-executive director and Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Mr. Chan Wai Dune as independent non-executive directors.
- (b) The Register of Members of the Company will be closed from Wednesday, 17th August, 2005 to Wednesday, 24th August, 2005 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company’s Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 16th August, 2005.
- (c) A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (d) To be valid, a form of proxy and the instrument appointing the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company’s Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or the adjournment thereof.