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If you are in any 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 advisor.

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 or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF SAM WOO GROUP LIMITED;
(2) PROPOSED SPECIAL DIVIDEND; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company**Access Capital**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

A letter from the Independent Board Committee is set out on page 16 of this circular. A letter from Altus Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 25 of this circular.

A notice convening the SGM to be held at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 6 December 2010 at 11:00 a.m. is set out on pages 35 to 36 of this circular.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Altus Capital” or “Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“associates”	has the same meaning as defined in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in Hong Kong (excluding Saturdays, Sundays and public holidays)
“BVI”	the British Virgin Islands
“CKL”	CKL Development Limited, a company incorporated in BVI and is wholly-owned by Mr. Lau Chun Kwok, an executive Director and the brother-in-law of Ms. Leung
“Company” or “Vendor”	Sam Woo Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Stock Exchange
“Completion”	completion of the Disposal
“Completion Accounts”	the unaudited pro forma consolidated accounts (including the statement of comprehensive income and the balance sheet) for the period from 1 April 2010 to the date falling on the last date of the calendar month immediately before the Completion Date
“Completion Date”	date of Completion
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Company for the Sale Shares and the assignment of the Loans pursuant to the terms of the Disposal Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares, being the entire issued share capital of SWG, and the assignment of the Loans pursuant to the Disposal Agreement

DEFINITIONS

“Disposal Agreement”	the agreement dated 8 October 2010 (as supplemented by a supplemental agreement dated 5 November 2010) entered into between the Purchaser and the Company in respect of the Disposal
“Disposal Group”	the group of companies consisting of SWG and its subsidiaries (after completion of the Reorganisation) including, SW Engineering Equipment, SW Construction & Engineering, SW Bore Pile Foundation, SW Construction, SW Civil Contractors, SW Group Holdings, SW Civil Works, SW Foundation, SW Finance, SW Ship Management, SW Offshore Engineering and 三和集團有限公司, collectively
“Dividend Distribution”	any dividend payable to the Purchaser, CKL and Nice Fair by the Company under the Proposed Special Dividend
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy, being all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Disposal
“Independent Shareholders”	Shareholders other than the Purchaser, CKL, Nice Fair and their respective associates
“Latest Practicable Date”	12 November 2010, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans owed by SWG and/or any other members of the Disposal Group to the Vendor on Completion
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
“Ms. Leung”	Ms. Leung Lai So, an executive Director, the beneficiary of a discretionary trust which indirectly holds the entire issued share capital of the Purchaser and the spouse of Mr. Lau Chun Ming who is an executive Director and Chairman of the Company

DEFINITIONS

“Nice Fair”	Nice Fair Group Limited, a company incorporated in BVI and is wholly-owned by Mr. Lau Chun Ka, an executive Director and the brother-in-law of Ms. Leung
“Promissory Note”	non-interest bearing promissory note in the principal amount of HK\$92 million with a one year term to be issued by the Purchaser to the Vendor upon Completion to satisfy part of the Consideration, the principal terms of which are set out under the section headed “TERMS OF THE PROMISSORY NOTE” in the “Letter from the Board” in this circular
“Proposed Special Dividend”	subject to, among other things, and following the Completion, the proposed cash dividend of approximately HK\$140 million by the Company to be declared and distributed to the Qualifying Shareholders on a pro rata basis
“Purchaser”	Actiease Assets Limited, a company incorporated in BVI with limited liability and is a substantial Shareholder holding approximately 56.29% of the issued share capital of the Company as at the Latest Practicable Date
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	the record date to determine entitlements of the Shareholders to the Proposed Special Dividend, which will be determined and announced by the Company
“Remaining Group”	the Group immediately after Completion
“Reorganisation”	the proposed reorganisation of the Group to be undertaken by the Company for the purpose of the Completion
“Sale Shares”	10,000 shares of US\$1.00 each in the issued share capital of SWG, representing the entire issued share capital of SWG
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	special general meeting of the Company to be convened to consider, if thought fit, and approve the (i) Disposal Agreement and the transactions contemplated thereunder; and (ii) Proposed Special Dividend
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SW Bore Pile Foundation”	Sam Woo Bore Pile Foundation Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Civil Contractors”	Sam Woo Civil Contractors Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Civil Works”	Sam Woo Civil Works Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Construction”	Sam Woo Construction Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Construction & Engineering”	Sam Woo Construction & Engineering Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Engineering Equipment”	Sam Woo Engineering Equipment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Finance”	Sam Woo Finance Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Foundation”	Sam Woo Foundation Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SWG”	Sam Woo Group Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Group Holdings”	Sam Woo Group (Holdings) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date

DEFINITIONS

“SW Offshore Engineering”	Sam Woo Offshore Engineering Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“SW Ship Management”	Sam Woo Ship Management Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“三和集團有限公司”	三和集團有限公司, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Tangible NAV”	being the aggregate of the amount paid up or credited as paid up on the issued share capital of the Disposal Group; and the amount standing to the credit of the consolidated reserves of the Disposal Group, but deducting goodwill or other intangible assets
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

Executive Directors:

Mr. Lau Chun Ming

Mr. Lau Chun Kwok

Mr. Lau Chun Ka

Ms. Leung Lai So

Mr. Hsu Kam Yee, Simon

Mr. Chan Sun Kwong

Non-executive Director:

Mr. Chiu Kam Kun, Eric

Independent non-executive Directors:

Dr. Lee Peng Fei, Allen

Professor Wong Sue Cheun, Roderick

Ms. Wong Tsui Yue, Lucy

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

16 November 2010

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF SAM WOO GROUP LIMITED;
(2) PROPOSED SPECIAL DIVIDEND; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The Company announced on 8 October 2010 that the Disposal Agreement was entered into between the Company and the Purchaser with regard to (i) the disposal of the Sale Shares, being the entire issued share capital of SWG; and (ii) the assignment of Loans, by the Company for a consideration of HK\$140 million, subject to adjustments.

The Company also announced on 5 November 2010 that a supplemental agreement dated 5 November 2010 was entered into between the Company and the Purchaser, pursuant to which the relevant clauses in relation to the adjustment to the Consideration in the Disposal Agreement was deleted.

* For identification purpose only

LETTER FROM THE BOARD

Since some of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules are more than 25% but less than 75%, the Disposal constitutes a major disposal for the Company under Chapter 14 of the Listing Rules. The Purchaser is a substantial Shareholder holding approximately 56.29% of the issued share capital of the Company as at the Latest Practicable Date and is indirectly owned by a discretionary trust of which Ms. Leung, an executive Director, is a beneficiary. Accordingly, the Purchaser is a connected person of the Company. As such, the Disposal also constitutes a connected transaction of the Company under Rule 14A.13(1)(a) of the Listing Rules. Pursuant to the Listing Rules, the Disposal Agreement and the transactions contemplated thereunder are subject to the Independent Shareholders' approval at the SGM by way of poll.

The net proceeds of the Disposal after deducting all relevant expenses is estimated to be approximately HK\$139 million. The Board proposes that, subject to the Completion, the Proposed Special Dividend of approximately HK\$140 million will be distributed to the Qualifying Shareholders.

The purpose of this circular is to provide, among other things,

- the particulars of the Disposal Agreement;
- the letter from the Independent Board Committee to the Independent Shareholders in relation to the Disposal; and
- the letter from Altus Capital to the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

THE DISPOSAL AGREEMENT

Date

8 October 2010

Parties

- (i) Actiease Assets Limited, being the Purchaser.

The Purchaser is a substantial Shareholder and is indirectly owned by a discretionary trust of which Ms. Leung, an executive Director, is a beneficiary. The Purchaser is accordingly a connected person of the Company under the Listing Rules.

- (ii) the Company, being the Vendor.

Subject of the Disposal

The Sale Shares and the Loans.

LETTER FROM THE BOARD

Consideration

The Consideration of HK\$140 million for the Disposal was determined after arm's length negotiations between the Purchaser and the Company with reference to (i) the valuation of the Disposal Group by an independent valuer as at 8 September 2010 on which the asset-based approach has been adopted; (ii) the unaudited amount of indebtedness owed by the Disposal Group to the Company as at 31 March 2010 (as if the Reorganisation has been completed on 31 March 2010); and (iii) the future prospects of the Disposal Group.

According to the unaudited financial statements of SWG as at 31 March 2010 and as if the Reorganisation has been completed on 31 March 2010, SWG together with its subsidiaries, were indebted to the Company in the amount of approximately HK\$25,483,000.

Pursuant to the Disposal Agreement, the Consideration will be payable in the following manners:

- (i) HK\$7 million (the "**Initial Deposit**"), representing 5% of the Consideration, shall be payable in cash as initial deposit within seven (7) Business Days after the signing of the Disposal Agreement;
- (ii) HK\$92 million shall be payable in cash or by issuing the Promissory Note to the Vendor or its nominee on the Completion Date; and
- (iii) the remaining balance of HK\$41 million (the "**Remaining Balance**") shall be payable in cash to the Vendor or its nominee on the Completion Date.

The amount of the Promissory Note payable by the Purchaser under (ii) above can be offset against the Dividend Distribution on a dollar for dollar basis. The Purchaser undertakes to and/or procure CKL and Nice Fair to, utilize the entire amount of the Dividend Distribution to repay all or part of the Promissory Note on the date of payment of the Dividend Distribution. In the event that the amount of the Dividend Distribution is insufficient to redeem the amount due under the Promissory Note, the Purchaser shall pay the shortfall to the Vendor in cash on the date of payment of the Dividend Distribution. For the purpose of this, the Purchaser irrevocably authorizes and instructs the Company to withhold the entire Dividend Distribution and on behalf of the Purchaser, apply the same to repay any amount due under the Promissory Note on the date of payment of such Dividend Distribution without further notice from the Purchaser. The Purchaser shall indemnify the Company for all losses and damages, if any, arising from such authorization and instructions.

In the event that the amount of HK\$92 million under (ii) above is paid by the Purchaser in cash, all provisions and references to the Promissory Note in the Disposal Agreement shall not be applicable.

Pursuant to Disposal Agreement, in the event that the Tangible NAV as shown in the Completion Accounts is less than the unaudited Tangible NAV as at 30 September 2010, the Consideration will be adjusted downwards by an amount equal to such shortfall on a dollar for dollar basis and will be offset against the Remaining Balance. In the event that the Tangible NAV as shown in the Completion Accounts equals to or more than the Tangible NAV as at 30 September 2010, no adjustment to the Consideration will be made.

LETTER FROM THE BOARD

Pursuant to the supplemental agreement dated 5 November 2010 entered into between the Company and the Purchaser, the relevant clauses in relation to the adjustment to the Consideration were deleted. In this regard, no adjustment will be made on the Consideration in the event that the unaudited Tangible NAV as shown in the Completion Accounts is less than the Tangible NAV as at 30 September 2010.

Conditions precedent of the Disposal Agreement

Completion is conditional upon fulfillment of the following conditions:

- (i) the completion of the Reorganisation;
- (ii) the passing of the resolution by the Independent Shareholders at the SGM to approve the Disposal Agreement and the transactions contemplated thereunder;
- (iii) the passing by the Shareholders of an ordinary resolution approving the Proposed Special Dividend;
- (iv) the compliance of all relevant regulatory requirements (including but not limited to those under the Listing Rules and all relevant regulatory requirements in Hong Kong) in relation to the transactions contemplated under the Disposal Agreement; and
- (v) the release of the corporate guarantees provided by the Company in favour of any members of the Disposal Group having been completed.

None of the aforesaid conditions can be waived by the Vendor. If the conditions are not fulfilled within six months after the date of the Disposal Agreement or such later date as agreed between the Company and the Purchaser, the Disposal Agreement shall be terminated. In such event, the Company shall return the Initial Deposit to the Purchaser and neither party shall have any rights nor obligations against the other under the Disposal Agreement except for any antecedent breach.

Completion

Completion shall take place within fourteen (14) Business Days after (but excluding) the day on which all conditions precedent are fulfilled, or at such other time as may be agreed by the parties.

TERMS OF THE PROMISSORY NOTE

Issuer	:	the Purchaser
Principal amount	:	HK\$92 million
Maturity date	:	The date falling one (1) year from the date of issue of the Promissory Note
Interest rate	:	Non-interest bearing

LETTER FROM THE BOARD

Redemption : The Purchaser has the right to redeem the whole or any part of the outstanding principal amount of the Promissory Note at any time prior to the maturity date of the Promissory Note provided that the Purchaser shall give to the holder of the Promissory Note not less than 3 Business Days prior written notice specifying the date of redemption and the amount of Promissory Note to be redeemed.

INFORMATION ON THE DISPOSAL GROUP

SWG, incorporated in BVI, is an investment holding company and a wholly-owned subsidiary of the Company. Currently, the subsidiaries of SWG are engaged in the provision of foundation works, trading of foundation works related machinery and equipment and vessel chartering. Upon completion of the Reorganisation, SWG will be the holding company of the Disposal Group which will engage in the provision of foundation works and trading of foundation works related machinery and equipment. Details of the subsidiaries of SWG are set out as below:

Name of companies	Principal activities
SW Engineering Equipment	Leasing and trading of machinery and equipment
SW Construction & Engineering	Trading of used foundation works related machinery and equipment
SW Bore Pile Foundation	Provision of foundation works
SW Construction	Provision of foundation works
SW Civil Contractors	Provision of civil engineering works
SW Civil Works	Inactive
SW Finance	Inactive
SW Foundation	Inactive
SW Group Holdings	Inactive
SW Offshore Engineering	Inactive
SW Ship Management	Inactive
三和集團有限公司	Inactive

LETTER FROM THE BOARD

Set out below is the unaudited consolidated financial information of the Disposal Group:

	For the year ended	
	31 March	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation	(394)	(28,623)
Net profit/(loss) after taxation	34	(22,723)
		As at
		31 March 2010
		<i>HK\$'000</i>
Net assets		87,749

Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company and the Company will have no more shareholding in the Disposal Group. Accordingly, the financial results of the Disposal Group will not be consolidated into the Group's financial statements after Completion. The Company and its subsidiaries (excluding the Disposal Group) will engage in the business of vessel chartering.

INFORMATION ON THE PURCHASER

The Purchaser was incorporated in BVI and its principal activities are investment holding.

The Purchaser is a substantial Shareholder holding approximately 56.29% of the issued share capital of the Company as at the Latest Practicable Date and is indirectly owned by a discretionary trust of which Ms. Leung, an executive Director, is a beneficiary. The Purchaser is accordingly a connected person of the Company under the Listing Rules.

USE OF PROCEEDS AND PROPOSED SPECIAL DIVIDEND

The net proceeds of the Disposal after deducting all relevant expenses is estimated to be approximately HK\$139 million. The Company intends to use the net proceeds from the Disposal for the distribution of the Proposed Special Dividend.

The Board proposes that, subject to the Completion and approval by the Independent Shareholders at the SGM, the Proposed Special Dividend of approximately HK\$140 million will be distributed to the Qualifying Shareholders. Based on 3,020,000,000 Shares in issue as at the Latest Practicable Date, the Proposed Special Dividend will be HK\$0.046 per Share. The Proposed Special Dividend will be paid in cash out of the Company's reserves, partly contributed by the net proceeds to be received from the Disposal, to the Qualifying Shareholders. According to the annual report of the Company for the year ended 31 March 2010, the Company had distributable reserves of approximately HK\$98.7 million. The Dividend Distribution can be offset against part of the Consideration payable by the Purchaser.

LETTER FROM THE BOARD

An ordinary resolution will be proposed at the SGM for approving the Proposed Special Dividend. The Purchaser, CKL, Nice Fair and their respective associates will abstain from voting in respect of the ordinary resolution to approve the Proposed Special Dividend.

The distribution of the Proposed Special Dividend is conditional upon, inter alia, the Completion. Subject to normal administrative procedures relating to dividend payments, the Proposed Special Dividend will be distributed to the Qualifying Shareholders within four weeks after the Completion Date. Further announcement(s) will be made by the Company in relation to the Proposed Special Dividend as and when appropriate.

REASONS FOR AND BENEFIT OF THE DISPOSAL AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of foundation works, trading of foundation works related machinery and equipment and vessel chartering.

For the year ended 31 March 2010, revenue from the Group's foundation works increased to approximately HK\$57.2 million whereas no revenue was recorded for the year ended 31 March 2009 as the Group was not contracted with any foundation works during the aforesaid year. Approximately HK\$4,000 in relation to an adjustment of contract income receivables from foundation works projects completed in prior years was recognised for the year ended 31 March 2009. The improvement in revenue for this business segment was attributable to new projects awarded to the Group in the second half of the financial year of 2010 and collection of settlement for variation works on a previously completed project. The Group had not received any revenue for the trading business of machinery and equipment for the two years ended 31 March 2010.

With a continuous recovery in the local economy, there have been a number of major infrastructure projects announced and the Group has been actively tendering for construction projects. However, the Group faces intense competition on pricing and increasing project costs. Taking into account of this and the potential project risks, the Company has been taking a conservative approach when tendering for construction projects. The operating performance of the Group's foundation works business had been volatile over the past few years. According to the annual reports of the Company for the three years ended 31 March 2008, 2009 and 2010, revenue for this line of business were approximately HK\$9 million, HK\$4,000 and HK\$57 million respectively. Segment results for the same years before absorption of overheads were approximately HK\$4 million, HK\$16 million (segment loss) and HK\$13 million respectively. The fluctuation in operating results of the foundation works business was mainly due to difficult market conditions and that the Company had been very cautious in ensuring that the profitability must commensurate with project risks when tendering. As a result, only few projects had been successfully awarded during the above periods. During the past few years, some of the Group's foundation works related machinery and equipment have not been fully utilized.

LETTER FROM THE BOARD

For the vessel chartering business, the revenue derived from this line of business had been relatively stable as compared to those of the foundation works business and had been a major profit contributor to the Group. According to the annual reports of the Company for the three years ended 31 March 2008, 2009 and 2010, revenue for this line of business were approximately HK\$103 million, HK\$113 million and HK\$67 million respectively. Segment results for the same years were approximately HK\$33 million, HK\$39 million and HK\$13 million respectively. Despite the reduced chartering rates and lower utilisation rates of the Group's vessel during the financial year 2010, the Group still achieved a segment profit for the vessel chartering business due to a better and effective cost control on this line of business, which was less labour intensive and had lower finance costs as compared to those of the foundation works business. While the foundation works related machinery and equipment are financed by bank borrowings and finance leases and therefore bear finance costs even they are under-utilised, the Group's vessel is free from any indebtedness.

According to the Company's announcement dated 29 October 2010, the Group expected a loss for the six months ended 30 September 2010 as compared to a profit for the six months ended 30 September 2009 as the Group's vessel chartering business had not met sales target during the relevant period, thus resulting in losses for this business segment. The Directors consider that the drop in turnover for the first half of 2010 was due to reduction in the demand for transport of engineering machinery and equipment. In addition, the demand for transport the offshore exploring equipment substantially dropped in 2009 and 2010 as a result of financial crisis and the ban of offshore oil exploration by the US government since the oil leakage in the Gulf of Mexico in 2010. The ban was just uplifted in October 2010. The Directors noted that there has been increase in number of enquiries in the recent two months on the chartering service charges and technical information on vessel transportation for the Company's vessel chartering business. In view of this and the market information obtained from other vessel chartering operators, the Directors are of the view that there are signs of stabilization in the vessel chartering business both in terms of pricing and utilization. Continuous discussions are being held with these potential customers on their enquiries.

In view of the uncertainties on successful award of projects in the future, the potential project risks which will adversely affect the Group's profitability and the fixed cost, mainly financial costs, on maintaining the related machinery and equipment, the Directors consider that it is in the interest of the Company and its Shareholders to dispose of the business of the provision of foundation works and trading of foundation works related machinery and equipment. Given that (i) the vessel chartering business has a profitable track record for the last three financial years; (ii) lower financial burden as compared with the foundation works business; and (iii) the signs of business recovery in the second half of the financial year of 2011, the Directors consider that it is reasonable to continue the vessel chartering business.

For illustration purposes only, a gain of approximately HK\$34 million (subject to audit) is expected to arise from the Disposal, being the Consideration after deducting (i) the unaudited consolidated net asset value of the Disposal Group and loans owed by the Disposal Group to the Company as at 31 March 2010; and (ii) any transactions costs directly attributable to the Disposal including professional and other related expenses. Shareholders and investors should note that the actual gain on the Disposal will be different from the above as the then net asset value of the Disposal Group will be different on the Completion Date.

Based on the above, the Directors are of the view that the terms of the Disposal Agreement and the transactions contemplated therein are fair and reasonable and the Disposal is in the interests of the Shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules are more than 25% but less than 75%, the Disposal constitutes a major disposal for the Company under Chapter 14 of the Listing Rules. The Purchaser is a substantial Shareholder holding approximately 56.29% of the issued share capital of the Company at the Latest Practicable Date and is indirectly owned by a discretionary trust of which Ms. Leung, an executive Director, is a beneficiary. The Purchaser is accordingly a connected person of the Company. As such, the Disposal also constitutes a connected transaction of the Company under Rule 14A.13(1)(a) of the Listing Rules.

Given the Disposal is conditional on, inter alia, the approval by the Shareholders of the Proposed Special Dividend, the Purchaser, CKL, Nice Fair and their respective associates, will abstain from voting in respect of the resolutions for approving the Disposal Agreement and the transactions contemplated thereunder and the Proposed Special Dividend. As at the Latest Practicable Date, the Purchaser, CKL, Nice Fair and their respective associates were interested in 2,150,000,000 Shares, representing approximately 71.19% of the issued share capital of the Company.

Given Ms. Leung has a material interest in the Disposal and Mr. Lau Chun Ming, Mr. Lau Chun Kwok and Mr. Chun Ka are associates of Ms. Leung, they have abstained from voting on the board resolution for approving the Disposal Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors namely Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy, has been established to advise the Independent Shareholders in relation to the Disposal. Altus Capital, an independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Disposal.

SGM

The Company will convene the SGM at 11:00 a.m., on Monday, 6 December 2010 at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Tsimshatsui, Kowloon, Hong Kong to consider the Disposal Agreement and the transactions contemplated thereunder, and the Proposed Special Dividend. A notice of SGM is set out on pages 35 to 36 of this circular.

The Purchaser, CKL, Nice Fair and their respective associates will abstain from voting on the resolution to approve the (i) Disposal Agreement and the transactions contemplated thereunder; and (ii) the Proposed Special Dividend at the SGM.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the SGM will direct that the proposed resolutions set out in the notice convening the SGM be voted by poll.

LETTER FROM THE BOARD

A form of proxy for use in connection with the SGM is also enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

The Directors believe that the terms of the Disposal Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Disposal Agreement and the transactions contemplated thereunder, and the Proposed Special Dividend.

Your attention is drawn to the letter from the Independent Board Committee set out on page 16 of this circular which contains its recommendation to the Independent Shareholders on the Disposal.

Your attention is also drawn to the letter of advice from Altus Capital which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal, the principal factors and reasons considered by it in concluding its advice. The letter from Altus Capital is set out on pages 17 to 25 of this circular.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
Sam Woo Holdings Limited
Lau Chun Ming
Chairman



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

16 November 2010

To the Independent Shareholders

Dear Sir or Madam,

**(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF SAM WOO GROUP LIMITED;
AND
(2) PROPOSED SPECIAL DIVIDEND**

We refer to the circular of the Company to the Shareholders dated 16 November 2010 (the “**Circular**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you in connection with the Disposal, the terms of the Disposal Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” in the Circular.

We wish to draw your attention to the letter of advice from Altus Capital set out on pages 17 to 25 of the Circular and the “Letter from the Board” set out on pages 6 to 15 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of Altus Capital as stated in its letter of advice, we consider that the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Disposal.

Yours faithfully,

Independent Board Committee

Dr. Lee Peng Fei, Allen
Independent non-executive Director

Professor Wong Sue Cheun, Roderick
Independent non-executive Director

Ms. Wong Tsui Yue, Lucy
Independent non-executive Director

* *For identification purpose only*

LETTER FROM ALTUS CAPITAL

The following is the text of a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in respect of the Disposal which has been prepared for the purpose of inclusion in this circular.

ALTUS CAPITAL LIMITED

8/F Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

16 November 2010

To the Independent Board Committee and the Independent Shareholders

Sam Woo Holdings Limited

Units 1310-13 13th Floor
113 Argyle Street
Mongkok Kowloon
Hong Kong

Dear Sirs,

(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF SAM WOO GROUP LIMITED; AND (2) PROPOSED SPECIAL DIVIDEND

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Disposal. Details of the Disposal are set out in the letter from the Board contained in the circular of the Company dated 16 November 2010 (“**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Disposal constitutes a major transaction for the Company under Listing Rules as the applicable percentage ratios calculated per Rule 14.07 of the Listing Rules exceed 25% but are less than 75%. The Purchaser is a substantial Shareholder holding approximately 56.29% of the issued share capital of the Company and is indirectly owned by a discretionary trust of which Ms. Leung, an executive Director, is a beneficiary. The Purchaser is accordingly a connected person of the Company under the Listing Rules and the Disposal constitutes a connected transaction for the Company under the Listing Rules, which will be subjected to the Independent Shareholders’ approval at the SGM.

As Ms. Leung has a material interest in the Disposal and Mr. Lau Chun Ming (the spouse of Ms. Leung), Mr. Lau Chun Kwok and Mr. Lau Chun Ka are associates of Ms. Leung, they shall abstain from voting on the resolution for approving the Disposal Agreement and the transactions contemplated thereunder. In this respect, the Purchaser, CKL (which is wholly-owned by Mr. Lau Chun Kwok), Nice Fair (which is wholly-owned by Mr. Lau Chun Ka) and their respective associates shall abstain from the aforesaid voting.

LETTER FROM ALTUS CAPITAL

The Independent Board Committee has been established to advise whether the terms of the Disposal Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and whether the Disposal is in the interests of the Company and the Shareholders as a whole. The Independent Board Committee comprises Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy, all being independent non-executive Directors.

BASIS OF OUR ADVICE

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management. We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and its management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed; thus we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by them.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken the following principal factors and reasons into consideration:

1. Background of the Disposal

On 8 October 2010, the Disposal Agreement was entered into between the Company and the Purchaser upon which the Company agreed, for an aggregate consideration of HK\$140 million, (i) to sell the entire equity interest in SWG to the Purchaser; and (ii) to assign the entire amount of the Loans to the Purchaser.

The Purchaser holds approximately 56.29% shareholding interest in the Company. Ms. Leung, an executive Director, is the beneficiary of a discretionary trust which indirectly wholly-owns the Purchaser. The Purchaser is accordingly a connected person of the Company under the Listing Rules and the Disposal constitutes a connected transaction for the Company under the Listing Rules, which shall be subjected to the Independent Shareholders' approval at the SGM.

LETTER FROM ALTUS CAPITAL

The Company intends to distribute the proceeds from the Disposal as special dividend to the Qualifying Shareholders, which will be paid out in cash from the Company's reserves. The Proposed Special Dividend will be approximately HK\$140 million. Based on 3,020,000,000 Shares in issue as at the Latest Practicable Date, the Proposed Special Dividend will be HK\$0.046 per Share. In this respect, the Purchaser, CKL (which is wholly-owned by Mr. Lau Chun Kwok), Nice Fair (which is wholly-owned by Mr. Lau Chun Ka) and their respective associates shall abstain from voting in respect of the ordinary resolution to approve the Proposed Special Dividend.

2. Information of the Disposal Group

The principal business

The Disposal Group will consist of a group of companies which conducts the Group's foundation works business and trading of foundation works related machinery and equipment, as well as certain inactive subsidiaries.

As at the Latest Practicable Date, SWG is an investment holding company and a wholly-owned subsidiary of the Company. At present and prior to the Reorganisation, SWG is the holding company of the Group's businesses of (i) provision of foundation works, (ii) trading of foundation works related machinery and equipment; and (iii) vessel chartering. To facilitate the Disposal, the Reorganisation will be undertaken by the Group to remove the vessel chartering business from SWG. After the Reorganisation, SWG will be the holding company of the Disposal Group and subsidiaries conducting the vessel chartering business will be held directly by the Company. Upon completion of the Disposal, the Group will cease to have any foundation works business. The remaining business of the Group will principally be vessel chartering.

Financial performance

The unaudited consolidated losses before taxation of the Disposal Group were approximately HK\$28.6 million and HK\$0.4 million for the year ended 31 March 2009 and 2010 respectively. For the purpose of analysing the business of the Disposal Group, we have extracted the segment revenue and segment results of foundation works and the trading business of machinery and equipment from the annual reports of the Company for the five years ended 31 March 2010. The main differences between these segment results and the unaudited consolidated losses before taxation as mentioned above are the exclusion of corporate level expenses, finance income and expenses, as well as taxation.

LETTER FROM ALTUS CAPITAL

Segment information

Foundation works	Year ended 31 March				
	2010 (HK'000)	2009 (HK'000)	2008 (HK'000)	2007 (HK'000)	2006 (HK'000)
Revenue	57,179	4	9,069	51,086	43,649
Segment results	13,411	(15,964)	4,427	26,875	1,678
Profit margin	23.5%	Not applicable	48.8%	52.6%	3.8%
Trading of machinery and equipment					
Revenue	–	–	–	2,926	2,488
Segment results	68	–	(475)	1,089	7,757
Profit margin	Not applicable	–	Not applicable	37.2%	311.8%

The Group's foundation works business has experienced substantial fluctuations where revenue decreased substantially from HK\$43.6 million in the year ended 31 March 2006 to a nominal amount in the year ended 31 March 2009 where the Group did not conduct any business activities as no project was secured. Revenue subsequently increased substantially to approximately HK\$57.2 million in the year ended 31 March 2010. Profit margin for the foundation works business has also been volatile, ranging from losses to more than 50%. For the year ended 31 March 2010, this business segment recorded segment profit of HK\$13.4 million on 23.5% profit margin, reversing the losses in the previous year.

The Company's management explained that such improvements were attributable to the three projects secured and carried out by the Group in the second half of the year ended 31 March 2010 and collection of settlement for variation works on a previously completed project. Comparatively, the Group did not undertake any project during the year ended 31 March 2009 and the corresponding loss of approximately HK\$16.0 million was attributable mainly to depreciation, machinery maintenance and fixed overheads. Meanwhile, the Group had not recorded any revenue for the trading of machinery and equipment business after the year ended 31 March 2007.

According to the management of the Company, while the recovery of the property market and the commencement of several major infrastructure projects under government initiatives had increased the overall demand for foundation works, the Group faces intense pricing competition as competitors are seen making bids at low prices so as to capture greater market share. Meanwhile, project costs have been on an increasing trend with rising labour and raw material costs. The competitive environment is evidenced by the fact that the Group had tendered for more than 100 projects in 2009, but it only successfully secured three projects. From January 2010 to September 2010, the Group had not been successful in securing any projects despite submitting more than 70 tenders.

LETTER FROM ALTUS CAPITAL

In summary, revenue and profitability of the Group's foundation works business had been volatile over the past five years. Meanwhile, revenue from trading of machinery and equipment business has been uncertain as this business activity is opportunistic in nature.

3. Consideration and valuation

The Consideration of HK\$140 million for the Disposal has been agreed after arm's length negotiations between the Purchaser and the Company. It is arrived at with reference to (i) the valuation of the Disposal Group as at 8 September 2010 by an independent valuer; (ii) the unaudited amount of indebtedness owed by the Disposal Group to the Company as at 31 March 2010 (as if the Reorganisation had been completed on 31 March 2010); and (iii) the future prospects of the Disposal Group.

Valuation

According to the valuation report, the fair value of the Disposal Group is arrived at based on an asset-based approach, and represents the amount at which an asset would change hands on the date of valuation between a willing buyer and a willing seller on an arm's-length transaction, when the buyer is not under compulsion to buy and the seller is not under compulsion to sell, with both parties having reasonable knowledge of relevant facts. The principle underlying the asset-based approach is that the value of ownership of an enterprise is equivalent to the fair value of its assets less fair value of its liabilities. Each recorded asset held by the Group is examined and adjusted to fair value. Once the assets of the Group have been restated to fair value, all liabilities will be restated to fair value if necessary, and are subsequently being subtracted so as to derive the fair value of the equity of the Disposal Group.

Other methods commonly adopted for valuation such as price-to-earnings ratio method and discounted cash flow method have been considered. In view that the Group currently has no secured projects on hand and that the timing of securing new projects is uncertain, future cash flow and earnings for the Disposal Group's business cannot be reasonably ascertained. For this reason, price-to-earnings method and discounted cash flow method are not suitable for valuing the Disposal Group.

Based on the above and having discussed with the valuer, we are of the view that the asset-based approach, which values the assets and liabilities of the Disposal Group on an asset-by-asset basis, is a fair and reasonable method to value the Disposal Group.

Consideration

Pursuant to the Disposal Agreement, the Consideration will be payable in the following manner:

- (i) HK\$7 million (the "Initial Deposit"), representing 5% of the Consideration, shall be payable in cash as initial deposit within seven (7) Business Days after the signing of the Disposal Agreement;

LETTER FROM ALTUS CAPITAL

- (ii) HK\$92 million shall be payable in cash or by issuing the Promissory Note to the Vendor or its nominee on the Completion Date; and
- (iii) the remaining balance of HK\$41 million (the “**Remaining Balance**”) shall be payable in cash to the Vendor or its nominee on the Completion Date.

The Company had received the Initial Deposit. The amount of the Promissory Note payable by the Purchaser under (ii) above shall be offset against the Dividend Distribution on a dollar for dollar basis. The Purchaser has irrevocably authorised and instructed the Vendor to withhold the entire Dividend Distribution and on behalf of the Purchaser, apply the same to repay any amount due under the Promissory Note on the date of payment of such Dividend Distribution without further notice from the Purchaser.

As advised by the Company, subject to normal administrative procedures relating to dividend payments, the Proposed Special Dividend will be distributed to the Qualifying Shareholders within four weeks after the Completion Date, during which the Dividend Distribution will be used to offset the entire amount due under the Promissory Note. The Promissory Note will therefore be fully redeemed within four weeks after the Completion Date.

We are of the view that the terms contemplated under the Disposal Agreement, including the above payment schedule are commercial terms negotiated between the Purchaser and the Vendor, and are fair and reasonable.

4. Remaining Group

For the purpose of analysing the business of the Remaining Group, we have extracted the segment revenue and segment results of vessel chartering from the annual reports of the Company for the five years ended 31 March 2010.

Segment information

Vessel chartering	Year ended 31 March				
	2010 (HK'000)	2009 (HK'000)	2008 (HK'000)	2007 (HK'000)	2006 (HK'000)
Revenue	66,883	112,606	102,804	68,589	50,623
Segment results	13,111	38,591	33,073	23,751	15,012
Profit margin	19.6%	34.3%	32.2%	34.6%	29.7%

Between the financial year ended 31 March 2006 and 31 March 2009, the revenue of vessel chartering business had been increasing and the profit margin of vessel chartering business was stable.

LETTER FROM ALTUS CAPITAL

The vessel chartering business had however experienced difficult operating conditions during the financial year 2010, where its revenue and operating profit had declined by about 41% and 66% respectively due to depressed chartering rates and lower utilisation rates of 35% compared to 45% in the previous year. The vessel chartering business continued to be difficult during the six months ended 30 September 2010 and the Group was not able to meet its chartering sales target, resulting in losses for this business segment.

The management however observed from the market that there are signs of stabilisation in the vessel chartering business both in terms of pricing and utilisation. In particular, the Group is in active discussions with several potential customers on chartering of the Group's vessel, m/v Asian Atlas. In view of the signs of recovery, the Group intends to continue to explore opportunities in the vessel chartering business, including any potential investment activities. They will also implement cost control measures with a view to improve its profitability and continue to leverage of its brand name to strengthen its position in the vessel chartering industry.

The above observations are based on the fact that there have been more enquiries on the vessel chartering services in recent two months and the enquiries had been more detailed which included provision of technical information for transportation. The management's view on the prospects of vessel chartering services was also made with reference to public market information, such as annual reports of publicly listed vessel chartering operators. We are of the view that the basis which the management had relied on in arriving at such observations is reasonable.

Based on the above, we are of the view that the vessel chartering business will remain a substantive business of the Group and it is reasonable to retain the vessel chartering business. The sustainability of the vessel chartering business is augmented by the fact that it is free from any indebtedness.

5. Use of proceeds and Proposed Special Dividend

The Company will distribute the proceeds from the Disposal of HK\$140 million to the Qualifying Shareholders in the form of a special dividend. Subject to the approval by the Independent Shareholders in respect of the Proposed Special Dividend, the Shareholders will receive a special dividend of HK\$0.046 per Share, based on the 3,020,000,000 Shares in issue as at the Latest Practicable Date. As advised by the Company, the payment of the Proposed Special Dividend will take place within four weeks after the Completion Date.

LETTER FROM ALTUS CAPITAL

From the year ended 31 March 2007 to 31 March 2010, the Company has declared aggregate dividends of HK\$0.0050 per Share. The table below sets out the dividend history of the Company since the financial year ended 31 March 2006.

Financial year-end		Dividend per Share <i>(HK\$)</i>
31 March 2010	Final dividend	0.0007
31 March 2009	Final dividend	0.0010
31 March 2008	Final dividend	0.0013
31 March 2007	Final dividend	0.0020
31 March 2006	No dividend	–

Compared to the historical dividends declared by the Company, the Proposed Special Dividend of HK\$0.046 per Share is substantial. The Proposed Special Dividend represents an opportunity for the Shareholders to realise and receive cash proceeds from the Company's business relating to the foundation works and trading of foundation works related machinery and equipment.

6. Reasons for and benefits of the Disposal

The foundation works business

The historical performance of the Group's foundation works had been volatile and the trading business of machinery and equipment had not generated any revenue for the Group. Even though the Hong Kong government has announced several major infrastructure projects, the commencement of these projects remain uncertain. Competition in the foundation works industry has become more intensified and the project costs have been rising.

Borrowings incurred relating to foundation works business

During the financial year ended 31 March 2010, the Group had acquired some construction equipments in anticipation of the rollout of the major infrastructure projects as announced by the Hong Kong government. To finance these acquisitions, the Group has entered into a finance lease arrangement amounting to HK\$42.3 million. There was an increase in the Group's gearing ratio from 5% as at 31 March 2009 to 48% as at 31 March 2010 consequently, which was mainly attributable to this new borrowing incurred to finance the acquisition of construction equipment and operating activities in construction business.

LETTER FROM ALTUS CAPITAL

Financial effects

Upon completion of the Disposal, members of the Disposal Group will cease to be subsidiaries of the Company. Accordingly, the financial results and liability of the Disposal Group will no longer be consolidated into the Group's financial statements after Completion. Long-term borrowings in relation to foundation works related machinery and equipment will no longer be consolidated into the Group's financial statements and this will in turn reduce the Group's gearing, thereby improve the financial position of the Group. The Disposal will also give rise to a gain to the Group. For illustration purposes only, a gain of approximately HK\$34 million (subject to audit) is expected to arise from the Disposal.

Having considered (i) the track record of the foundation works business which has been volatile; (ii) the uncertainty in the timing of the roll out of the major infrastructure projects; (iii) the borrowing costs and maintenance and depreciation charges to be incurred pending new projects being secured, we are of the view that the Disposal is fair and reasonable. Our view is further augmented by the positive financial effects the Disposal will have on the Group. Overall, we are of the view that the Disposal is in the interest of the Company and its Shareholders as a whole.

The Purchaser's view point

We have attempted to consider the Disposal from the Purchaser's view point and understand from the Directors that the Purchaser is willing to assume the risks inherent in the Disposal Group due mainly to (i) its financial resources which will enable it to weather the uncertainties in respect of timing of securing new projects as well as finance the borrowing costs; and (ii) the potential synergy of the foundation works business with the Purchaser's other businesses which may lead to better business opportunities.

RECOMMENDATION

We are of the view that the terms of the Disposal Agreement are normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned. We also believe that the Disposal is an opportunity for the Group to streamline its business by disposing the foundation business which has been volatile, at a fair and reasonable price. The entering into the Disposal Agreement is therefore in the interests of the Company and the Shareholders as a whole.

Based on the above, we recommend the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions approving the Disposal at the SGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Arnold Ip
Executive Director

1. WORKING CAPITAL

Taking into account the financial resources available to the Group, including the internally generated funds, the available facilities from banks and a Director, the Directors are of the opinion that the Group will, following the completion of the Disposal, after the distribution of the Proposed Special Dividend and in the absence of unforeseeable circumstances, have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 30 September 2010, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding indebtedness of approximately HK\$162.8 million, of which bank borrowings amounted to approximately HK\$80.4 million (comprising bank overdrafts of approximately HK\$31.6 million, short-term bank loans of approximately HK\$23.4 million and long-term bank loans of approximately HK\$25.4 million), finance lease obligations of approximately HK\$55.8 million, amount due to a Director of approximately HK\$26.4 million and amounts due to related companies of approximately HK\$0.2 million.

	30 September 2010
	<i>HK\$'000</i>
Current:	
Bank overdrafts, secured	31,606
Short-term bank loans, secured	19,000
Short-term bank loans, unsecured	4,398
Current portion of long-term bank loans, secured	1,485
Current portion of long-term bank loans, unsecured	4,947
Current portion of finance lease obligations	20,107
Amounts due to related companies	158
Amount due to a Director	26,439
	<u>108,140</u>

Non-current:	
Secured long-term bank loans, net of current portion	1,041
Unsecured long-term bank loans, net of current portion	17,928
Finance lease obligations, net of current portion	35,676
	<u>54,645</u>

Total indebtedness	<u><u>162,785</u></u>

On 20 October 2010, apart from the amounts that have already been drawn by the Group, a Director has provided an additional facility of HK\$30 million to the Group for its working capital purposes for the coming twelve months.

Securities, charges, guarantees and contingent liabilities

As at the close of business on 30 September 2010, the aggregate outstanding borrowings of the Group amounting to approximately HK\$108.9 million were secured by (i) pledged deposits of the Group of approximately HK\$46.5 million; (ii) machinery and equipment of the Group with carrying amounts of approximately HK\$101.7 million; (iii) corporate guarantees provided by the Company and certain subsidiaries under the Disposal Group for an amount of HK\$117.3 million; (iv) cross guarantee for HK\$62.9 million among a number of subsidiaries of the Group. Outstanding borrowings of approximately HK\$4.4 million were guaranteed by the Company and a number of subsidiaries of the Group; and the bank borrowings of approximately HK\$22.9 million were guaranteed by the Government of Hong Kong and the Company under the special loan guarantee scheme.

In September 2009, an action was lodged to the Federal Court of Australia by a owner of the cargoes (the “**plaintiff**”) against a subsidiary of the Company, Asian Atlas Limited (“**Asian Atlas**”) claiming for loss and damage in relation to the transportation of a jack-up barge of US\$1,405,000 (approximately HK\$10,969,000). On 25 January 2010, Asian Atlas filed a defence and a cross-claim for the settlement of the outstanding demurrage and other damages of US\$1,492,000 (approximately HK\$11,640,000) to the plaintiff. The Group has sought the advice of its legal counsel and considered that Asian Atlas has a reasonable chance of success in defending against the claim and also being awarded of damages on the counterclaim based on current findings. Accordingly, no provision has been made for the claim and the corresponding legal costs arising from the claim and counterclaim as of 30 September 2010.

Apart from the above, the Group had no other significant contingent liabilities as at the Latest Practicable Date.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 September 2010.

3. FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company and the Company will have no more shareholding in the Disposal Group. Accordingly, the financial results of the Disposal Group will not be consolidated into the Group’s financial statements after Completion.

Earnings

According to the annual report of the Company for the year ended 31 March 2010, its net profit after taxation was approximately HK\$11.7 million. Based on the unaudited financial information of the Disposal Group for the year ended 31 March 2010, the net profit after taxation was approximately HK\$0.03 million.

The gain arising from the Disposal is estimated to be approximately HK\$34 million (subject to audit), being the Consideration after deducting (i) the unaudited consolidated net asset value of the Disposal Group and loans owed by the Disposal Group to the Company as at 31 March 2010; and (ii) any transactions costs directly attributable to the Disposal including professional and other related expenses. Shareholders and investors should note that the actual gain on the Disposal will be different from the above as the then net asset value of the Disposal Group will be different on the Completion Date.

Assets and liabilities

According to the annual report of the Company for the year ended 31 March 2010, the audited assets and liabilities of the Group as at 31 March 2010 were approximately HK\$389 million and HK\$191 million, respectively. Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company. Accordingly, the total assets and liabilities of the Group would decrease after the Completion.

4. PROSPECTS OF THE REMAINING GROUP

The Remaining Group will continue to be engaged in the business of vessel chartering upon Completion. The vessel chartering business continued to be difficult during the six months ended 30 September 2010 and the Group was not able to meet its chartering sales target, resulting in losses for this business segment. The management of the Company will continue to monitor the global economy and the vessel chartering industry. In addition, the management of the Company will also keep abreast of the relevant prevailing vessel chartering market tariff, such is considered to be important to the business as the rates charged for the voyages during the financial year ended 31 March 2010 was reduced notably from the financial year ended 31 March 2009. The management noted that there have been signs of stabilisation in the vessel chartering business both in terms of pricing and utilisation. In particular, the Group is in active discussions with several potential customers on chartering of the Group's vessel, m/v Asian Atlas. Looking ahead, the Remaining Group will implement cost control measures with a view to improve its profitability, as well as continue to leverage of its brand name to strengthen its position in the vessel chartering industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Approximate percentage or attributable percentage of shareholdings
Mr. Lau Chun Ming	Interest of his spouse	1,700,000,000 <i>(Note 1)</i>	56.29%
Mr. Lau Chun Kwok	Interest of a controlled corporation	225,000,000 <i>(Note 2)</i>	7.45%
Mr. Lau Chun Ka	Interest of a controlled corporation	225,000,000 <i>(Note 3)</i>	7.45%
Ms. Leung Lai So	Beneficiary of a discretionary trust	1,700,000,000 <i>(Note 1)</i>	56.29%
Mr. Chan Sun Kwong	Beneficial owner	5,000,000	0.16%
Mr. Chiu Kam Kun, Eric	Beneficial owner	680,000	0.02%
Dr. Lee Peng Fei, Allen	Beneficial owner	4,320,000	0.14%
Professor Wong Sue Cheun, Roderick	Beneficial owner	5,000,000	0.16%

Notes:

1. 1,700,000,000 Shares were held by Actiease Assets Limited, a company wholly-owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung is a beneficiary.
2. 225,000,000 Shares were held by CKL, a corporation which is controlled by Mr. Lau Chun Kwok.
3. 225,000,000 Shares were held by Nice Fair, a corporation which is controlled by Mr. Lau Chun Ka.

(ii) Directors' interest in shares of the associated corporations

Name of Director	Name of company	Number of shares held	Approximate percentage or attributable percentage of shareholdings	Capacity
Ms. Leung Lai So	Actiease Assets Limited	61 shares	100.00%	Beneficiary of a discretionary trust
Ms. Leung Lai So	Silver Bright Holdings Limited	10,000 shares	100.00%	Beneficiary of a discretionary trust

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Substantial Shareholders

Name of substantial Shareholder	Capacity/ Nature of interest	Number of Shares held	Approximate percentage or attributable percentage of shareholdings
Actiease Assets Limited	Beneficial owner	1,700,000,000	56.29%
Silver Bright Holdings Limited	Interest of a controlled company	1,700,000,000	56.29%
ManageCorp Limited	Trustee	1,700,000,000	56.29%
DBS Trustee H.K. (Jersey) Limited (formerly known as Dao Heng Trustee (Jersey) Limited) as trustee of The LCM 2002 Trust	Trustee	1,700,000,000	56.29%
CKL Development Limited	Beneficial owner	225,000,000	7.45%
Nice Fair Group Limited	Beneficial owner	225,000,000	7.45%
Ms. Tang Lin Ngor	Interest of her spouse	225,000,000	7.45%
Ms. Ip Fung Sheung	Interest of her spouse	225,000,000	7.45%

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. INTERESTS IN CONTRACT OR ARRANGEMENT AND ASSETS

Some of the Directors had the following interest in contract or arrangement which have been since 31 March 2010, being the date to which the latest published audited financial statements of the Group were made up:

- (a) Ms. Leung, one of the executive Directors, is interested in Actiease Assets Limited being the purchaser under the Disposal Agreement. Actiease Assets Limited is a company wholly-owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung is a beneficiary;
- (b) Mr. Lau Chun Ming, one of the executive Directors, is interested in a premises leased by the Group under a tenancy agreement dated 16 September 2009 entered into by the Group with Cheer Crown Limited for open storage purpose used by the Group. Cheer Crown Limited is wholly-owned and controlled by Mr. Lau Chun Ming. The tenancy agreement was for a term of 24 months commenced from 1 August 2009 with a monthly rental payable by the Group of HK\$90,000;
- (c) Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung, four of the executive Directors, are interested in various staff quarters and car parking spaces leased by the Group under five tenancy agreements all dated 16 September 2009 entered into by the Group with Long Ascent Development Limited, Healthy World Investment Limited, Cheer Wealth International Development Limited, Cheer Profit International Enterprise Limited and East Ascent Enterprise Limited, respectively. Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka and Ms. Leung have beneficial interests in the issued share capital of the aforesaid five companies. The tenancy agreements were for a term of 24 months commenced from 1 April 2009 with an aggregate monthly rental payable by the Group of HK\$158,000; and
- (d) Consultancy fees were charged on a monthly basis and paid to companies, in which the Directors, Mr. Chan Sun Kwong and Mr. Chiu Kam Kun, Eric have beneficial interests, in respect of their services provided to the Group.

As at the Latest Practicable Date, save as disclosed above, none of the Directors (i) was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; or (ii) had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. LITIGATION

As at the Latest Practicable Date, save as disclosed under the paragraph headed “Securities, charges, guarantees and contingent liabilities” set out in Appendix I to this circular, neither the Company nor any other member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any other member of the Group as at the Latest Practicable Date.

5. MATERIAL ADVERSE CHANGE

The Company issued an announcement dated 29 October 2010 setting out, inter alia, the Company expected a loss for the six months ended 30 September 2010. Such expected loss was mainly attributable to the Group's vessel chartering business not meeting its sales target during the relevant period.

Save for the aforesaid, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2010, being the date to which the latest published audited financial statements of the Group was made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

7. MATERIAL CONTRACT

The following contract (not being contract entered into in the ordinary course of business of the Company) has been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and which is or may be material:

- (a) the Disposal Agreement.

8. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of them or any of their respective associates had any interest in a business (apart from the business of the Group) which competes or is likely to compete, either directly or indirectly, with the business of the Group.

9. EXPERT AND CONSENT

The followings are qualifications of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Altus Capital	a licensed corporation under the SFO to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities

Altus Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letter and references to its name and its opinion or advice in the form and context in which they respectively appear.

As at the Latest Practicable Date, Altus Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Altus Capital did not have had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2010, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. GENERAL

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is located at Units 1310-13, 113 Argyle Street, Mongkok, Kowloon, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Chan Sun Kwong, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during the normal business hours at the principal place of business of the Company in Hong Kong at Units 1310-13, 113 Argyle Street, Mongkok, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the financial years ended 31 March 2009 and 31 March 2010 respectively;
- (c) the "Letter from the Independent Board Committee" as set out in this circular;
- (d) the "Letter from Altus Capital" as set out in of this circular;
- (e) the material contract referred to in the section headed "Material contract" in this appendix;
- (f) the written consent referred to in the section headed "Expert and consent" in this appendix;
and
- (g) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A which has been issued since 31 March 2010, being the date of the latest published audited accounts.

NOTICE OF SGM



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Sam Woo Holdings Limited (the “**Company**”) will be held at 11:00 a.m., Hong Kong on Monday, 6 December 2010 for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT** the Disposal Agreement dated 8 October 2010 (as supplemented by a supplemental agreement dated 5 November 2010) (the “**Disposal Agreement**”) entered into between Sam Woo Holdings Limited and Actiease Assets Limited, copy of which has been produced to this meeting marked “A” and initialled by the chairman of this meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and the directors of the Company be and are hereby authorized to make any amendments, as they deem desirable or necessary, to the Disposal Agreement and the transactions contemplated thereunder, and to do all such acts, matters and things and to execute such documents as they may in their absolute discretion consider necessary, expedient or desirable to give effect to and implement the Disposal Agreement and the transactions contemplated thereunder.”
2. “**THAT**, subject to completion of the Disposal Agreement (as defined in the circular dated 16 November 2010 (the “**Circular**”) issued by the Company to its shareholders accompanying the notice convening this special general meeting of which this resolution forms part), the distribution (the “**Distribution**”) in cash of HK\$0.046 per share to the holders of the ordinary shares of HK\$0.01 each in the issued share capital of the Company whose names appear in the register of members of the Company as at the close of business of a record date as determined by the directors of the Company be and is hereby approved, and the directors of the Company be and are hereby authorised generally to do and take all such action, steps, deeds and things in such manner and to sign all documents as they may deem necessary, desirable or appropriate to implement and to give effect to the Distribution, including without limitation to exercise the powers and authorities conferred under the by-laws of the Company and the applicable laws and regulations in Hong Kong in respect of the Distribution.”

By order of the Board
Lau Chun Ming
Chairman

Hong Kong, 16 November 2010

* For identification purpose only

NOTICE OF SGM

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the appointed time for holding of the meeting or at adjournment thereof (as the case may be).
3. A form of proxy for use at the meeting is enclosed. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint registered holders are present at the meeting personally or by proxy, then one of the registered holders so present whose name stands first on the Company's register of members in respect of such share will alone be entitled to vote in respect thereof.
5. Voting on the above resolutions will be taken by poll.
6. As at the date of this notice: (a) the executive Directors are 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; (b) the non-executive Director is Mr. Chiu Kam Kun, Eric; and (c) the independent non-executive Directors are Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy.