



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 2322)

CONNECTED TRANSACTION CONSTRUCTION WORKS CONTRACT

The Board is pleased to announce that the Contractor, a wholly-owned subsidiary of the Company, had on 21 December 2005 entered into the Agreement with the Employer under which the Contractor is appointed to carry out the Construction Works on the Land for a price of HK\$7,919,900. The Employer is a company wholly owned by Mr. Lau Chun Ming, who is a Director and the controlling shareholder of the Company by virtue of the interests of his spouse in the Company.

The Construction Works constitutes a connected transaction of the Company under Rule 14A.14 of the Listing Rules and is required to be disclosed by this announcement but is exempt from independent shareholders' approval requirements of the Listing Rules.

DETAILS OF THE AGREEMENT

Date:	21 December 2005
Parties:	Cheer Crown Limited as employer and Sam Woo Bore Pile Foundation Limited as contractor
Scope of works:	1. The design, construction and testing of: a) foundation; b) the associated pile cap; and c) the associated excavation and lateral support. 2. Preliminaries for item 1, including insurances, statutory submissions and permits (as required), utilities, hoarding, maintenance of site office for architect and engineer, etc.
Contract sum:	HK\$7,919,900
Contract period:	Designs to be submitted no more than one month from acceptance of contract by Contractor; construction to be completed within six months from site possession and consent given by Buildings Department; defect liability period of twelve months from completion of pile cap.
Payment:	Monthly progress payment application shall be submitted by the Contractor based on work done of the month and payment in cash shall be honored by the Employer within 30 days from payment application date.
Retention:	One (1) % of certified monthly work done; 50% of retention shall be released within 30 days after the completion of the contract works and balance shall be released within 30 days from the expiry of a twelve-month period starting from completion of the contract works.
Liquidated damages:	The liquidated damages, if any, shall not be more than 0.01% of the Contract Sum per day and the total liquidated damages shall be subject to a maximum of 1% of the Contract Sum.

REASON FOR THE TRANSACTION

The Group is principally engaged in foundation works, leasing and trading of machinery and equipment for foundation works. The Contractor is principally engaged in foundation engineering works.

The Employer is principally engaged in properties investment and is the owner of the Land and wishes to construct a factory building thereon. The Employer is aware of the Contractor's expertise in foundation construction and has approached the Contractor with a view to appoint the Contractor to undertake the foundation works of the building.

The Contractor, by reference to the architectural and structural drawings of the building, the scope of works, normal commercial terms in its foundation projects and fair market terms, had tendered the Construction Works to the Employer at a sum of HK\$7,919,900 (the "Contract Sum"). The Employer had on 18 December 2005 issued a letter to the Contractor awarding the Construction Works to the Contractor at the Contract Sum. The said letter of award was signed and accepted by the Contractor on 21 December 2005, forming the Agreement. The Contract Sum will be settled by cash in the manner as stipulated in the Agreement and summarized in the section above.

The Directors (including the independent non-executive directors) are of the opinion that the terms and conditions of the Agreement are on normal commercial terms, fair, reasonable and in the interests of the Company and its shareholders as a whole and is entered into in the ordinary and usual course of business on an arm's length basis.

IMPLICATIONS UNDER THE LISTING RULES

The Employer is a company wholly owned by Mr. Lau Chun Ming, who is a Director and the controlling shareholder of the Company by virtue of the interests of his spouse in the Company. The Construction Works under the Agreement therefore constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules.

Based on the Contract Sum of HK\$7,919,900 under the Agreement, each of the applicable percentage ratios, as calculated in accordance with the Listing Rules, for the Construction Works under the Agreement is below 25% and also less than the threshold amount of HK\$10,000,000.

In accordance with Rule 14A.34 of the Listing Rules, the Construction Works is subject to the reporting and announcement requirements of the Listing Rules but is exempt from independent shareholders' approval.

DEFINITIONS

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

"Agreement"	the letter of award dated 18 December 2005 from the Employer to the Contractor and signed and accepted by the Contractor on 21 December 2005
"Board"	the board of directors of the Company
"Company"	Sam Woo Holdings Limited, whose shares are listed on the Stock Exchange (Stock code: 2322)
"Construction Works"	the scope of works to be performed by the Contractor under the Agreement
"Contractor"	Sam Woo Bore Pile Foundation Limited, a wholly-owned subsidiary of the Company
"Director"/"Directors"	a director/the directors of the Company
"Employer"	Cheer Crown Limited, a company incorporated in Hong Kong and wholly owned by Mr. Lau Chun Ming, a Director
"Group"	the Company and its subsidiaries
"Land"	the parcel of land situated at and known as Y.L.T.L. 497 at Hong Yip Street, Tung Tau Industrial Area, Yuen Long, New Territories, Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the board of directors of
Sam Woo Holdings Limited
Lau Chun Ming
Chairman

Hong Kong, 12 January 2006

* for identification purpose only

As at the date of this announcement, 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; the non-executive Director is Mr. Chiu Kam Kun, Eric; the independent non-executive Directors are Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Mr. Chan Wai Dune.