



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

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

CONTINUING CONNECTED TRANSACTION RENEWAL OF A TENANCY AGREEMENT

The Board announces that a wholly-owned subsidiary of the Company had entered into the Tenancy Agreement with the Landlord on 1 August 2005 for leasing the Premises as open storage.

The Landlord is a company wholly owned and controlled by Mr. Lau Chun Ming, who is also a director and, together with his spouse and associates (as defined under the Listing Rules), has a 75% interests in the issued share capital of the Company. The transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction under Rule 14A.14 of the Listing Rules and is required to be disclosed by this announcement but is exempt from independent shareholders' approval pursuant to Rule 14A.34 of the Listing Rules.

DETAILS OF THE TENANCY AGREEMENT

The Board announces that a wholly-owned subsidiary of the Company had entered into the Tenancy Agreement on 1 August 2005 whereby the Subsidiary agreed to lease the Premises from the Landlord for use as open storage.

The principal terms of the Tenancy Agreement are summarized as follows.

Landlord	:	Cheer Crown Limited
Tenant	:	Sam Woo Bore Pile Foundation Limited
Premises	:	RP of Lot Nos. 1313 and 1317 in DD106, Yuen Long, New Territories, Hong Kong with a total gross area of approximately 118,984 sq.ft.
Lease term	:	Twenty four (24) calendar months commencing from 1 August 2005 and ending on 31 July 2007 (both day inclusive)
Rent	:	HK\$90,000 per month payable in cash
Annual rent payable	:	HK\$1,080,000
Aggregate rent payable	:	HK\$2,160,000
Management fee, rates and government rent	:	To be paid by the Landlord
Termination	:	No provision for early termination

PRINCIPAL ACTIVITIES OF THE GROUP AND THE LANDLORD

The principal activities of the Subsidiary and the Group are foundation works, leasing of machinery and equipment for foundation works and trading of machinery and equipment. The principal activity of the Landlord is property investment.

REASON FOR THE TRANSACTION

The Subsidiary had been leasing the Premises from the Landlord for use as open storage for the Group's machinery and equipment since 1 August 2003 under the Old Agreement at a monthly rental of HK\$90,000. The tenancy period of the Old Agreement has expired on 31 July 2005 and the Company considers it necessary to renew the tenancy of the Premises in order for the Subsidiary and the Group to maintain the open storage facility for use in its operations.

The Subsidiary had negotiated with the Landlord on an arm's length basis with reference to open market rent for similar properties in the area and decided to enter into the Continuing Connected Transaction. The rent under the Tenancy Agreement shall remain the same as that of the Old Agreement, that is HK\$90,000 per month. An independent valuation was performed on the Premises to ascertain a fair market price when the Old Agreement was inception in August 2003. Based on enquiry with landlords, tenants and real estate agents in the area, there has been no material increase in rental rate in the past two years. Therefore the Directors consider a rental rate the same as that in the Old Agreement to be fair market consideration for renewal of tenancy.

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

The rent under the Tenancy Agreement is to be paid from the Group's internal resources.

THE CONTINUING CONNECTED TRANSACTION

The Landlord is a company wholly owned and controlled by Mr. Lau Chun Ming, who is also a director and, together with his spouse and associates (as defined under the Listing Rules), has a 75% interests in the issued share capital of the Company. The Landlord is therefore a connected person as defined under Rule 14A.11 of the Listing Rules and accordingly, the transaction contemplated under the Tenancy Agreement constitutes a continuing connected transaction under Rule 14A.14 of the Listing Rules.

The annual rent payable under the Tenancy Agreement, being HK\$1,080,000, falls between 0.1% and 2.5% of the total assets of the Company as reported in its latest annual report and the total market capitalization of the Company and is also less than the threshold amount of HK\$10,000,000. In accordance with Rule 14A.34 of the Listing Rules, the Continuing Connected Transaction is required to be disclosed by this announcement and in the Company's next published annual report, but is exempt from independent shareholders' approval.

DEFINITIONS

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

"Board"	the board of directors of the Company
"Company"	Sam Woo Holdings Limited
"Continuing Connected Transaction"	the transaction contemplated under the Tenancy Agreement
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Landlord"	Cheer Crown Limited
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Old Agreement"	the tenancy agreement dated 2 August 2003 between the Landlord and the Subsidiary
"Premises"	the subject of the Tenancy Agreement, known as RP of Lot Nos. 1313 and 1317 in DD106, Yuen Long, New Territories, Hong Kong
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	Sam Woo Bore Pile Foundation Limited
"Tenancy Agreement"	the tenancy agreement dated 1 August 2005 between the Landlord and the Subsidiary

By Order of the Board
Sam Woo Holdings Limited
CHAN Sun Kwong
Company Secretary

Hong Kong, 2 August 2005

* For identification purpose only

As at the date of this announcement, the Board comprises Mr. Lau Chun Ming, Mr. Lau Chun Kwok, Mr. Lau Chun Ka, Ms. Leung Lai So, Mr. Hsu Kam Yee, Simon and Mr. Chan Sun Kwong as executive directors, Mr. Chiu Kam Kun, Eric as non-executive director and Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Mr. Chan Wai Dune as independent non-executive directors.