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## **SAM WOO HOLDINGS LIMITED**

**三和集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

### **CONNECTED TRANSACTION**

The Directors of Sam Woo Holdings Limited ("the Company") announce that on 22 August 2003, Sam Woo Bore Pile Foundation Limited as tenant and Cheer Crown Limited as landlord had entered into a Tenancy Agreement for leasing a property in Yuen Long for two years for open storage purpose. The transaction constitutes a connected transaction but approval of the shareholders is not required pursuant to Rule 14.25(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group is engaged in foundation works related business, trading of used foundation works related machinery and equipment and leasing of foundation work related machinery and equipment. On 22 August 2003, Sam Woo Bore Pile Foundation Limited as tenant and Cheer Crown Limited as landlord had entered into a Tenancy Agreement for leasing of a property situated at land RP of Lot Nos. 1313 and 1317 in DD106, Yuen Long, New Territories, Hong Kong for open storage purpose for a term of 24 calendar months commencing from 1 August 2003 to 31 July 2005 (both days inclusive) at a monthly rent of HK\$90,000. The registered area of the property is approximately 118,984 sq. ft. (11,120 sq. m.) and the management fees, rates and Government rent, if any, in respect of the property shall be paid by the landlord.

Sam Woo Bore Pile Foundation Limited is the Company's wholly owned subsidiary whereas Cheer Crown Limited is wholly owned by Mr Lau Chun Ming. The board of directors of Cheer Crown Limited comprises Mr Lau Chun Ming, Mr Lau Chun Kwok and Sam Woo Ship Building Limited, a company owned by Mr Lau Chun Ming, Mr Lau Chun Kwok, Mr Lau Chun Ka and Ms Leung Lai So equally. Mr Lau Chun Ming, Mr Lau Chun Kwok, Mr Lau Chun Ka and Ms Leung Lai So are the executive directors of the Company and accordingly, the Tenancy Agreement made between Sam Woo Bore Pile Foundation Limited and Cheer Crown Limited constitutes a connected transaction for the Company under the Listing Rules.

As the annual rentals and aggregate rentals payable under the Tenancy Agreement are HK\$1,080,000 and HK\$2,160,000 respectively which are both less than the higher of HK\$10,000,000 or 3% of the book value of the net tangible assets of the Company as disclosed in the latest published audited accounts as at 31 March 2003, no approval of the shareholders of the Company is required pursuant to Rule 14.25(1) of the Listing Rules.

According to the valuation report dated 18 August 2003 issued by Dudley Surveyors Limited, an independent property valuer, the current open market monthly rental of the property is HK\$94,000 (i.e. annual rentals of HK\$1,128,000). The directors of the Company, including the independent non-executive directors, considered that the monthly rental of HK\$90,000 is a favorable market rents and the transaction is on normal commercial terms and fair and reasonable so far as the Company and its shareholders are concerned.

The details of the Tenancy Agreement will be included in the Company's next and each successive published annual report during the subsistence of the Tenancy Agreement.

On behalf of the Board  
**Chan Sun Kwong**  
Company Secretary

Hong Kong, 22 August 2003

\* For identification purposes only