
IMPORTANT

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

If you have sold 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 to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

Lau Chun Ming (*Chairman and Managing Director*)

Lau Chun Kwok

Lau Chun Ka

Leung Lai So

Chiu Kam Kun, Eric

Hsu Kam Yee, Simon

Chan Sun Kwong

Independent Non-executive Directors:

Lee Peng Fei, Allen

Wong Sue Cheun, Roderick

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

25th July, 2003

To the shareholders

Dear Sir or Madam,

GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE NEW SHARES

INTRODUCTION

The Rules Governing the Listing of Securities to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own shares on the Stock Exchange (the “Share Buyback Rules”).

* For identification purposes only

The purpose of this circular is to provide you with the information on the Ordinary Resolutions to be proposed at the forthcoming Annual General Meeting of Sam Woo Holdings Limited (the “Company”) to be held on 27th August, 2003: (i) to grant to the directors of the Company (“Directors”) a general mandate to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the existing issued share capital of the Company on the date of the Ordinary Resolutions (the “Buyback Mandate”); (ii) to grant a general mandate to the Directors to allot, issue or deal with new shares not exceeding 20% of the issued share capital of the Company on the date of the Ordinary Resolutions (the “Issuance Mandate”); and (iii) to increase the number of shares which the Directors may issue under the Issuance Mandate by the number of shares repurchased by the Company pursuant to the Buyback Mandate.

In accordance with the Listing Rules, this circular also serves as an explanatory statement to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against Resolutions 4 to 6 to be proposed at the Annual General Meeting of the Company.

RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 6 to 8 of this circular and set out below are resolutions to be proposed at the Annual General Meeting.

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

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

The Ordinary Resolution 6 relates to the extension of the Issuance Mandate to be granted to the Directors to issue new shares during the relevant period by adding to it the number of shares repurchased under the Buyback Mandate, if any. The authority conferred on the Directors by this mandate will continue in force until the conclusion of the next Annual General Meeting of the Company; revocation or variation of the authority by ordinary resolution of the shareholders in general meeting; and the expiration of the period within which the next Annual General Meeting of the Company is required by the Company’s Bye-laws or any applicable laws to be held, whichever is the earlier.

REASONS FOR REPURCHASE

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

SHARE CAPITAL AND EXERCISE OF THE REPURCHASE MANDATE

As at 21st July, 2003, being the latest practicable date prior to the printing of this document, the issued share capital of the Company was 300,000,000 shares of HK\$0.10 each ("Shares"). Subject to the passing of the resolution approving the Buyback Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Buyback Mandate to repurchase a maximum of 30,000,000 Shares.

FUNDING OF REPURCHASES

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

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

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the Annual Report of the Company for the year ended 31st March 2003) in the event that the Buyback Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Buyback Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

MARKET PRICES OF SHARES

The company commences listing on the Stock Exchange on 9th April, 2003. The highest and lowest market prices for Shares recorded on the Stock Exchange during each of the previous three months from 9th April, 2003 to 30th June, 2003 were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.69	0.67
May	0.69	0.67
June	0.69	0.67

DISCLOSURE OF INTEREST

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

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

As at 21st July, 2003, the Latest Practicable Date, to the best of the knowledge and belief of the Directors, Messrs Lau Chun Ming, Lau Chun Kwok, Lau Chun Ka and Ms Leung Lai So, the executive directors of the Company, in aggregate were beneficially interested in 225,000,000 shares representing 75% of the issued Share capital of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Buyback Mandate, the shareholding of the aforesaid executive directors would be increased to approximately 83.33% of the issued Share capital of the Company. The Directors have no intention to exercise the Buyback Mandate to such an extent that the number of Shares in the hands of the public falling below the prescribed minimum percentage (under the Listing Rules) of 25%. Save as disclosed aforesaid, the Directors are not aware of any consequences which may arise under the Takeover Code as a result of any purchases to be made under the Buyback Mandate.

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

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

SHARES REPURCHASES MADE BY THE COMPANY

No repurchase of shares have been made by the Company (whether on the Stock Exchange or otherwise) since its listing on the Stock Exchange on 9th April, 2003.

PROXY ARRANGEMENT

A form of proxy for use at the Annual General Meeting is enclosed with the Annual Report for the year ended 31st March, 2003. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting.

RECOMMENDATION

The Directors consider that the Buyback Mandate and the granting/extension of Issuance Mandate are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of the Ordinary Resolutions 4, 5 and 6 as set out in the notice of the Annual General Meeting as they intend to do the same in respect of their own shareholdings.

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

NOTICE OF ANNUAL GENERAL MEETING



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN that an Annual General Meeting of the Members of Sam Woo Holdings Limited (the “Company”) will be held at Ming Room, 4/F, Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong on Wednesday, 27th August, 2003 at 10:00 a.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st March, 2003;
2. To elect Directors and to authorise the Board of Directors to fix Directors’ remuneration;
3. To appoint Auditors and to authorise the Board of Directors to fix Auditors’ remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

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

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- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.”;
5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options which would or might require shares to be allotted, issued or dealt with during or after the end of the Relevant Period (as defined below), be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to (i) a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any eligible grantee pursuant to the scheme of shares or rights to acquire shares of the Company, or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, the total nominal amount of additional shares to be allotted, issued, dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (b) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the revocation or variation of the authority given under this resolution by an ordinary resolution passed by the Company’s shareholders in general meeting; and
 - (iii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held.”; and

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

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

By Order of the Board
Chan Sun Kwong
Secretary

Hong Kong, 16th July, 2003

Notes:

- (a) The Register of Members of the Company will be closed from Wednesday, 20th August, 2003 to Wednesday, 27th August, 2003 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 19th August, 2003.
- (b) A shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) To be valid, a form of proxy and the instrument appointing the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Branch Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or the adjournment thereof.