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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)**

### **ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2012**

The board of directors (the “Board”) of Sam Woo Holdings Limited (the “Company”) is pleased to announce the results of the Company and its subsidiaries (together, the “Group”) for the year ended 31st March 2012, together with comparative figures for the previous financial year, as follows:

\* *For identification purposes only*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH 2012**

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>Continuing operation:</b>			
Revenue	3	<b>24,915</b>	—
Cost of sales	5	<u>(46,806)</u>	<u>(21,553)</u>
Gross loss		<b>(21,891)</b>	(21,553)
Other income	4	<b>2,293</b>	—
Administrative expenses	5	<u>(16,628)</u>	<u>(14,554)</u>
Operating loss		<b>(36,226)</b>	(36,107)
Finance income	6	—	5
Finance costs	6	<u>—</u>	<u>(84)</u>
Loss before taxation		<b>(36,226)</b>	(36,186)
Taxation (charge)/credit	7	<u>(336)</u>	<u>72</u>
Loss and total comprehensive loss for the year attributable to the equity holders of the Company from continuing operation		<u>(36,562)</u>	<u>(36,114)</u>
<b>Discontinued operations:</b>			
Results of Sam Woo Group Limited (“SWG”)		—	(5,708)
Gain on disposal of SWG		<u>—</u>	<u>54,513</u>
Profit and total comprehensive income for the year attributable to the equity holders of the Company from discontinued operations	10	<u>—</u>	<u>48,805</u>
Total (loss)/profit and total comprehensive (loss)/income for the year attributable to the equity holders of the Company		<u>(36,562)</u>	<u>12,691</u>
<b>Basic and diluted (losses)/earnings per share</b>			
From continuing operation	9	<b>HK(1.211) cent</b>	HK(1.196) cent
From discontinued operations	9	<u>—</u>	<u>HK1.616 cent</u>
Dividends	8	<u>—</u>	<u>138,920</u>

**CONSOLIDATED BALANCE SHEET  
AS AT 31ST MARCH 2012**

	<i>Note</i>	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		<b>62,744</b>	65,287
Deferred taxation assets		—	336
		<u><b>62,744</b></u>	<u>65,623</u>
<b>Current assets</b>			
Trade receivables	<i>11</i>	—	11,640
Deposits, prepayments and other receivables		<b>2,626</b>	5,380
Inventories		<b>1,290</b>	1,572
Cash and bank balances		<b>2,995</b>	1,207
		<u><b>6,911</b></u>	<u>19,799</u>
<b>Total assets</b>		<u><b>69,655</b></u>	<u>85,422</u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital	<i>12</i>	<b>30,200</b>	30,200
Reserves		<b>2,973</b>	39,535
<b>Total equity</b>		<u><b>33,173</b></u>	<u>69,735</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Amount due to a director	<i>14</i>	<b>23,588</b>	—
Amount due to a former director	<i>14</i>	<b>8,047</b>	—
		<u><b>31,635</b></u>	<u>—</u>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>1,170</b>	1,992
Accruals and other payables		<b>3,677</b>	5,299
Amounts due to former related companies	<i>14</i>	—	158
Amounts due to former directors	<i>14</i>	—	8,238
		<u><b>4,847</b></u>	<u>15,687</u>
<b>Total liabilities</b>		<u><b>36,482</b></u>	<u>15,687</u>
<b>Total equity and liabilities</b>		<u><b>69,655</b></u>	<u>85,422</u>
<b>Net current assets</b>		<u><b>2,064</b></u>	<u>4,112</u>
<b>Total assets less current liabilities</b>		<u><b>64,808</b></u>	<u>69,735</u>

Notes:

## 1 GENERAL INFORMATION

Sam Woo Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company’s registered office is located at Clarendon House, 2 Church Street, Hamilton II, Bermuda. The principal place of business in Hong Kong is situated at Units 1310–13, 13/F, 113 Argyle Street, Mongkok, Kowloon, Hong Kong.

The Company and its subsidiaries (together, the “Group”) is principally engaged in vessel chartering. The principal activity of the Company is investment holding.

On 21st February 2011, the Company completed the disposal (the “Disposal”) of its 100% direct equity interest in Sam Woo Group Limited (“SWG”) and assignment of loans owed by SWG and its subsidiaries to the Company for a total consideration of HK\$140,000,000.

For the purpose of the Disposal, the Group underwent a reorganisation, of which SWG became the holding company of subsidiaries engaging in the provision of foundation works and trading of machinery and equipment business and of certain inactive subsidiaries and the Group continue to engage in vessel chartering business.

Upon the disposal of SWG, the Group’s principal activity is vessel chartering and is presented as “continuing operation” in the consolidated statement of comprehensive income. Meanwhile, the Group no longer held interest in SWG and discontinued its business in relation to the provision of foundation works and trading of foundation works related machinery and equipment. These two businesses are presented as “discontinued operations” as comparatives in the consolidated statement of comprehensive income. Further details of the Group’s discontinued operations and disposal of the subsidiary are set out in note 10 to this announcement.

These consolidated financial statements are presented in HK dollars (“HK\$”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 21st June 2012.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These consolidated financial statements have been prepared under the historical cost convention.

The Group has incurred losses of HK\$36,562,000 (2011: HK\$36,114,000) from its continuing operation, and has a cash outflow from operating activities of HK\$21,451,000 (2011: HK\$13,784,000) for the year ended 31st March 2012. The ongoing operation of the Group is dependent on:

- the performance of the vessel chartering business; and/or
- the Group’s ability to raise additional funding from its shareholders or other parties.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume that the Group is able to obtain sufficient additional funding from its major shareholder. A major shareholder of the Company, as supported by a related party of the shareholder, has confirmed to provide an unsecured and interest free revolving loan facilities with amount of HK\$58,000,000 to the Group, of which HK\$23,588,000 has been utilised as at 31st March 2012. This facility is available to be drawn down by the Group at any time until 31st July 2013. The Group's ability to operate as a going concern is dependent on whether its shareholder and related party will provide sufficient financial support to enable the Group to meet its financial obligations as and when they fall due. The directors are of the opinion that sufficient evidence has been given by the shareholder and the related party to the Company for their ability to support the operation of the Group. In addition, the directors would consider realising its assets or re-arranging its asset mix if needed. The directors thus believe that the Group has sufficient cash flows to meet its liabilities and financial obligations as and when they fall due in the coming twelve months from the date of these financial statements. Accordingly, the directors consider it is appropriate to prepare these financial statements on a going concern basis.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group:

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2011 but do not have a material impact on the Group:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)–Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvements Project	Third annual improvements projects (2010) published in May 2010

(b) The following new, revised or amended standards and interpretations have been issued but are not effective for the financial year beginning 1st April 2011 and have not been early adopted.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>1</sup>
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets <sup>1</sup>
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 1 (Amendment)	Presentation of Financial Statements <sup>3</sup>
HKFRS 10	Consolidated Financial Statements <sup>4</sup>
HKFRS 11	Joint Arrangements <sup>4</sup>
HKFRS 12	Disclosures of Interests in Other Entities <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>4</sup>
HKAS 19 (Amendment)	Employee Benefits <sup>4</sup>
HKAS 27 (2011)	Separate financial statements <sup>4</sup>
HKAS 28 (2011)	Investments in associates and joint ventures <sup>4</sup>
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities <sup>4</sup>
HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities <sup>5</sup>
HKFRS 9	Financial Instruments <sup>6</sup>
HK(IFRIC)–Int 20	Stripping Costs in the Production Phase of a Surface Mine <sup>4</sup>

- <sup>1</sup> Changes effective for annual periods beginning on or after 1st July 2011
- <sup>2</sup> Changes effective for annual periods beginning on or after 1st January 2012
- <sup>3</sup> Changes effective for annual periods beginning on or after 1st July 2012
- <sup>4</sup> Changes effective for annual periods beginning on or after 1st January 2013
- <sup>5</sup> Changes effective for annual periods beginning on or after 1st January 2014
- <sup>6</sup> Changes effective for annual periods beginning on or after 1st January 2015

The Group has already commenced an assessment of related impact of adopting the above new, revised or amended standards and interpretations to the Group. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the consolidated financial statements will be resulted.

### 3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the year:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Continuing operation		
Vessel chartering revenue	<b>24,915</b>	—
Discontinued operation ( <i>note 10</i> )		
Construction contract revenue	—	53,099
	<u><b>24,915</b></u>	<u>53,099</u>

The chief operating decision-maker has been identified as the Board of Directors of the Company. The Board of Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

In the previous years, the Group had three reportable operating segments, where two of which were discontinued as a result of the disposal of SWG as disclosed in note 1. Details of the reportable operating segment are as follows:

Continuing operation:	Vessel chartering
Discontinued operations:	Foundation works and trading of machinery and equipment for foundation works

The Board of Directors considers all assets and operations relating to the discontinued operations are located in Hong Kong and the continuing operation of vessel chartering business is carried out worldwide and its revenue and assets cannot be allocated into any meaningful geographical location.

The Board of Directors assesses the performance of the operating segments based on their underlying profit, which is measured by profit before finance income, finance costs and taxation.

There were no sales between the operating segments.

(a) Segment information

	Year ended and as at 31st March 2012				Total HK\$'000
	Continuing operation	Discontinued operations			
	Vessel chartering HK\$'000	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Sub-total HK\$'000	
Revenue	<u>24,915</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>24,915</u>
Segment results	<u>(30,069)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(30,069)</u>
Corporate expenses					<u>(6,157)</u>
Operating loss					<u>(36,226)</u>
Loss before taxation					<u>(36,226)</u>
Taxation					<u>(336)</u>
Loss for the year					<u>(36,562)</u>
Non-current assets					
Plant and equipment	62,744	—	—	—	62,744
Current assets	<u>3,598</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,598</u>
Segment assets	<u>66,342</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>66,342</u>
<b>Unallocated:</b>					
Cash and bank balances					2,995
Others					<u>318</u>
Total assets per balance sheet					<u>69,655</u>
Segment liabilities	<u>3,344</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,344</u>
<b>Unallocated:</b>					
Amount due to a former director					8,047
Amount due to a director					23,588
Others					<u>1,503</u>
Total liabilities per balance sheet					<u>36,482</u>
Depreciation	<u>2,543</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,543</u>

	Year ended and as at 31st March 2011				
	Continuing operation	Discontinued operations			Total HK\$'000
	Vessel chartering HK\$'000	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Sub-total HK\$'000	
Revenue	—	53,099	—	53,099	
Segment results	(23,598)	(2,080)	(47)	(2,127)	(25,725)
Gain on disposal of SWG					54,513
Corporate expenses					(12,536)
Operating profit					16,252
Finance income					28
Finance costs					(4,535)
Profit before taxation					11,745
Taxation					946
Profit for the year					12,691
Non-current assets					
Plant and equipment	65,287	—	—	—	65,287
Current assets	17,979	—	—	—	17,979
Segment assets	83,266	—	—	—	83,266
<b>Unallocated:</b>					
Deferred taxation assets					336
Cash and bank balances					1,207
Others					613
Total assets per balance sheet					85,422
Segment liabilities	6,128	—	—	—	6,128
<b>Unallocated:</b>					
Amounts due to former directors					8,238
Others					1,321
Total liabilities per balance sheet					15,687
Capital expenditure	—	23,053	—	23,053	23,053
Depreciation	3,627	4,522	—	4,522	8,149



(b) Revenue are derived from the following major customers:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Discontinued operations in Foundation works		
Customer A	—	39,996
Customer B	—	13,003
Others	—	100
Continuing operations in Vessel chartering		
Customer C	20,280	—
Customer D	4,635	—
	<u>24,915</u>	<u>53,099</u>

**4 OTHER INCOME**

For the year ended 31st March 2012, the Group's other income attributable to continuing operation is mainly related to the customer deposit forfeited (2011: Nil).

**5 EXPENSES BY NATURE**

The following items have been charged to the consolidated statement of comprehensive income from continuing operation:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Fuel costs	28,386	5,862
Staff costs, including directors' emoluments	8,015	9,509
Written off of trade receivables	7,350	—
Auditors' remuneration	500	680
Depreciation	2,543	3,627
Operating lease rentals in respect of directors' quarters	—	1,896
Professional fees	4,156	4,785
Repair and maintenance	2,262	247
Vessel management fee	936	599
Others	9,286	8,902
	<u>63,434</u>	<u>36,107</u>
Total cost of sales and administrative expenses from continuing operations		
	<u>63,434</u>	<u>36,107</u>

The follow items have been charged to the consolidated statement of comprehensive income from discontinued operations:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Depreciation	—	4,522
Operating lease rentals in respect of office and storage premises	—	2,054
	<u>—</u>	<u>2,054</u>

## 6 FINANCE INCOME AND COSTS

The Group's finance income and cost attributable to continuing operation are as follow:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Finance income		
Interest income on bank deposits	—	5
Finance costs		
Interest expense on borrowings wholly repayable within five years:		
— bank loans	—	(84)
Finance costs, net	—	(79)

## 7 TAXATION

The Group's taxation attributable to continuing operation is as follows:

No Hong Kong profits tax has been provided as there is no estimated assessable profit for the year (2011: Nil).

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Deferred tax assets written off/(credit)	<u>336</u>	<u>(72)</u>

The tax on the Group's loss before taxation from continuing operation differs from the theoretical amount that would arise using the tax rate in Hong Kong as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss before taxation from continuing operation	<u>(36,226)</u>	<u>(36,186)</u>
Calculated at tax rate of 16.5% (2011: 16.5%)	(5,977)	(5,971)
Tax effects of:		
Expenses not deductible for taxation purposes	5,098	4,266
Tax losses for which no deferred income tax was recognised	1,215	—
Others	—	1,633
Tax charge/(credit)	<u>336</u>	<u>(72)</u>

## 8 DIVIDEND

On 21st February 2011, the directors passed a resolution to declare a special dividend of HK\$0.046 per ordinary share, totalling HK\$138,920,000. This special dividend was paid on 17th March 2011. No dividend was declared for the year ended 31st March 2012.

## 9 (LOSSES)/EARNINGS PER SHARE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Loss from continuing operation attributable to shareholders	(36,562)	(36,114)
Profit from discontinued operations attributable to shareholders (note 10)	<u>—</u>	<u>48,805</u>
	<u>(36,562)</u>	<u>12,691</u>
Number of ordinary shares in issue	<u>3,020,000,000</u>	<u>3,020,000,000</u>
Basic (losses)/earnings per share		
From continuing operation	<b>HK(1.211) cent</b>	HK(1.196) cent
From discontinued operations	<u>—</u>	<u>HK1.616 cent</u>

As there are no dilutive potential ordinary shares outstanding as at 31st March 2012 and 2011, the diluted earnings per share are equal to the basic earnings per share.

## 10 DISCONTINUED OPERATIONS

On 21st February 2011, the Company completed the disposal of its 100% direct equity interest in Sam Woo Group Limited (“SWG”) and assignment of loans owed by SWG and its subsidiaries to the Company for a total consideration of HK\$140,000,000. Upon completion of the disposal of SWG, the Group discontinued its businesses in provision of foundation works and trading of foundation related machinery and equipment. The results of these businesses are reported as discontinued operations for the year ended 31st March 2011.

Financial information relating to the discontinued operations for the year ended 31st March 2011 were as follows:

	2011 <i>HK\$'000</i>
Revenue	53,099
Expenses	<u>(59,681)</u>
Loss before taxation of discontinued operations	(6,582)
Taxation	<u>874</u>
Loss after taxation of discontinued operations	----- (5,708)
Gain on disposal of discontinued operations through disposal of SWG (Note)	----- 54,513
Profit for the year from discontinued operations	<u>48,805</u>

The net cash flows attributable to the discontinued operations are as follow:

	2011 HK\$'000
Operating cash flows	5,461
Investment cash flows	(87)
Financing cash flows	(4,212)
	<hr/>
Total net cash flows	<u>1,162</u>

*Note:*

The Group recognised a gain on disposal of SWG during the year ended 31st March 2011, being the consideration after deducting the consolidated net asset values of SWG and its subsidiaries and loans owed by SWG and its subsidiaries to the Company on the date of disposal.

The Company entered into an agreement on 8th October 2010 and a supplement agreement on 5th November 2010 respectively (the "Disposal Agreement") with Actiease Assets Limited ("Actiease Assets"), in relation to the disposal of its entire interest in the issued share capital of SWG and assignment of loans owed by SWG together with its subsidiaries to the Company for a consideration of HK\$140,000,000.

Pursuant to the Disposal Agreement, HK\$48,000,000 was satisfied by cash and HK\$92,000,000 was settled by a promissory note issued by Actiease Assets. Upon the payment of special dividend on 17th March 2011, Actiease Assets, CKL Development Limited and Nice Fair Group Limited utilised their respective entitled special dividend to fully settle the promissory note.

At the date of Disposal Agreement, Actiease Assets was a substantial shareholder of the Company, CKL Development Limited and Nice Fair Group Limited were wholly-owned by Mr. Lau Chun Kwok and Mr. Lau Chun Ka, who were previously the executive directors of the Company. The disposal of SWG and transactions contemplated thereunder were approved by independent shareholders of the Company at a special general meeting held on 6th December 2010.

	HK\$'000
Consideration	140,000
Less: Assets and liabilities of SWG and its subsidiaries at the date of disposal on 21st February 2011	
Plant and equipment	193,341
Deferred taxation assets	147
Trade and other receivables	6,768
Inventories	9,138
Amounts due from customers for contract work	24,830
Cash and bank balances	25,316
Deferred taxation liabilities	(14,178)
Trade and other payables	(7,935)
Amount due to a director	(70,849)
Amount due to the Company	(22,851)
Bank borrowings (including bank overdrafts)	(81,091)
	<hr/>
	62,636
Less: Assignment of amount due to the Company	<u>22,851</u>
Gain on disposal of SWG	<u>54,513</u>

## 11 TRADE RECEIVABLES

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade receivables	<u>—</u>	<u>11,640</u>

The Group's credit terms for its vessel chartering are individually negotiated with its trade customers. For voyage chartering, freight is normally paid prior to discharging of cargoes.

At 31st March 2011, trade receivables of HK\$11,640,000 were aged more than one year. As explained with more details in note 17(a), a settlement with the trade debtor was made during the year resulting in a written off of HK\$7,350,000 of the trade receivables.

The carrying amounts of trade receivables are denominated in the following currencies:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
US\$	<u>—</u>	<u>11,640</u>

## 12 SHARE CAPITAL

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
3,020,000,000 ordinary shares of HK\$0.01 each	<u>30,200</u>	<u>30,200</u>

### 13 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
0 to 90 days	<b>1,170</b>	1,602
91 to 180 days	—	234
181 to 365 days	—	156
	<u><b>1,170</b></u>	<u>1,992</u>

The carrying amounts of trade payables are denominated in the following currencies:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
US\$	<b>994</b>	1,760
Other currencies	<b>176</b>	232
	<u><b>1,170</b></u>	<u>1,992</u>

### 14 AMOUNTS DUE TO A DIRECTOR, A FORMER DIRECTOR, FORMER RELATED COMPANIES AND FORMER DIRECTORS

Amounts due to a director and a former director are unsecured and interest free. The amounts due to a director and a former director are repayable on 31st July 2013 and 30th June 2013, respectively. The former director is still a current director of two subsidiaries of the Company. The carrying amounts of the balances are denominated in HK\$ and are approximately their fair values.

In prior year, the amounts due to former related companies and former directors were unsecured, interest free and repayable on demand. The carrying amounts of the balances were denominated in HK\$ and were approximately their fair values.

### 15 COMMITMENT

The Group and the Company had no significant commitment as at 31st March 2012 (2011: Nil).

### 16 RELATED PARTY TRANSACTIONS

(a) During the year, apart from those disclosed elsewhere in the consolidated financial statements, the following significant transactions were carried with related parties:

	<b>2012</b> <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Paid and payable to related parties:		
Rental expenses to related companies ( <i>note i</i> )	—	2,886
Consultancy fees paid to related companies ( <i>note ii</i> )	<b>210</b>	1,593
	<u><b>210</b></u>	<u>1,593</u>

*note i:* Rental expenses were paid to companies beneficially owned by the former directors of the Company based on the agreements entered into between the parties involved with reference to market rates of similar properties.

*note ii:* Consultancy fees were paid to companies in which the former directors, Mr. Chan Sun Kwong and Mr. Chiu Kam Kun, Eric have beneficial interests in respect of their services provided to the Group, and were charged at monthly fees agreed by the parties involved.

**(b) Key management compensation**

The compensation of key management personnel paid or payable by the Group in respect of the year comprised of directors' emoluments and consultancy fees paid, totaling HK\$2,723,000 (2011: HK\$7,678,000).

## **17 LITIGATIONS**

- (a) In year 2009, an action was lodged to the Federal Court of Australia by an owner of the cargoes (the "Plaintiff") against Asian Atlas Limited ("Asian Atlas"), a subsidiary of the Company, 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 25th January 2010, Asian Atlas filed a defence and a cross-claim against the Plaintiff for damages (the "Damages") of US\$1,492,000 (approximately HK\$11,640,000), which represented the amount of demurrage which Asian Atlas was entitled to receive under the vessel chartering contract.

On 22nd October 2010, Asian Atlas served a notice of arbitration to the freight forward agent (the "Agent") claiming for the Damages in Singapore.

On 23rd September 2011, a settlement agreement was entered into among Asian Atlas, the Plaintiff and the Agent whereby, Asian Atlas accepted a compensation in the amount of US\$550,000 (approximately HK\$4,290,000) for final settlement of the Damages and all the parties released and forever discharged each other from and against all actions and claims. In view of the above, the Group had written off the uncollectible trade receivable of HK\$7,350,000 during the year ended 31st March 2012.

The Group accepted the offer on the fact that approximately legal fee of HK\$2.8 million had been incurred before the offer was received, and to carry on the legal proceedings might involve lengthy process with additional legal fee to be incurred and would increase the financial burden to the Group. After analysing carefully the costs and benefits, the Group accepted the offer for final settlement.

- (b) In April 2011, a claim for damages of approximately HK\$32.5 million was lodged by Chun Wo Foundations Limited ("Chun Wo") against the Company for procuring or including a former subsidiary, Sam Woo Bore Pile Foundation Limited ("SWBP"), to breach a sub-contract entered into between SWBP and Chun Wo in 2002. The directors of the Company considered Chun Wo has no merit in its allegation against the Company. The directors have also sought legal advice and taken the view that the Company has reasonable chance of success in defending the claim.

On 11th November 2011, the Company and SWBP entered into a settlement agreement with Chun Wo whereby Chun Wo agreed to release and discharge the Company against all actions and claims.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Prospects

The financial data released revealed that the recovery of the United States' economy was slower than expected. The outbreak of European debt crisis recently also hampered global market recovery.

Analysis on the performance of Group including revenue and results of the operations before allocation of corporate overheads is set out in note 3 "Revenue and Segment Information" to this announcement. From the segment information, the Group's overall turnover increased approximately HK\$24.9 million for the Year mainly due to the Group was able to secure and fulfill two transportation contracts for the Group's vessel m/v Asian Atlas, which is further detailed in section "Vessel Chartering" below.

#### *Vessel Chartering*

The turnover from vessel chartering business, being the sole revenue contributor to the Group, was HK\$24.9 million for the Year whereas this segment posted no turnover for the Previous Year. The turnover was attributed to two voyages contracted in first quarter and completed in second quarter of the Year. The downgrade of U.S. Treasuries and European debt crisis prompted global economic slowdown. No revenue was recognised in second half of the Year.

Other income of approximately US\$294,000 (approximately HK\$2.3 million) recorded in the Year was related to a deposit from a customer who failed to provide a concrete timetable for the shipment. The customer ultimately agreed to give up the deposit in return for the Company's agreement not to claim the balance of contracted freight charges.

The loss for this segment was around HK\$30.1 million for the Year as compared to a loss of approximately HK\$23.6 million for the Previous Year. Included in the loss for the Year was a write-off of a trade receivable of approximately US\$942,000 (around HK\$7,350,000). The trade receivable was outstanding demurrage charges originated from a voyage in 2009. As a result of a number of efforts, the debtor offered and the Group agreed with the debtor on a smaller sum as full settlement of demurrage charges and release each other from all relevant claims and actions. The Group accepted that offer on the fact that approximately HK\$2.8 million legal fee had already been incurred before the offer was received, and to carry on the legal proceedings might involve lengthy process with additional legal fee to incur. This would increase the financial burden to the Group. After weighing carefully the costs and benefits, the Group had accepted the offer for settlement. The Group paid around HK\$4.4 million legal fee in total for the case.

The Group had received many enquires from potential customers throughout the Year and there were exchange of communication mainly concerning the prices between the Group and the potential customers. Nevertheless, up to date of this report, no new contract has yet been secured by the Group. There are increased number of market entrants with newly built or converted semi-submersible vessels to compete with m/v Asian Atlas and thus drive the freight rates down. Operating costs mainly fuel costs remain stable with no tendency to go down due to weak US dollar. Moreover, repair and maintenance costs escalate as m/v Asian



Atlas becomes older and older. All these factors prevent the Group to price any voyage at a more competitive rate which would not lead to any loss to be incurred by the Group at the same time.

The recovery of the worldwide economy come to a standstill. Economic turmoil in Spain and the political impasse in Greece fueled fears that the European debt crisis would deepen. The April 2012 import and export data of China released recently also gave the market a downside risk. It seems full recovery has a long way to go.

Looking ahead, the Group will continue to explore more source of income from vessel chartering business. The Group would also actively identify and explore other investment and business opportunities to broaden its revenue base.

#### *Liquidity, Financial Resources, Capital Structure and Gearing*

The Group generally finances its operations with internally generated resources and fundings from a director. As at 31st March 2012, the Group had cash and bank balances of HK\$3.0 million (2011: HK\$1.2 million) and total borrowings of HK\$31.6 million (2011: HK\$8.2 million). Non-current borrowings as at 31st March 2012 represented amount due to a former director amounted to HK\$8.0 million and amount due to a director amounted to HK\$23.6 million (2011: current borrowings represent amounts due to directors HK\$8.2 million). The Group's gearing ratio, calculated by dividing net borrowings by total equity, was 95% as at the end of the year (2011: 12%). The liquidity ratio, being the ratio of current assets over current liabilities as at 31st March 2012 was 142.6% (31st March 2011: 126.2%).

The deterioration of the gearing ratio during the Year was due to the operating loss incurred by the Group.

#### **Foreign Exchange Exposure**

Operations of the Group are mainly conducted in Hong Kong dollar ("HK\$") and United States dollar ("US\$") and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$ and US\$, which do not pose significant foreign currency risk at present.

#### **Dividends**

The Board does not recommend the payment of any dividend for the year ended 31st March 2012.

#### **Capital Structure**

There has been no changes in the capital structure of the Company during the Year.

#### **Charges on Group Assets**

As at 31st March 2012, none of the Group's assets was pledged to secure any facilities and borrowings granted to the Group.

## **Significant Acquisition and Disposal of Assets**

There has been no significant acquisition and disposal of assets of the Group during the Year.

## **Commitments and Contingent Liabilities**

The Group did not have any significant commitments and contingent liabilities as at 31st March 2012.

## **Employees and Remuneration Policies**

As at 31st March 2012, the Group employed approximately 25 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its Directors and employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

To the best knowledge of the Directors, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31st March 2012.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the Code Provisions ("CG Code(s)") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code and has complied with the CG Codes throughout the Year.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors set out in Appendix 10 of the Listing Rules as its own code regarding securities transactions by Directors of the Company and its subsidiaries and employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Company. All the Directors have confirmed their compliance with the codes throughout the Year.

## **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

The audit committee, comprising three independent non-executive directors, has reviewed the financial statements of the Group for the Year. The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Company's auditors, PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance

Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited on the preliminary announcement.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

This annual results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (“HKEx”) at [www.hkex.com.hk](http://www.hkex.com.hk) under “Latest Listed Company Information” and on the Company’s website at [www.samwooholdings.com.hk](http://www.samwooholdings.com.hk) under the section “Investor Relations”. The annual report for the Year containing all the information required by the Listing Rules will be published on the HKEx website and the Company’s website and despatched to the Company’s shareholders in due course.

For and on behalf of the Board of  
**Sam Woo Holdings Limited**  
**Zheng Juhua**  
*Chairman*

Hong Kong, 21st June 2012

*As at the date of this announcement, the executive directors are Ms. Zheng Juhua, Mr. Chan Chi Yuen and Mr. Chen Shaohua; the independent non-executive directors are Mr. Man Kwok Leung, Mr. Yu Pak Yan, Peter and Mr. Chi Chi Hung, Kenneth.*