

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sam Woo Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite Document, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document.

SUPERB SMART LIMITED

(Incorporated in the British Virgin Islands with limited liability)



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

**COMPOSITE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY**



KINGSTON SECURITIES LIMITED

**ON BEHALF OF SUPERB SMART LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SAM WOO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
SUPERB SMART LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

**Financial Adviser to
Superb Smart Limited**



KINGSTON CORPORATE FINANCE LIMITED

**Financial Adviser to
Sam Woo Holdings Limited**

Access Capital

Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities is set out on pages 6 to 12 of this Composite Document.

A letter from the Board is set out on pages 13 to 17 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 18 to 19 of this Composite Document.

A letter from Altus Capital containing its advice on the Offer to the Independent Board Committee is set out on pages 20 to 37 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out on pages I-1 to I-6 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Wednesday, 27 April 2011 or such later time and/or date as the Offeror may decide and announce, with the consent of the Executive, in accordance with the Takeovers Code.

* For identification purposes only

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

2011

Despatch date of this Composite Document and commencement date of the Offer (<i>Note 1</i>)	Wednesday, 6 April
Latest time and date for acceptance of the Offer (<i>Note 2</i>)	4:00 p.m. on Wednesday, 27 April
Closing Date (<i>Note 2</i>)	Wednesday, 27 April
Announcement of the results of the Offer (<i>Note 2</i>)	not later than 7:00 p.m. on Wednesday, 27 April
Latest date of posting of remittances in respect of valid acceptances received under the Offer (<i>Note 3</i>)	Friday, 6 May

Notes:

1. The Offer, which is unconditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.
2. The Offer, which is unconditional, will be closed on the Closing Date. The latest time for acceptance is at 4:00 p.m. on Wednesday, 27 April 2011 unless the Offeror revises or extend the Offer in accordance with the Takeovers Code. An announcement will be issued through the Stock Exchange website by 7:00 p.m. on Wednesday, 27 April 2011 stating whether the Offer have been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration payable for the Shares tendered under the Offer will be made as soon as possible, but in any event within 10 days of the date of receipt by the Registrar, from the Independent Shareholders accepting the Offer, of all documents to render the acceptance valid.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of withdrawal" in Appendix I to this Composite Document.

All time and date references contained in this Composite Document and the Form of Acceptance refer to Hong Kong time and dates.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

“Actiease Assets”	Actiease Assets Limited, a company incorporated in BVI with limited liability and wholly-owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung Lai So is a beneficiary, and was the substantial Shareholder holding approximately 56.29% of the entire issued share capital of the Company immediately prior to Completion
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Altus Capital” or “Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Types 4, 6 and 9 (advising on securities, corporate finance and asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee in respect of the Offer
“associates”	has the meanings ascribed thereto in the Takeovers Code
“Board”	board of Directors
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CKL Development”	CKL Development Limited, a company which is wholly-owned by Mr. Lau Chun Kwok, an executive Director
“Closing Date”	27 April 2011, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
“Company”	Sam Woo Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Stock Exchange
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company, which sets out, among others, details of the Offer in accordance with the Takeovers Code

DEFINITIONS

“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of Sam Woo Group Limited and the assignment of loans pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 8 October 2010 (as supplemented by a supplemental agreement dated 5 November 2010) entered into between Actiease Assets and the Company in respect of the disposal of the entire issued share capital of Sam Woo Group Limited and the assignment of loans
“Disposal Group”	Sam Woo Group Limited, certain inactive subsidiaries and certain subsidiaries engaging in the provision of foundation works and trading of machinery and equipment
“Encumbrance”	includes without any limitation, with respect to any asset, any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance, Chapter 32 of the laws of Hong Kong)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	a standby loan facility of not less than HK\$150,300,000, which is secured by the Sale Shares and the Shares to be acquired through the Offer, granted by Kingston Securities to the Offeror pursuant to a facility letter
“Form of Acceptance”	the accompanying form of acceptance in respect of the Offer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely, Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy, which has been established to advise the Independent Shareholders in respect of the Offer
“Independent Shareholders”	Shareholder(s) other than the Offeror and parties acting in concert with it

DEFINITIONS

“Independent Third Party(ies)”	third party(ies) who is (are) independent of and not connected with the Company and its connected persons
“Initial Announcement”	the announcement dated 11 October 2010 published by the Company setting out, among other things, that Actiease Assets was approached by certain independent third parties in respect of a possible disposal of the Shares held by it, which may result in a change in control of the Company
“Joint Announcement”	the announcement jointly issued by the Company and the Offeror on 16 March 2011 in relation to the (i) acquisition of controlling interest in the Company by Superb Smart; (ii) unconditional mandatory cash offer by Kingston Securities on behalf of Superb Smart for all the issued shares in the Company (other than those Shares already owned by Superb Smart and parties acting in concert with it)
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licenced corporation to carry out business in type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offer
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO and will make an unconditional mandatory cash offer on behalf of Superb Smart for the Offer
“Last Trading Date”	9 March 2011, being the last trading day of the Shares immediately before the publication of the Joint Announcement
“Latest Practicable Date”	1 April 2011, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the option market)
“Ms. Zheng”	Ms. Zheng Juhua, the sole beneficial owner and the sole director of the Offeror
“Nice Fair”	Nice Fair Group Limited, a company which is wholly-owned by Mr. Lau Chun Ka, an executive Director

DEFINITIONS

“Offer”	the unconditional mandatory general cash offer by Kingston Securities on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) in accordance with Rule 26.1 of the Takeovers Code
“Offer Price”	the price per Offer Share in cash at which the Offer will be made, being HK\$0.116 per Offer Share
“Offer Share(s)”	all issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
“Offeror” or “Superb Smart”	Superb Smart Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Ms. Zheng
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is (are) outside Hong Kong
“Registrar”	Tricor Tengis Limited, Hong Kong branch share registrar and transfer office of the Company at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period commencing six months preceding 11 October 2010, being the date of the Initial Announcement and ending on the Latest Practicable Date
“Sale and Purchase Agreement”	the agreement dated 9 March 2011 entered into between the Offeror (as purchaser) and Actiease Assets (as vendor) relating to the purchase of the Sale Shares
“Sale Share(s)”	1,700,000,000 Shares acquired by the Offeror from Actiease Assets pursuant to the terms and conditions of the Sale and Purchase Agreement
“Special Dividend”	special dividend of HK\$0.046 per Share as proposed and declared by the Board and as disclosed in the circular and announcement of the Company dated 16 November 2010 and 21 February 2011 respectively and paid on 17 March 2011 to Shareholders whose names appear on the register of members of the Company as at 9 March 2011
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM KINGSTON SECURITIES



KINGSTON SECURITIES LIMITED

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central, Hong Kong

6 April 2011

To the Independent Shareholders

Dear Sir or Madam,

**COMPOSITE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF SUPERB SMART LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SAM WOO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
SUPERB SMART LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 9 March 2011, the Offeror and Actiease Assets entered into the Sale and Purchase Agreement whereby the Offeror agreed to acquire and Actiease Assets agreed to sell an aggregate of 1,700,000,000 Shares, representing approximately 56.29% of the entire issued share capital of the Company for an aggregate cash consideration of HK\$197,200,000 (equivalent to approximately HK\$0.116 per Sale Share). Completion took place on 9 March 2011.

Under Rule 26.1 of the Takeovers Code, immediately following the Completion, the Offeror is required to make an unconditional mandatory cash offer for all issued Shares not already owned by the Offeror and parties acting in concert with it.

This letter sets out, amongst other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Further details of the terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

LETTER FROM KINGSTON SECURITIES

UNCONDITIONAL MANDATORY GENERAL CASH OFFER

The Offer

Kingston Securities hereby makes the Offer on behalf of the Offeror for all the Shares not already owned by the Offeror and parties acting in concert with it in compliance with the Takeovers Code at the following Offer Price:

For each Offer Share HK\$0.116 in cash

Highest and lowest Share prices

The highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.300 per Share on 21 March 2011. The lowest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.141 per Share on 26 July 2010, 27 July 2010, 23 August 2010 and 24 August 2010.

Consideration for the Offer Shares

On the basis of the Offer Price of HK\$0.116 per Offer Share and 3,020,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$350.3 million. Excluding the 1,700,000,000 Sale Shares having been acquired by the Offeror pursuant to the Sale and Purchase Agreement and the 24,240,000 Shares held by the ultimate controlling shareholder of Kingston Corporate Finance, 1,295,760,000 Shares will be subject to the Offer and are valued at approximately HK\$150.3 million on the basis of the Offer Price.

Financial resources available for the Offer

The financial resources of the Offeror to fund the Offer, amounting to HK\$150.3 million, are financed by the Facility granted by Kingston Securities. The Shares acquired through the Sale and Purchase Agreement and the Shares to be acquired through the Offer will be pledged to Kingston Securities for the Facility. Save for the aforesaid, the Offeror has not entered into any arrangement, agreement, understanding and has no intention to transfer, charge or pledge the securities to be acquired pursuant to the Offer.

The Offeror confirms that payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility will not depend to any significant extent on the business of the Company. Ms. Zheng will fund the repayment of the Facility through her own resources.

Kingston Corporate Finance has been appointed as the financial adviser to the Offeror in respect of the Offer and is satisfied that there are sufficient financial resources available to the Offeror to meet full acceptance of the Offer.

Compulsory acquisition

The Offeror does not intend to apply any right which may be available to it under the Companies Act to acquire compulsorily any Shares outstanding after the close of the Offer.

LETTER FROM KINGSTON SECURITIES

Dealing and interest in the Company's securities

Save for the entering into of the Sale and Purchase Agreement and the taking up of the Sale Shares upon Completion, none of the Offeror nor parties acting in concert with it has dealt for value in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period. As at the Latest Practicable Date, the Offeror and parties acting in concert with it had not entered into any arrangements or contracts in relation to any outstanding derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities in the Company.

Effects of accepting the Offer

By accepting the Offer, Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching thereto, including the right to receive all future dividends or distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of this Composite Document.

Stamp duty

Seller's ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Payment

Payment in cash in respect of acceptances of the Offer, net of the stamp duty, will be made as soon as possible but in any event within 10 days of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by or for the Offeror.

Overseas Shareholders

The availability of the Offer to the Independent Shareholders whose addresses as shown in the register of members of the Company in Hong Kong to be outside Hong Kong may be subject to, or limited by, the laws or regulations of their respective jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

The attention of the Independent Shareholders not being a resident in Hong Kong or with a registered address as shown in the register of members of the Company in Hong Kong to be outside Hong Kong is drawn to the section headed "Overseas Shareholders" in Appendix I to this Composite Document.

LETTER FROM KINGSTON SECURITIES

Comparisons of value

The Offer Price of HK\$0.116 per Offer Share represents:

- (a) a discount of approximately 53.41% to the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 36.61% to the closing price of HK\$0.183 per Share as quoted on the Stock Exchange on 9 March 2011, being the Last Trading Day;
- (c) a discount of approximately 29.27% to the average closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including 9 March 2011 of approximately HK\$0.164 per Share;
- (d) a discount of approximately 35.91% to the average closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including 9 March 2011 of approximately HK\$0.181 per Share;
- (e) a premium of approximately 76.83% over the audited consolidated total equity attributable to equity shareholders of the Company of approximately HK\$0.0656 per Share as at 31 March 2010, the date to which the latest audited financial results of the Group were made up.

The Offer is unconditional and therefore is not conditional upon any minimum level of acceptances being received nor subject to any other conditions.

Please refer to the section headed “Market prices” in Appendix III to this Composite Document for further information on the market prices of the Shares.

INFORMATION ABOUT THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability. The sole shareholder and director of the Offeror is Ms. Zheng. Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial shareholder were Independent Third Parties and did not hold any Shares or any other securities of the Company. Other than the entering into of the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation. Biographical details of Ms. Zheng have been included under the paragraph headed “Offeror’s intention in respect of the Group”.

The Offeror considers that the acquisition of a majority stake in the share capital of the Company is an appealing investment opportunity. The Offeror is attracted to the straightforward business model of the vessel chartering business of the Company and its debt-free financial position, which provides an opportunity for the Offeror to participate in this industry.

As at the Latest Practicable Date, the Offeror was interested in 1,700,000,000 Shares. Such Shares were acquired by the Offeror pursuant to the Sale and Purchase Agreement. Additionally, the ultimate beneficial owner of Kingston Corporate Finance, namely, Mrs. Chu Yuet Wah, being deemed to be a party acting in concert with the Offeror, was interested in 24,240,000 Shares. Apart from the acquisition of the 1,700,000,000 Shares by the Offeror pursuant to the Sale and Purchase Agreement, during the

LETTER FROM KINGSTON SECURITIES

Relevant Period, the Offeror, its sole director and their respective concert parties (including Kingston Corporate Finance and its ultimate beneficial owner, namely, Mrs. Chu Yuet Wah), did not deal for value in any relevant securities of the Company.

Save for the Offeror's and Kingston Corporate Finance's ultimate beneficial owner, namely, Mrs. Chu Yuet Wah's interests in the issued share capital of the Company as disclosed above, none of the other parties acting in concert with the Offeror held any relevant securities of the Company.

OFFEROR'S INTENTION IN RESPECT OF THE GROUP

Business of the Group

It is the intention of the Offeror that the Group will continue with its existing principal businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group and subject to the results of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or deploy the assets of the Group other than those in its ordinary course of business. As at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by the Group.

Save for Mr. Lau Chun Ming and Mr. Chan Sun Kwong, all of the other existing executive Directors and the independent non-executive Directors will resign from their office with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate Ms. Zheng as an executive Director and such appointment will not take effect earlier than the date of posting of this Composite Document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the process of identifying other suitable candidates of executive Directors and independent non-executive Directors. A separate announcement will be made if such appointments are finalised.

Change of board composition of the Company

The continued employment of the existing executive Directors (namely, Mr. Lau Chun Ming and Mr. Chan Sun Kwong) is intended to ensure that there will be no material disruption to the existing business after the change in control of the Group.

The Offeror intends to nominate Ms. Zheng as an executive Director and such appointment is expected to take place after the despatch of this Composite Document and will be in full compliance with relevant regulations and Rule 26.4 of the Takeovers Code.

Set out below are the biographical details of Ms. Zheng:

Ms. Zheng, aged 39, conducts a property rental and investment business in Shenzhen, the People's Republic of China. She has over ten years of experience in securities investment in Hong Kong. Ms. Zheng has not held any directorships in the last three years in any public company the securities of which are listed on the securities market in Hong Kong or overseas.

LETTER FROM KINGSTON SECURITIES

Save as disclosed above, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules and there is no other matter relating to the proposed appointment of Ms. Zheng that need to be brought to the attention of the Shareholders.

An announcement will be made by the Company in respect of the change of the composition of the Board in compliance with the Listing Rules.

Maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Main Board after closing of the Offer. The sole director of the Offeror and the new Directors (if any) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates of the Company and the Offeror are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertakers for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediates are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediates will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

LETTER FROM KINGSTON SECURITIES

FURTHER TERMS OF THE OFFER

Further terms and conditions of the Offer, including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Document and in the Form of Acceptance.

GENERAL

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from Altus Capital” set out in this Composite Document and to consult their professional advisers as they see fit. Your attention is drawn to the additional information set out in the Appendices to this Composite Document, which form part of this Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Nicholas Chu
Director

LETTER FROM THE BOARD



SAM WOO HOLDINGS LIMITED
三和集團有限公司*

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

Executive Directors:

Mr. Lau Chun Ming (*Chairman*)
Mr. Lau Chun Kwok (*Chief Executive Officer*)
Mr. Lau Chun Ka
Ms. Leung Lai So
Mr. Chan Sun Kwong

Independent non-executive Directors:

Dr. Lee Peng Fei, Allen
Professor Wong Sue Cheun, Roderick
Ms. Wong Tsui Yue, Lucy

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Units 1310-13,
113 Argyle Street,
Mongkok,
Kowloon,
Hong Kong

6 April 2011

To the Shareholders

Dear Sir or Madam,

**COMPOSITE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF SUPERB SMART LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SAM WOO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
SUPERB SMART LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

The Company and the Offeror jointly announced on 16 March 2011 that on 9 March 2011, the Board was informed by Actiease Assets that Actiease Assets and the Offeror entered into the Sale and Purchase Agreement pursuant to which Actiease Assets agreed to sell and the Offeror agreed to purchase the Sale Shares, representing approximately 56.29% of the entire issued share capital of the Company for an aggregate cash consideration of HK\$197,200,000 (equivalent to approximately HK\$0.116 per Sale Share).

* For identification purposes only

LETTER FROM THE BOARD

The completion of the Sale and Purchase Agreement took place on 9 March 2011. The Board noted from the “Letter from Kingston Securities” in this Composite Document that, as a result, the Offeror and parties acting in concert with it own 1,724,240,000 Shares, representing approximately 57.09% of the issued share capital of the Company as at the Latest Practicable Date. Under Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general cash offer for all the Shares not already owned by it and parties acting in concert with it. The terms of the Offer are set out in the letter from Kingston Securities as well as in Appendix I to this Composite Document.

The Independent Board Committee comprising all the three independent non-executive Directors, namely, Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer.

As at the Latest Practicable Date, Dr. Lee Peng Fei, Allen, an independent non-executive Director, holds 4,320,000 Shares.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the Company, the Offer as well as to set out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer and the letter from Altus Capital containing its advice to the Independent Board Committee in respect of the Offer.

THE OFFER

The following information about the Offer is extracted from the letter from Kingston Securities contained in this Composite Document.

Kingston Securities, on behalf of the Offeror, is making the Offer which is unconditional in all respects, on behalf of the Offeror on the following basis:

For each Offer Share HK\$0.116 in cash

The Offer Price is equal to the price paid by the Offeror for each Share under the Sale and Purchase Agreement. As at the Latest Practicable Date, there are a total of 3,020,000,000 Shares in issue and the Company did not have any outstanding securities, options, derivatives or warrants which are convertible or exchangeable into the Shares.

LETTER FROM THE BOARD

Further details of the Offer

Further details of the Offer including, among others, the terms and conditions and the procedure for acceptance and settlement are set out in the letter from Kingston Securities contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

If a Shareholder wishes to accept the Offer in respect of any of his/her Share, he/she should complete the accompanying Form of Acceptance in accordance with the instructions set out therein.

INFORMATION ON THE GROUP

The Company is an investment holding company. Reference is made to the announcements of the Company dated 8 October 2010, 5 November 2010 and 21 February 2011 and circular of the Company dated 16 November 2010 regarding the disposal of the business in the provision of foundation works and trading of foundation works related machinery and equipment. After the Disposal, the Company, through its subsidiaries, is principally engaged in the vessel chartering business. A contract has been entered into by a subsidiary of the Group with an Independent Third Party in March 2011 in relation to its vessel chartering business. Continuous discussions are being held with potential customers.

The Group recorded an audited profit of approximately HK\$14.1 million and HK\$11.7 million respectively for the years ended 31 March 2009 and 2010. The audited net assets of the Group as at 31 March 2009 and 2010 were approximately HK\$189.4 million and HK\$198.1 million, respectively. Unaudited profit of the Group for the six months ended 30 September 2009 amounted to approximately HK\$3.5 million, while the unaudited loss for the six-month period ended 30 September 2010 was approximately HK\$13.4 million. Unaudited net assets of the Group as at 30 September 2009 and 2010 were approximately HK\$189.9 million and HK\$184.7 million, respectively.

As extracted from Appendix II “Financial Information of the Group” to this Composite Document setting out the unaudited financial statements of the Group and the accompanying notes for the six months ended 30 September 2010, the unaudited net asset value of the Group and the unaudited net asset value of the Disposal Group as at 30 September 2010 were approximately HK\$184.7 million and HK\$78.3 million, respectively. Taking into account the consideration for the Disposal of HK\$140.0 million, the final dividend of approximately HK\$2.1 million paid on 6 October 2010 and the Special Dividend of approximately HK\$138.9 million, but before considering any gain or loss arising from the Disposal and the operating results of the Group from 1 October 2010 up to and including the Latest Practicable Date, the unaudited net asset value of the Group after the Disposal and the Special Dividend would be no more than HK\$105.4 million (being HK\$184.7 million – HK\$78.3 million + HK\$140.0 million – HK\$2.1 million – HK\$138.9 million).

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company as at the Latest Practicable Date.

Shareholders	As at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximate % of issued Shares</i>
Offeror and parties acting in concert with it (<i>note 1</i>)	1,724,240,000	57.09
Directors and/or their controlled corporations (<i>note 2</i>)	9,320,000	0.31
Public Shareholders	<u>1,286,440,000</u>	<u>42.60</u>
Total	<u><u>3,020,000,000</u></u>	<u><u>100.00</u></u>

Notes:

- (1) 1,700,000,000 Shares were acquired by the Offeror pursuant to the Sale and Purchase Agreement. As regards to the remaining 24,240,000 Shares, the Board noted from the “Letter from Kingston Securities” in this Composite Document that such Shares were held by the ultimate controlling shareholder of Kingston Corporate Finance.
- (2) These Shares were held as to 5,000,000 Shares by Mr. Chan Sun Kwong, an executive Director and as to 4,320,000 Shares by Dr. Lee Peng Fei, Allen, an independent non-executive Director.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information about the Offeror” in the letter from Kingston Securities on pages 9 to 10 of this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or deploy the assets of the Group other than those in its ordinary course of business. As at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by the Group.

Save for Mr. Lau Chun Ming and Mr. Chan Sun Kwong, all of the other existing executive Directors and the independent non-executive Directors will resign from their office with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate Ms. Zheng as an executive Director and such appointment will not take effect earlier than the date of posting of this Composite Document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the process of identifying other suitable candidates of executive Directors and independent non-executive Directors. A separate announcement will be made if such appointments are finalised.

LETTER FROM THE BOARD

Your attention is drawn to the section headed “Offeror’s intention in respect of the Group” in the letter from Kingston Securities on page 10 of this Composite Document. The Board is willing to render cooperation and support to the Offeror as regards to the Offeror’s intention regarding the Group which are in the interests of the Company and the Shareholders as a whole.

RECOMMENDATIONS

Your attention is drawn to the letters from the Independent Board Committee and Altus Capital, respectively, which set out their recommendations and opinions in relation to the Offer and the principal factors considered by them before arriving at their recommendations.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
By the order of the Board
Sam Woo Holdings Limited
Lau Chun Ming
Chairman



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

6 April 2011

To the Independent Shareholders

Dear Sir or Madam,

**COMPOSITE DOCUMENT IN RELATION TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF SUPERB SMART LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
SAM WOO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
SUPERB SMART LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document (the “Composite Document”) dated 6 April 2011 jointly issued by the Offeror and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned.

Altus Capital has been appointed as the independent financial adviser to the Independent Board Committee to advise us in respect of the terms of the Offer. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the letter from Altus Capital on pages 20 to 37 of the Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer and the advice of Altus Capital, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and, accordingly, we recommend the Independent Shareholders to accept the Offer. However, Independent Shareholders are reminded that they should carefully and closely monitor the market price of the Shares

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs exceed the net amount to be received under the Offer.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Dr. Lee Peng Fei, Allen
Independent
non-executive Director

Professor Wong Sue Cheun, Roderick
Independent
non-executive Director

Ms. Wong Tsui Yue, Lucy
Independent
non-executive Director

LETTER FROM ALTUS CAPITAL

The following is the text of a letter of advice from Altus Capital to the Independent Board Committee and the Independent Shareholders in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.

ALTUS CAPITAL LIMITED

8/F, Hong Kong Diamond Exchange Building
8 Duddell Street, Central
Hong Kong

6 April 2011

*To the Independent Board Committee and the Independent Shareholders of
Sam Woo Holdings Limited*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
KINGSTON SECURITIES LTD
ON BEHALF OF SUPERB SMART LIMITED
FOR ALL THE ISSUED SHARES IN
SAM WOO HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
SUPERB SMART LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Offer. Details of the Offer are set out in the composite document of the Company dated 6 April 2011 (“Composite Document”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

The Offeror entered into the Sale and Purchase Agreement with Actiease Assets on 9 March 2011. Completion took place on the same day on 9 March 2011 which resulted in the Offeror acquiring the Sale Shares which represent approximately 56.29% of the total issued share capital of the Company. Upon Completion, the Offeror and parties acting in concert with it are interested in 1,724,240,000 Shares, representing approximately 57.09% of the total issued share capital of the Company. Accordingly, under Rule 26.1 of the Takeovers Code, an unconditional mandatory general cash offer is being made by Kingston Securities on behalf of the Offeror to acquire all issued Shares not already owned by the Offeror and parties acting in concert with it.

The Independent Board Committee has been established to give advice and recommendation to the Independent Shareholders in relation to the Offer. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and to give our opinion to the Independent Board Committee in relation to the Offer for their consideration in making recommendation to the Independent Shareholders.

LETTER FROM ALTUS CAPITAL

The Independent Board Committee comprises Dr. Lee Peng Fei, Allen, Professor Wong Sue Cheun, Roderick and Ms. Wong Tsui Yue, Lucy, all being independent non-executive Directors.

BASIS OF OPINION

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Composite Document and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management. We have assumed that all statements, information, facts, opinions and representations made or referred to in the Composite Document were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Composite Document. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and its management. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed; thus we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Composite Document, or the reasonableness of the opinions and representations provided to us by them.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document relating to the Group and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed by the Directors in the Composite Document have been arrived at after due and careful consideration and that there are no other facts relating to the Group not contained in the Composite Document the omission of which would make any statement in the Composite Document misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

The information in the Composite Document relating to the Offeror, the terms and conditions of the Offer and the Offeror's intentions regarding the Group have been supplied by the sole director of the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Group) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in the Composite Document have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in the Composite Document misleading.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders arising from acceptances or non-acceptances of the Offer. We will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional advisers.

LETTER FROM ALTUS CAPITAL

BACKGROUND AND SUMMARY OF THE OFFERS

On 9 March 2011, the Actiease Assets and the Offeror entered into the Sale and Purchase Agreement pursuant to which Actiease Assets agreed to sell and the Offeror agreed to purchase the Sale Shares for an aggregate cash consideration of HK\$197.2 million (equivalent to approximately HK\$0.116 per Sale Share). The Sale Shares represent approximately 56.29% of the entire issued share capital of the Company and completion took place on the same day on 9 March 2011.

Upon Completion, the Offeror and parties acting in concert with it are interested in 1,724,240,000 Shares, representing approximately 57.09% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general cash offer for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

Kingston Securities will, on behalf of the Offeror, make the Offer, which is unconditional in all respects in compliance with the Takeovers Code at HK\$0.116 per Offer Share, which is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. Kingston Corporate Finance, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer.

As at the Latest Practicable Date, there are 3,020,000,000 Shares in issue. The Company has no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Further terms of the Offer, including the procedures for acceptance, are set out in the letter from Kingston Securities (the "Letter from Kingston Securities") and Appendix I to the Composite Document.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice for the Offer, we have considered the following principal factors and reasons:

I. Background of the Offeror, the Offeror's intention on the Group and the proposed change of composition of the Board

The Offeror's background and intention on the Group

As stated in the Letter from Kingston Securities, the Offeror is an investment holding company incorporated in the BVI with limited liability. As at the Latest Practicable Date, the sole shareholder and director of the Offeror is Ms. Zheng. Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial shareholder are Independent Third Parties and do not hold any Shares. Other than the entering into of the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation.

LETTER FROM ALTUS CAPITAL

It is the intention of the Offeror that the Group will continue with its existing principal businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group and subject to the result of the review, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror has no intention to discontinue the employment of the employees (save for a change in the composition of the Board) or to dispose of or deploy the assets of the Group other than those in its ordinary course of business. As at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business by the Group.

Based on the above, we are of the view that Independent Shareholders may make reference to the existing business of the Group, that is vessel chartering, when considering the continuity of the businesses of the Group after the Offer.

The Offeror intends to maintain the listing of the Shares on the Main Board after closing of the Offer. As stated in the Letter from Kingston Securities, the sole director of the Offeror and the new Directors (if any) to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Proposed change of composition of the Board

Save for Mr. Lau Chun Ming and Mr. Chan Sun Kwong, all of the other existing executive Directors and the independent non-executive Directors will resign from their office with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate Ms. Zheng as an executive Director and such appointment will not take effect earlier than the date of posting of this Composite Document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the process of identifying other suitable candidates of executive Directors and independent non-executive Directors. A separate announcement will be made when such appointments are finalised.

Given the above where a majority of the existing Directors will resign in the manner as permitted under the Takeovers Code, the Independent Shareholders are reminded that the effect of such change in the composition of the Board on the management of businesses of the Group and its business directions in the future is yet to be determined.

LETTER FROM ALTUS CAPITAL

II. Information on the Group

Financial position of the Group

For the purpose of analysing the business of the Group, set out below are the revenue and segment information of the Group for the six months ended 30 September 2010, details of which are set out in Appendix II “Financial Information of the Group” to this Composite Document:

Revenue recognised during the period

	Unaudited six months ended 30 September 2010 HK\$'000
Turnover	
Vessel chartering revenue	—
Construction contract revenue	44,256
	44,256

Segment information

	Unaudited six months ended 30 September 2010			
	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Vessel chartering HK\$'000	Total HK\$000
Revenue	44,256	—	—	44,256
Segment results	7,162	(3)	(12,611)	(5,452)
Corporate expenses				(5,134)
Operating loss				(10,586)

We noted that there has been substantial changes to the businesses of the Group after the aforesaid 30 September 2010 reporting date. Prior to the completion of the Disposal Agreement, the Group was engaged in the businesses of foundation works, trading of machinery and equipment and provision of vessel chartering. For the six months ended 30 September 2010, the turnover and operating loss of the Group were approximately HK\$44.3

LETTER FROM ALTUS CAPITAL

million and approximately HK\$10.6 million respectively. As shown above, the turnover of the Group was wholly derived from the foundation works business and the operating loss was mainly a result of weak performance of vessel chartering business.

During the six months ended 30 September 2010, the vessel chartering business experienced difficult operating conditions where chartering rates were depressed and utilisation was low. These were mainly due to decrease in demand for transportation of engineering machinery and equipment as well as low demand for transportation of offshore exploration equipment due to effects of the financial crisis and the ban on offshore oil exploration activities by the United States of America government after the oil leakage incident in the Gulf of Mexico in early 2010.

Upon the completion of the Disposal Agreement, the businesses of the provision of foundation works and trading of machinery and equipment were disposed of and thereafter vessel chartering becomes the sole remaining business of the Group.

Prospects of the Business

Upon the completion of the Disposal Agreement, the Company, through its subsidiaries, is solely engaged in the vessel chartering business.

As mentioned, the vessel chartering business has been experiencing difficult operating conditions. Notwithstanding the losses incurred during the six months ended 30 September 2010, we noted that the vessel chartering business has had a profitable track record during the five years ended 31 March 2010. Signs of stabilisation in this business segment both in terms of pricing and utilisation have been observed. According to the Company, more enquiries have been received with the management's further following-up with provision of technical information for transportation. In particular, a chartering contract for the Group's vessel, m/v Asian Atlas had been entered into with an independent third party in March 2011. Meanwhile, continuous discussions are being held with other potential customers. In addition, the aforesaid ban on offshore oil exploration activities was also uplifted in October 2010. In view of these, the Directors believe the business environment for vessel chartering should be more stable in terms of pricing and utilization.

Based on the above, we are of the view that the vessel chartering business can be sustained, augmented by the fact that it is free from any indebtedness, although the extent of the recovery is yet to be determined. Notwithstanding, the strategy and direction of the vessel chartering business in future is currently unclear given the proposed change of the composition of the Board.

LETTER FROM ALTUS CAPITAL

III. Historical market price and liquidity

The Offer Price is HK\$0.116 per Offer Share.

Historical market price performance

The following table sets out the highest, lowest, average closing prices and closing prices of the Shares traded on the Stock Exchange on the last trading day of each month/period during the period commencing six months preceding 11 October 2010 (being the date of the Initial Announcement) and ending on the Latest Practicable Date.

Closing price per Share (HK\$)

Month	Highest	Lowest	Average	On the last trading day
2010				
12–30 April ⁽¹⁾	0.218	0.143	0.162	0.210
May	0.215	0.175	0.190	0.178
June	0.179	0.163	0.168	0.163
July ⁽²⁾	0.164	0.141	0.153	0.154
August	0.156	0.141	0.147	0.156
September	0.195	0.153	0.163	0.173
1–10 October	0.177	0.168	0.172	0.172
12–31 October ⁽³⁾	0.220	0.192	0.203	0.195
November ⁽⁴⁾	0.196	0.175	0.190	0.196
December	0.216	0.192	0.208	0.208
2011				
January	0.236	0.209	0.227	0.210
February	0.210	0.190	0.199	0.198
1–3 March	0.200	0.193	0.197	0.193
4–9 March ⁽⁵⁾	0.183	0.144	0.157	0.183
17–31 March ⁽⁶⁾	0.300	0.242	0.264	0.247
Latest Practicable Date	0.249	0.249	0.249	0.249

Source: Bloomberg and the Stock Exchange website

Notes:

- (1) On 28 April 2010, the Company announced that it is in discussions with a potential seller in relation to the potential acquisition of the equity interest in a company and that a potential buyer has approached the Company's controlling Shareholder for possible acquisition of the Shares held by the controlling Shareholder
- (2) On 16 July 2010, the Company announced its annual results for year ended 31 March 2010
- (3) On 11 October 2010 and 29 October 2010, the Company released the Initial Announcement and a profits warning respectively

LETTER FROM ALTUS CAPITAL

- (4) On 25 November 2010, the Company announced its interim result for the six-month period ended 30 September 2010
- (5) Shares traded ex-Special Dividend since 4 March 2011
- (6) Trading of the Shares was suspended from 10 March 2011 to 16 March 2011, pending the publication of the Joint Announcement. On 18 March 2011, trading of Shares was suspended pending the publication of the joint announcement in relation to the placing of existing Shares by certain Shareholders

On 21 February 2011, the Company announced that the Board had passed a resolution to declare the Special Dividend. The Shares traded ex-Special Dividend on 4 March 2011. In other words, the Shares traded on or before 3 March 2011 was entitled to the Special Dividend.

The Special Dividend amounted to approximately HK\$138.9 million and was a consequence of the Disposal for which consideration amounted to HK\$140 million. Given that the Disposal involved the disposal of a significant portion of the Group's business and that the Special Dividend represented substantial return of capital and profit to the Shareholders, we believe adjustments for the Special Dividend amount should be made when conducting the analysis on prices of Shares.

The Company has also declared a final dividend of approximately HK\$2.1 million paid on 6 October 2010 which is equivalent to HK\$0.0007 per Share. As the amount was negligible as compared with the then net asset value of the Company, we have not made adjustment for this dividend in our analysis on the prices of Shares.

The highest and the lowest closing prices of the Shares during the six-month period preceding the Initial Announcement were HK\$0.218 (recorded on 28 & 29 April 2010) and HK\$0.141 (recorded on 26, 27 July 2010 & 23, 24 August 2010). Adjusted for the Special Dividend, the aforesaid highest and lowest closing price would have been HK\$0.172 and HK\$0.095.

The highest and the lowest closing prices of the Shares during the period after Initial Announcement up to 3 March 2011, being the last cum-Special Dividend trading day were HK\$0.236 (recorded on 14 & 24 January 2011) and HK\$0.175 (recorded on 23 November 2010). Adjusted for the Special Dividend, the aforesaid highest and lowest closing price would have been HK\$0.190 and 0.129.

The highest and lowest closing prices of the Shares during the period from 4 March 2011 when the Shares traded ex-Special Dividend, up to the Latest Practicable Date, were HK\$0.300 (recorded on 21 March 2011) and HK\$0.144 (recorded on 4 & 7 March 2011). Given that the Shares had traded ex-Special Dividend during this period, no adjustment for the Special Dividend is necessary.

LETTER FROM ALTUS CAPITAL

The Offer Price of HK\$0.116 also represents:

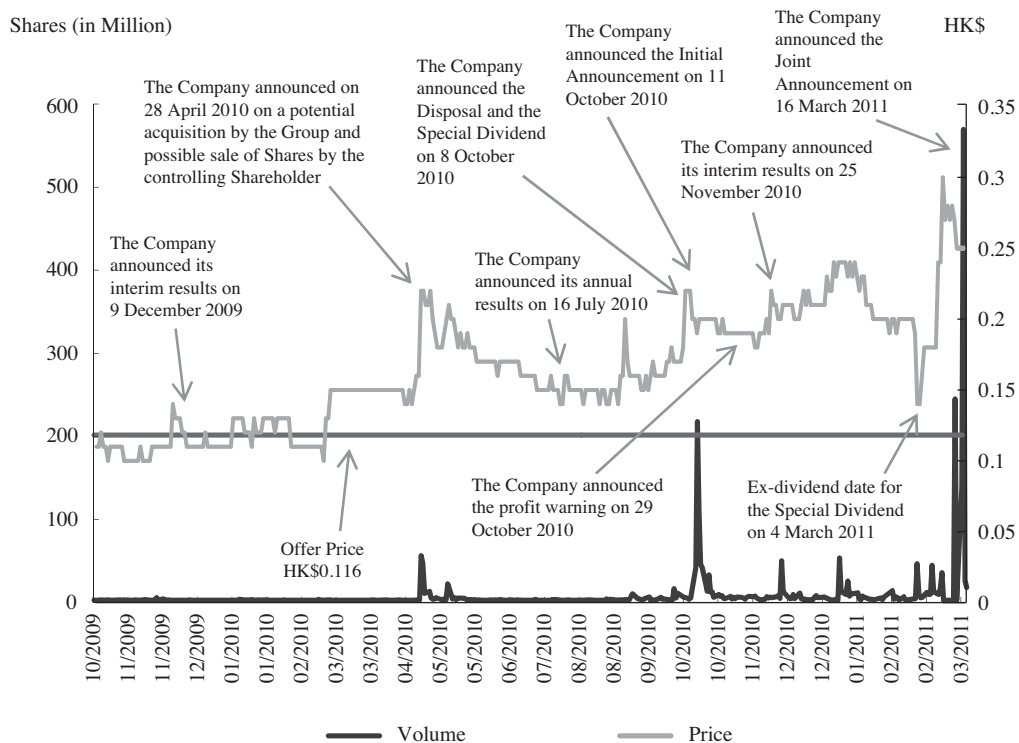
	Share price (HK\$)	Premium/ (discount)	Share price adjusted for Special Dividend (where appropriate) (HK\$)	Premium/ (discount)
8 October 2010, last trading date immediately before the publication of the Initial Announcement	0.172	(32.56%)	0.126	(7.94%)
For the average closing price of the last 10 trading days up to and including the last trading day immediately before publication of the Initial Announcement	0.168	(30.95%)	0.122	(4.92%)
For the average closing price of the last 30 trading days up to and including the last trading day immediately before publication of the Initial Announcement	0.162	(28.40%)	0.116	—
For the average closing price of the last 90 trading days up to and including the last trading day immediately before publication of the Initial Announcement	0.159	(27.04%)	0.113	2.65%
9 March 2011, the Last Trading Date	0.183	(36.61%)	0.183	(36.61%)
For the average closing price of the last 5 trading days up to and including the Last Trading Date ⁽¹⁾	0.164	(29.27%)	0.155	(25.16%)
For the average closing price of the last 10 trading days up to and including the Last Trading Date ⁽²⁾	0.181	(35.91%)	0.153	(24.18%)
Latest Practicable Date	0.249 ⁽³⁾	(53.41%) ⁽³⁾	0.249 ⁽³⁾	(53.41%) ⁽³⁾

LETTER FROM ALTUS CAPITAL

- (1) Last 5 trading days included trading days between 3 March 2011 and 9 March 2011 (both dates inclusive). Since the Shares traded on or before 3 March 2011 were traded on cum-Special Dividend basis, the amount of Special Dividend of HK\$0.046 was deducted from the respective nominal Share prices recorded on or before 3 March 2011. No such adjustment was made to Share prices recorded on or after 4 March 2011.
- (2) Last 10 trading days included trading days between 24 February 2011 and 9 March 2011 (both dates inclusive). Since the Shares traded on or before 3 March 2011 were traded on cum-Special Dividend basis, the amount of Special Dividend of HK\$0.046 was deducted from the respective nominal Share prices recorded on or before 3 March 2011. No such adjustment was made to Share prices recorded on or after 4 March 2011.
- (3) Shares traded on ex-Special Dividend basis hence no adjustment has been made.

As illustrated from the table above, the market price has generally been higher than the Offer Price even after adjusting for the Special Dividend, except for the 90 days average before the Initial Announcement which is slightly lower than the Offer Price.

The following chart shows the closing prices of the Shares from 12 October 2009 to 11 October 2010, being the date of the Initial Announcement, (the “Pre-Announcement Period”), and from 12 October 2010, being the day after the publication of the Initial Announcement, to the Latest Practicable Date (both dates inclusive) (the “Post-Announcement Period”, together, the “Review Period”):



LETTER FROM ALTUS CAPITAL

The Pre-Announcement Period

During the Pre-Announcement Period, the closing price of the Share has traded within a range of HK\$0.101 (recorded on 21, 22 & 27 October 2009 and 2 to 5 November 2009) to HK\$0.218 (recorded on 28 & 29 April 2010) with an average of approximately HK\$0.143. Higher level of fluctuation occurred from late April to early May 2010, during which the closing price increased from approximately HK\$0.144 on 19 April 2010 to HK\$0.218 on 28 & 29 April 2010. In response to such fluctuations, the Company had announced on 28 April 2010 that it was in discussions relating to a potential acquisition of the equity interest in a company and during the same time, a potential buyer had approached the Company's controlling Shareholder for possible acquisition of the Shares held by the controlling Shareholder. Apart from the above, we are not aware of any market news or public announcements made by the Company that were price sensitive in nature during that period.

The Offer Price of HK\$0.116 represents a discount of approximately 18.88% to the average closing price of the Shares during the Pre-Announcement Period. The Independent Shareholders should however note that the historical trading prices of the Shares during the Pre-Announcement Period represent the investment value of the Company before the Disposal, as well as before the distribution of the Special Dividend. The Group therefore had substantially higher net asset value and a larger business operation at that time. As discussed above, the Disposal involved the disposal of a significant portion of the Group's business and that the Special Dividend represented substantial return of capital and profit to the Shareholders. Accordingly, we consider that when comparing the historical trading prices with the Offer Price, we are to take into account the fact that the underlying net assets of the Group have significantly reduced as a result of the Disposal and the corresponding Special Dividend.

In our view, it is more appropriate to compare the Offer Price to the average closing price of the Shares during the Pre-Announcement Period of HK\$0.143 adjusted by the amount of Special Dividend of HK\$0.046 per Share. After the adjustment, the Offer Price represents a premium of approximately 19.59% over the average closing price during the Pre-Announcement Period as reduced by the amount of the Special Dividend.

The Post-Announcement Period

On 11 October 2010, the Company published the Initial Announcement in relation to Actiease Assets, being approached by certain independent third parties in respect of a possible disposal of the Shares held by it, which may result in a change in control of the Company. We are of the view that this should be the key reason for the increase in the Share price immediately thereafter. On 16 March 2011, the Company published the Joint Announcement in relation to, among other things, the Offer which, as shown in the chart, there was further substantial increase in the prices of the Shares after such announcement.

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During the Post-Announcement Period, the closing price of the Shares ranged from HK\$0.144 (recorded on 4 March and 7 March 2011) to HK\$0.300 (recorded on 21 March 2011) with an average price of approximately HK\$0.209. The Offer Price of HK\$0.116 represents (i) a discount of approximately 61.33% to the highest closing price of the Share; (ii) a discount of approximately 19.44% to the lowest closing price of the Share; and (iii) a discount of approximately 44.5% to the nominal average closing price of the Share of HK\$0.209 during the Post-Announcement Period.

For the same reasoning in respect of the Special Dividend as described above, we believe it is more appropriate to compare the Offer Price to the average closing price of the Shares as adjusted by the amount of Special Dividend of HK\$0.046 per Share during the relevant Post-Announcement Period (for the period up to 3 March 2011, being the last trading day when the Shares traded on cum-Special Dividend basis). After such adjustment, the Offer Price represents a discount of approximately 31.36% over the average closing price during the Post-Announcement Period of HK\$0.169 as reduced by the amount of the Special Dividend.

We have reviewed the announcements issued by the Company during that period and we are not aware of any other announcements made by the Company that were price sensitive in nature during the period save for a profit warning, the Initial Announcement and the Joint Announcement. We are of the view that the various Share price rallies during the Post-Announcement Period were most likely a result of market speculation on and reaction to the possible offers and change in control of the Company as disclosed in the Initial Announcement and the Joint Announcement. In particular, we noted that market prices of Shares continued to increase to levels substantially higher than the Offer Price after the announcement of the Offer. We are not able to ascertain any specific reasons for this.

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Historical liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Month	Average daily trading volume	% of average daily trading volume to total number of Shares in issue as at Latest Practicable Date	% of average daily trading volume to total number of Shares held by public Shareholders as at Latest Practicable Date
2009			
12–31 October	218,571	0.007%	0.017%
November	509,524	0.017%	0.040%
December	55,000	0.002%	0.004%
2010			
January	262,500	0.009%	0.021%
February	141,667	0.005%	0.011%
March	96,522	0.003%	0.008%
April	5,746,842	0.190%	0.447%
May	2,921,000	0.097%	0.227%
June	264,286	0.009%	0.021%
July	236,667	0.008%	0.018%
August	390,917	0.013%	0.030%
September	2,766,667	0.092%	0.215%
1–11 October	8,745,000	0.290%	0.680%
Simple Average during the Pre-Announcement Period	1,140,323	0.038%	0.089%
12–31 October	35,055,714	1.161%	2.725%
November	2,999,091	0.099%	0.233%
December	5,129,545	0.170%	0.399%
2011			
January	6,799,048	0.225%	0.008%
February	5,630,000	0.186%	0.438%
1-9 March ⁽¹⁾	17,372,857	0.575%	1.351%
17–31 March	57,282,900 ⁽²⁾	1.900%	4.453%
Latest Practicable Date	8,600,000	0.285%	0.669%
Simple average during the Post-Announcement Period	14,108,078	0.467%	1.097%

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- (1) Trading of Shares was suspended from 10 March 2011 to 16 March 2011 pending the release of the Joint Announcement.
- (2) Excluding 450,000,000 Shares under the placing as announced by the Company on 22 March 2011.

As illustrated above, the simple average daily trading volume of the Shares during the Pre-Announcement Period was approximately 1.1 million Shares, representing approximately 0.038% of the Shares in issue or approximately 0.089% of the Shares held by the public Shareholders as at the Latest Practicable Date.

Trading volume of the Shares increased to approximately 214.8 million Shares on 12 October 2010, being the first trading day following the publication of the Initial Announcement, and remained relatively high thereafter as compared to that of the Pre-Announcement Period. An average daily trading volume of approximately 35.1 million Shares was recorded during the period from 12 October to 31 October 2010, representing approximately 1.161% of the Shares in issue as at the Latest Practicable Date and approximately 2.725% of the Shares held by the public Shareholders as at the Latest Practicable Date. After the month of October 2010, trading volume decreased to an average of between approximately 3.0 million Shares and 6.8 million Shares during the months of November 2010 to February 2011.

Trading activities increased substantially from 1 March 2011 up to 9 March 2011, being the day immediately before the suspension in trading of the Shares pending the release of the Joint Announcement. Upon resumption of trading on 17 March 2011, approximately 242.3 million Shares, 136.0 million Shares and 566.6 million Shares (including 450.0 million Shares under a placing as announced in the Joint Announcement) were traded on 17 March 2011, 21 March 2011 and 22 March 2011 respectively.

The simple average daily trading volume of the Shares (excluding the 450.0 million Shares under the placing as announced in the Joint Announcement) during the Post-Announcement Period was approximately 14.1 million Shares, representing approximately 0.467% of the Shares in issue as at the Latest Practicable Date and approximately 1.097% of the Shares held by the public Shareholders as at the Latest Practicable Date.

As observed, the overall liquidity of the Shares was low during the Pre-Announcement Period. Liquidity was higher during the Post-Announcement Period, especially in the few days after the release of the Joint Announcement. Nevertheless, liquidity has progressively reduced thereafter and up till the Latest Practicable Date.

Shareholders who intend to dispose of a large number of Shares in the open market instead of accepting the Offer shall be reminded that they may not be able to do so without exerting a downward pressure on the price of the Share if the liquidity of the Shares returns to the low level as in the Pre-Announcement Period. As such, we consider that the Offer provides an alternative exit to the Independent Shareholders to realise their investment in the Company at the Offer Price in the event of low trading liquidity for the Shares.

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IV. Comparison with comparable companies

We have considered the analysis of comparable companies, in order to assess the fairness and reasonableness of the Offer Price. Given the small scale of the Group's vessel chartering business which consists of only one vessel, we are of the view that there is no company listed on the Stock Exchange which is in the same industry that is appropriate for comparison.

Meanwhile, we have compared the Offer Price with (i) the premium over share prices on last trading day before announcement; and (ii) premium over net asset value; of all companies listed on the Stock Exchange that had, as far as we are aware, during the six-month period from 17 September 2010 to 16 March 2011 (being the date of the Joint Announcement), been subject to general cash-only offers. We consider the list below is an exhaustive list.

Date	Companies (Stock code)	Principal businesses	Share price on last trading day before initial announcement (HK\$)	Offer price (HK\$)	Premium/ Discount over share price (%)	Latest reported net asset value as disclosed in the relevant offer/offeree/ composite document ("Reported NAV") (HK\$ million)	Premium over Reported NAV
3/3/2011	Oriental City Group Holdings Limited (8325)	Engaged in the cards and payment related businesses	0.510	0.1	-80.39%	20.5	193.26%
28/2/2011	Arnhold Holdings Limited (102)	Trading, manufacturing and export, retail and renovation operations	2.430	1.1681	-51.93%	42.2	559.94%
25/2/2011	Shanghai Forte Land Co. Ltd. — H Shares (2337)	Property development and property investment	2.790	3.5	25.45%	7,700.3	-7.53%
18/2/2011	Tai-I International Holdings Limited (1808)	Production and sale of bare copper wire and magnet wire in the PRC	0.760	0.3925	-48.36%	22.8	1,301.79%
26/1/2011	KTP Holdings Limited (645)	Manufacture of athletic and sports leisure footwear products	2.660	1.7	-36.09%	280.2	106.56%
24/12/2010	SEEC Media Group Limited (205)	Provision of advertising agency services and distribution of book and magazines in the PRC	0.139	0.14	0.72%	283.6	-12.5%

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Date	Companies (Stock code)	Principal businesses	Share price on last trading day before initial announcement (HK\$)	Offer price (HK\$)	Premium/ Discount over share price (%)	Latest reported net asset value as disclosed in the relevant offer/offeree/ composite document ("Reported NAV") (HK\$ million)	Premium over Reported NAV
13/12/2010	Ngai Lik Industrial Holdings Limited (332)	Design, manufacture and sale of electronic products and property investment.	0.170	0.0314	-81.53%	Net liabilities	N/A
10/12/2010	Tonic Industries Holdings Ltd (978)	Design, manufacture, trading of consumer electronic products and components	1.340	0.10635	-92.06%	Net liabilities	N/A
22/11/2010	Eternite Int'l Co. Ltd. (8351)	Design and sale of a broad range of fine jewelry products	0.520	0.5	-3.85%	49.9	455.56%
21/10/2010	Gemini Property Investments Ltd (formerly "Kee Shing Holdings Ltd") (174)	Trading of electroplating materials, paint and coating chemicals and stainless steel	1.300	1.658	27.54%	525.5	40.56%
30/9/2010	New Island Printing Holding Limited (377)	Printing and manufacturing of high quality, multi-colour packaging products and carton boxes; printing of books, brochures and other paper products.	1.500	2.15	43.33%	374.9	27.67%
		Highest			43.33%		1,301.79%
		Lowest			-92.06%		-12.50%
		Average			-21.68%		331.58%
		Median			-36.09%		106.56%
	Sam Woo Holdings Limited (2322)		0.183	0.116	-36.61%	105.4	232.38%

As shown in the list above, among the comparable companies the highest offer price as compared with the share prices of last trading day before announcement is at a premium of 43.33% while the lowest is at a discount of 92.06%. The Offer Price of HK\$0.116 is on ex-Special Dividend basis. In other words, this amount is on top of the amount of the Special Dividend which had been received by the Shareholders. Consequently, it is not necessary to make any adjustment

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to the Offer Price when comparing it with the Share price on Last Trading Date of HK0.183 which is also on an ex-Special Dividend basis. Among the comparable companies, the average and median of offer prices are at discounts of 21.68% and 36.09% respectively. The Offer Price is at a discount of 36.61% and is comparable to the average and median figures.

Based on the Group's Interim Report for the six months ended 30 September 2010, the net asset value of the Group was approximately HK\$184.7 million as at 30 September 2010 while the unaudited consolidated net asset value of the Disposal Group as at 30 September 2010 amounted to approximately HK\$78.3 million. We noted that as discussed in the Letter from the Board, after taking into account the consideration for the Disposal of HK\$140.0 million, the final dividend of approximately HK\$2.1 million paid on 6 October 2010 and the Special Dividend of HK\$138.9 million, but before considering any gain or loss arising from the Disposal and the operating results of the Group from 1 October 2010 up to and including the Latest Practicable Date, net asset value of the Group as at 30 September 2010 (after taking into account the above events) shall be no more than HK\$105.4 million or HK\$0.0349 per Share. The Offer Price of HK\$0.116 is on ex-Special Dividend basis. In other words, this amount is on top of the amount of the Special Dividend which had been received by the Shareholders. Consequently, it is not necessary to make any adjustment to the Offer Price when comparing it with the aforesaid net asset value per Share of HK\$0.0349 which is also computed on an ex-Special Dividend basis as described above. Among the comparable companies, the highest offer price as compared with their Reported NAV is at a premium of 1,307.79%, while the lowest is at a discount of 12.5%. The premium of 232.38% in respect of the Offer is comparable to the average and median figures of 331.58% and 106.56% respectively. On this basis, we consider that such level of premium to be reasonable.

RECOMMENDATION

A summary of the above principal factors and reasons considered are as follows:

- the Offeror does not intend to introduce any major changes to the existing operation and business of the Company and has no intention or plans for any acquisition or disposal of asset;
- while the vessel chartering business appears to have stabilised and can be sustained, the extend of recovery remain uncertain. Strategy and direction of the vessel chartering business in future is currently unclear given the proposed change of the composition of the Board;
- the Offer Price of HK\$0.116 represents a premium of approximately 19.59% over the average closing price of the Shares of HK\$0.097 (adjusted for the Special Dividend), during the Pre-Announcement Period although given the substantial increase in Share price after the Initial Announcement, the Offer Price represents a discount of approximately 31.36% to the average closing price of the Share of HK\$0.169 during the Post-Announcement Period;
- while the trading liquidity of Shares had increased during the Post-Announcement Period, especially after the Joint Announcement, liquidity has since declined. If trading liquidity of the Shares returns to levels recorded during the Pre-Announcement Period, there may be a downward pressure on the Share price if Shareholders intend to dispose a large number of Shares in the open market; and

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- the Offer Price represents a premium of approximately 232.38% over the unaudited net asset value per Share of the Group after taking into account the items as described in the paragraph IV “Comparison with comparable companies” above.

Having considered the above, in particular, the substantial premium of the Offer Price over the aforesaid net asset value per Share and the uncertainty surrounding the extent of recovery and future directions and development of the vessel chartering business, we are of the view that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer. Notwithstanding, those Shareholders who have a positive view of the prospects of the Group after the change in control and certain management, despite the lack of concrete plan for any acquisition of assets and/or business development by the Group as at the Latest Practicable Date, may wish to retain part or all of their investment in the Company.

The Independent Shareholders should note that the prices of Shares had substantially increased following the publication of the Initial Announcement and the Joint Announcement and the trading volume of Shares also increased significantly. Independent Shareholders are reminded that they should carefully and closely monitor the market prices of the Shares before the end of the Offer period and consider selling their Shares in the open market, where possible, rather than accepting the Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs are more than the net amount to be received under the Offer.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Arnold Ip
Executive Director

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer by post or by hand to the Registrar marked “**Sam Woo Holdings Limited Offer**” on the envelope by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorizing it to accept the Offer on your behalf and requesting it to deliver the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominee Limited.

- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Kingston Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered shareholder of Shares or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

- (f) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

- (g) The address of the Registrars, is at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised or extended with the consent of the Executive, all Forms of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Independent Shareholders whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.

If the Closing Date is extended, any reference in the Composite Offer Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time and/or date as the Executive agrees) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired.

The announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the offer period (as defined under the Takeovers Code); and
- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the offer period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the conditions under paragraph 1(e) of this Appendix.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.samwooholdings.com.hk).

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

5. SETTLEMENT

- (a) Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Offer, less seller’s ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Shareholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days from the date of receipt of duly completed acceptances by the Registrar.
- (b) Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

6. OVERSEAS SHAREHOLDERS

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror that the local laws and requirements have been fully complied with. Independent Shareholders should consult their professional adviser if in doubt.

7. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, Kingston Securities, Access Capital Limited, Kingston Corporate Finance, Altus Capital, the Registrar nor any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, Kingston Securities or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by any such person or persons free from all liens, claims and encumbrances and together with all

rights attaching thereto including the right to receive all future dividends or other distributions, if any, declared, paid or made on the Shares on or after the date of this Composite Document.

- (g) The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares not acquired under the Offer after the Offer has closed.
- (h) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. THREE YEARS FINANCIAL SUMMARY

Set out below is a summary of the financial results of the Group for the six months ended 30 September 2010 as extracted from the interim report of the Company for the six months ended 30 September 2010 and each of the three years ended 31 March 2010, 2009 and 2008 as extracted from the annual reports of the Company for the year ended 31 March 2010 and 2009 respectively.

No qualified opinion had been given in the auditors' reports issued by PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited in respect of each of the three years ended 31 March 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months period ended 30 September		For the year ended 31 March	
	2010 HK'000 (unaudited)	2010 HK'000 (audited)	2009 HK'000 (audited)	2008 HK'000 (audited)
Turnover	44,256	124,062	112,610	111,873
Other income	76	2,522	2,939	21,183
(Loss)/profit before tax	(12,883)	11,105	8,166	19,893
Tax (charge)/credit	(477)	579	5,944	2,079
(Loss)/profit and total comprehensive (loss)/income attributable to equity holders of the Company	(13,360)	11,684	14,110	21,972
Dividend	—	2,114	3,020	3,926
Dividend per Share	—	0.07 HK cent	0.10 HK cent	0.13 HK cent
Basic (losses)/earnings per Share attributable to shareholders of the Company	(0.442) HK cent	0.387 HK cent	0.467 HK cent	0.728 HK cent
Diluted (losses)/earnings per Share attributable to shareholders of the Company	(0.442) HK cent	0.387 HK cent	0.467 HK cent	0.727 HK cent

The Group did not have any minority interest or extraordinary items or items which were exceptional because of its size, nature or incidence for each of the six months ended 30 September 2010 and the three years ended 31 March 2010.

2. FINANCIAL INFORMATION

Set out below are the unaudited financial statements together with the relevant notes thereto as extracted from the interim report of the Company for the six months ended 30 September 2010.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010

	<i>Notes</i>	Unaudited	
		Six months ended	
		30 September	
		2010	2009
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	3	44,256	36,361
Cost of sales	5	<u>(43,637)</u>	<u>(27,154)</u>
Gross profit		619	9,207
Other income	4	76	1,351
Administrative expenses	5	<u>(11,281)</u>	<u>(7,905)</u>
Operating (loss)/profit		(10,586)	2,653
Finance income		23	41
Finance costs	6	<u>(2,320)</u>	<u>(1,682)</u>
(Loss)/profit before taxation		(12,883)	1,012
Taxation (charge)/credit	7	<u>(477)</u>	<u>2,511</u>
(Loss)/profit and total comprehensive (loss)/income attributable to equity holders of the Company		<u><u>(13,360)</u></u>	<u><u>3,523</u></u>
(Losses)/earnings per share			
Basic and diluted	9	<u><u>(HK0.442 cent)</u></u>	<u><u>HK0.117 cent</u></u>

The Group did not declare any interim dividend and did not have any minority interest or extraordinary items or items which were exceptional because of its size, nature or incidence for each of the six months ended 30 September 2010 and 2009, respectively.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

		Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Plant and equipment	10	261,728	243,732
Deferred taxation assets	17	<u>484</u>	<u>396</u>
		----- 262,212	----- 244,128
Current assets			
Trade and retention receivables	11	19,293	34,469
Deposits, prepayments and other receivables	12	6,171	6,620
Inventories		10,537	11,015
Amounts due from customers for contract works	13	19,899	29,738
Cash and bank balances			
Unrestricted		9,262	16,064
Restricted		46,542	46,519
Tax recoverable		<u>—</u>	<u>26</u>
		----- 111,704	----- 144,451
Total assets		<u><u>373,916</u></u>	<u><u>388,579</u></u>
EQUITY			
Capital and reserves			
Share capital	15	30,200	30,200
Reserves		152,404	165,764
Proposed final dividend		<u>2,114</u>	<u>2,114</u>
Total equity		----- 184,718	----- 198,078

		Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Long-term borrowings	16	54,645	40,843
Deferred taxation liabilities	17	<u>15,209</u>	<u>15,135</u>
		----- 69,854	----- 55,978
Current liabilities			
Trade and retention payables	18	4,726	12,135
Accruals and other payables		5,721	4,648
Amounts due to related companies	19	158	158
Amounts due to directors	19	26,731	23,726
Short-term borrowings	20	55,004	73,220
Current portion of long-term borrowings	16	26,539	20,636
Tax payable		<u>465</u>	<u>—</u>
		----- 119,344	----- 134,523
Total liabilities		<u><u>189,198</u></u>	<u><u>190,501</u></u>
Total equity and liabilities		<u><u>373,916</u></u>	<u><u>388,579</u></u>
Net current (liabilities)/assets		<u><u>(7,640)</u></u>	<u><u>9,928</u></u>
Total assets less current liabilities		<u><u>254,572</u></u>	<u><u>254,056</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010

	Share capital <i>HK\$'000</i>	Unaudited Share premium and merger reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2009	30,200	16,119	143,095	189,414
Comprehensive income				
Profit for the period	—	—	3,523	3,523
Transaction with owners				
Dividend relating to 2008/09	<u>—</u>	<u>—</u>	<u>(3,020)</u>	<u>(3,020)</u>
At 30 September 2009	<u>30,200</u>	<u>16,119</u>	<u>143,598</u>	<u>189,917</u>
At 1 April 2010	30,200	16,119	151,759	198,078
Comprehensive loss				
Loss for the period	<u>—</u>	<u>—</u>	<u>(13,360)</u>	<u>(13,360)</u>
At 30 September 2010	<u>30,200</u>	<u>16,119</u>	<u>138,399</u>	<u>184,718</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2010

		Unaudited	
		Six months ended	
		30 September	
		2010	2009
	Note	HK\$'000	HK\$'000
Net cash from/(used in) operating activities		11,738	(19,083)
Net cash (used in)/from investing activities		(98)	1,278
Net cash used in financing activities		<u>(14,542)</u>	<u>(4,694)</u>
Decrease in cash and cash equivalents		(2,902)	(22,499)
Cash and cash equivalents at beginning of the period		<u>(19,442)</u>	<u>(20,182)</u>
Cash and cash equivalents at end of the period	14	<u><u>(23,344)</u></u>	<u><u>(42,681)</u></u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Group is principally engaged in foundation works, trading of machinery and equipment for construction use and vessel chartering. The Company is a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business in Hong Kong is Units 1310-13, 113 Argyle Street, Mongkok, Kowloon, Hong Kong.

The condensed financial statements have been approved for issue by the Board of the Company on 25 November 2010.

2 BASIS OF PREPARATION AND IMPACT OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS

These unaudited condensed consolidated financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Listing Rules.

These condensed consolidated financial statements for the Period should be read in conjunction with the financial statements for the year ended 31 March 2010 (the "2010 Annual Financial Statements").

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the 2010 Annual Financial Statements except for those described below.

In the Period, the Group has applied for the first time, a number of revised standards issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2010. The application of these revised standards had no impact on the Group's results and financial position and did not result in any substantial change in the Group's accounting policies and presentation of the financial statements.

Certain new or revised standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 July 2010 or later periods. The Group has not early adopted these new or revised standards, amendments and interpretations for the Period. The Group has already commenced an assessment of their impact but not yet in a position to state whether these changes would have a significant impact on its results of operations and financial position.

The Group had not appointed auditors to carry out review of the interim financial statements for the Period.

3 REVENUE AND SEGMENT INFORMATION

Revenue recognised during the period

	Unaudited Six months ended 30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		
Vessel chartering revenue	—	36,361
Construction contract revenue	44,256	—
	<u>44,256</u>	<u>—</u>
	<u>44,256</u>	<u>36,361</u>

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

The Board considers all assets and operations relating to the construction and trading of machinery and equipment businesses of the Group are located in Hong Kong and the vessel chartering business is carried out worldwide and its revenue and assets cannot be allocated into any meaningful geographical location.

The Board 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 are no sales between the operating segments.

(a) Segment information

	Unaudited			
	Six months ended 30 September 2010			
	Foundation works <i>HK\$'000</i>	Trading of machinery and equipment <i>HK\$'000</i>	Vessel chartering <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	44,256	—	—	44,256
Segment results	7,162	(3)	(12,611)	(5,452)
Corporate expenses				(5,134)
Operating loss				(10,586)
Finance income				23
Finance costs				(2,320)
Loss before taxation				(12,883)
Taxation charge				(477)
Loss for the period				(13,360)
Capital expenditure	23,034	—	—	23,034
Depreciation	2,692	—	2,346	5,038

	As at 30 September 2010, unaudited			
	Foundation	Trading of	Vessel	Total
	works	machinery and	chartering	
	HK\$'000	equipment	HK\$'000	HK\$'000
		HK\$'000		
Non-current assets				
Plant and equipment	195,160	—	66,568	261,728
Current assets	<u>32,571</u>	<u>7,305</u>	<u>15,512</u>	<u>55,388</u>
Segment assets	<u>227,731</u>	<u>7,305</u>	<u>82,080</u>	317,116
Unallocated:				
Deferred taxation assets				484
Cash and bank balance				55,804
Others				<u>512</u>
Total assets per statement of financial position				<u><u>373,916</u></u>
Segment liabilities	<u>7,016</u>	<u>—</u>	<u>1,921</u>	8,937
Unallocated:				
Deferred taxation liabilities				15,209
Amounts due to directors				26,731
Borrowings				136,188
Tax payable				465
Others				<u>1,668</u>
Total liabilities per statement of financial position				<u><u>189,198</u></u>

	Unaudited			Total HK\$'000
	Six months ended 30 September 2009			
	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Vessel chartering HK\$'000	
Revenue	—	—	36,361	36,361
Segment results	(5,747)	202	13,669	8,124
Corporate expenses				(5,471)
Operating profit				2,653
Finance income				41
Finance costs				(1,682)
Profit before taxation				1,012
Taxation credit				2,511
Profit for the period				3,523
Capital expenditure	268	—	—	268
Depreciation	3,273	—	2,981	6,254
Reversal of impairment of receivables	(2,233)	—	—	(2,233)
				As at 31 March 2010, audited
Non-current assets				
Plant and equipment	174,818	—	68,914	243,732
Current assets	57,840	7,305	16,244	81,389
Segment assets	232,658	7,305	85,158	325,121
Unallocated:				
Deferred taxation assets				396
Cash and bank balance				62,583
Tax recoverable				26
Others				453
Total assets per statement of financial position				388,579
Segment liabilities	11,443	—	3,820	15,263
Unallocated:				
Deferred taxation liabilities				15,135
Amounts due to directors				23,726
Borrowings				134,699
Others				1,678
Total liabilities per statement of financial position				190,501

(b) Revenue are derived from the following major customers

	Unaudited Six months ended 30 September	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Foundation works		
Customer A	39,996	—
Customer B	4,160	—
Customer C	100	—
Vessel chartering		
Customer D	—	30,001
Customer E	—	6,360
	<u>44,256</u>	<u>36,361</u>

4 OTHER INCOME

	Unaudited Six months ended 30 September	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Gain on disposal of fixed assets	—	1,031
Sundry income	76	320
	<u>76</u>	<u>1,351</u>

5 EXPENSES BY NATURE

	Unaudited	
	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Fuel costs	2,818	9,065
Staff costs, including directors' emoluments		
— wages and salaries	6,251	6,489
— contributions to retirement scheme	115	123
Auditors' remuneration		
— overprovision in prior year	—	(37)
Depreciation		
— owned plant and equipment	4,201	5,801
— leased plant and equipment	837	453
Operating lease rentals in respect of		
— office and storage premises	1,118	934
— directors' quarters	948	948
Professional fees	2,692	1,437
Reversal of impairment of receivables	—	(2,233)
Repairs and maintenance	1,125	2,755
Construction contracts costs (<i>Note</i>)	28,703	—
Vessel management fee	468	2,537
Others	5,642	6,787
	<u>54,918</u>	<u>35,059</u>
Total cost of sales and administrative expenses	<u>54,918</u>	<u>35,059</u>

Note: Included staff cost of HK\$10,553,000 (six months ended 30 September 2009: Nil).

6 FINANCE INCOME AND COSTS

	Unaudited	
	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Finance income		
Interest income on bank deposits	23	41
Finance costs		
Interest expense on borrowings wholly repayable within five years:		
— bank loans and overdrafts	1,360	1,391
— finance leases	960	291
	<u>2,320</u>	<u>1,682</u>
Finance costs, net	<u>2,297</u>	<u>1,641</u>

7 TAXATION CHARGE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (30 September 2009: 16.5%) on the estimated assessable profit for the Period:

	Unaudited Six months ended 30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax		
Current taxation	491	—
Deferred taxation (<i>note 17</i>)	(14)	(2,511)
	<u>477</u>	<u>(2,511)</u>

8 DIVIDENDS

The Directors do not recommend the payment of dividend in respect of the Period (six months ended 30 September 2009: nil).

9 (LOSSES)/EARNINGS PER SHARE

The calculation of basic and diluted (losses)/earnings per share are based on the following information.

	Unaudited Six months ended 30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to equity holders	<u>(13,360)</u>	<u>3,523</u>
Number of ordinary shares in issue	<u>3,020,000,000</u>	<u>3,020,000,000</u>
Basic and diluted (losses)/earnings per share	<u>(HK0.442 cent)</u>	<u>HK0.117 cent</u>

10 PLANT AND EQUIPMENT

During the Period, the Group acquired plant and equipment totaling HK\$23,034,000 (six months ended 30 September 2009: HK\$268,000) and did not dispose of any plant and equipment (six months ended 30 September 2009: plant and equipment of net book value of HK\$474,000 was disposed).

11 TRADE AND RETENTION RECEIVABLES

	Unaudited 30 September 2010	Audited 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
— Third parties	24,568	40,604
— A related party	<u>40</u>	<u>40</u>
	24,608	40,644
Retention receivables	<u>2,955</u>	<u>2,095</u>
	27,563	42,739
Less: Impairment	<u>(8,270)</u>	<u>(8,270)</u>
	<u><u>19,293</u></u>	<u><u>34,469</u></u>

The Group's credit terms for its vessel chartering and construction business are individually negotiated with its trade customers. For vessel chartering, freight is normally paid prior to discharging of cargoes. Trade and retention receivables in respect of construction business are settled in accordance with the terms of respective contracts.

At 30 September 2010, the aging analysis of the trade and retention receivables was as follows:

	Unaudited 30 September 2010	Audited 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	7,613	22,789
91 to 180 days	—	11,640
181 to 365 days	11,640	—
More than one year	<u>8,310</u>	<u>8,310</u>
	<u><u>27,563</u></u>	<u><u>42,739</u></u>

At 30 September 2010, trade receivables of HK\$19,293,000 (31 March 2010: HK\$32,374,000) were past due but not impaired. The aging analysis of these trade receivables is as follows:

	Unaudited 30 September 2010	Audited 31 March 2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	7,613	20,694
91 to 180 days	—	11,640
181 to 365 days	11,640	—
More than one year	<u>40</u>	<u>40</u>
	<u><u>19,293</u></u>	<u><u>32,374</u></u>

At 30 September 2010, retention receivables of HK\$2,955,000 (31 March 2010: HK\$2,095,000) were not yet due and were not impaired.

At 30 September 2010, HK\$8,270,000 of the trade receivables (31 March 2010: HK\$8,270,000) were impaired and fully provided. The aging of such receivables are as follows:

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
More than one year	<u>8,270</u>	<u>8,270</u>

Movements on the provision for impairment of trade and retention receivables are as follows:

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
At beginning of the period/year	8,270	12,364
Bad debt written off	—	(1,861)
Reversal of provision upon settlement	<u>—</u>	<u>(2,233)</u>
At end of the period/year	<u>8,270</u>	<u>8,270</u>

12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Deposits for performance bonds	1,863	1,863
Deposits and prepayment	<u>4,308</u>	<u>4,757</u>
	<u>6,171</u>	<u>6,620</u>

13 CONTRACTING WORK-IN-PROGRESS

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Contract costs incurred plus attributable profits less foreseeable losses to date	162,398	120,345
Progress billings to date	<u>(142,499)</u>	<u>(90,607)</u>
Amounts due from customers for contract works	<u>19,899</u>	<u>29,738</u>

14 CASH AND CASH EQUIVALENTS

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Cash at bank and in hand	9,262	4,533
Short-term bank deposits	<u>46,542</u>	<u>65,262</u>
	55,804	69,795
Less: Cash and bank balances — restricted	<u>(46,542)</u>	<u>(65,237)</u>
Cash and bank balances — unrestricted	<u>9,262</u>	<u>4,558</u>

Cash and cash equivalents include the following for the purpose of the condensed statement of cash flows:

	Unaudited Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Cash and bank balances — unrestricted	9,262	4,558
Bank overdrafts (<i>note 20</i>)	<u>(31,606)</u>	<u>(47,239)</u>
	<u>(22,344)</u>	<u>(42,681)</u>

15 SHARE CAPITAL

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
	Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	<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>

16 LONG-TERM BORROWINGS

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Wholly repayable within five years		
Bank loans, secured (<i>note (a)</i>)	25,401	15,406
Obligations under finance leases (<i>note (b)</i>)	<u>55,783</u>	<u>46,073</u>
	81,184	61,479
Less: Amounts due within one year included under current liabilities	<u>(26,539)</u>	<u>(20,636)</u>
	<u><u>54,645</u></u>	<u><u>40,843</u></u>

Notes:

(a) The Group's bank loans are repayable as follows:

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Within one year	6,432	4,176
In the second year	6,061	4,052
In the third to fifth years	<u>12,908</u>	<u>7,178</u>
	<u><u>25,401</u></u>	<u><u>15,406</u></u>

Interest is charged on the balances at rates ranging from 3.25% to 6.58% per annum (31 March 2010: 4% to 6.58% per annum). Bank loan of HK\$2,525,000 (31 March 2010: HK\$3,406,000) was secured by the certain of the Group's motor vehicles and machinery and equipment.

(b) Obligations under finance leases are payable within the following periods:

	Present value		Minimum payment	
	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
Within one year	20,107	16,460	21,787	17,907
In the second year	17,209	12,818	18,238	13,742
In the third to fifth years	<u>18,467</u>	<u>16,795</u>	<u>18,964</u>	<u>17,421</u>
	<u>55,783</u>	<u>46,073</u>	58,989	49,070
Finance charges			<u>(3,206)</u>	<u>(2,997)</u>
			<u>55,783</u>	<u>46,073</u>

Interest is charged on the outstanding balances of finance leases at rates ranging from 2.5% above 1 month HIBOR to 5.54% per annum (31 March 2010: from 2.5% above 1 month HIBOR to 5.54% per annum). The finance leases are secured by certain of the Group's motor vehicles and machinery and equipment.

17 DEFERRED TAXATION

Deferred taxation is recognised on temporary differences under the liability method using a taxation rate of 16.5% (31 March 2010: 16.5%). The movement of the net deferred taxation (liabilities) is as follows:

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
At beginning of the period/year	(14,739)	(15,343)
Recognised in the profit or loss (note 7)	<u>14</u>	<u>604</u>
At end of the period/year	<u>(14,725)</u>	<u>(14,739)</u>

The movements in deferred taxation liabilities and assets during the period/year, without taking into consideration the offsetting of balances within the same taxation jurisdiction, are as follows:

Deferred taxation liabilities — Accelerated depreciation allowances

	Unaudited 30 September 2010 HK\$'000	Audited 31 March 2010 HK\$'000
At beginning of the period/year	(23,311)	(20,212)
Recognised in the profit or loss	<u>(2,060)</u>	<u>(3,099)</u>
At end of the period/year	<u>(25,371)</u>	<u>(23,311)</u>

Deferred taxation assets — Tax losses

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
At beginning of the period/year	8,572	4,869
Recognised in the profit or loss	<u>2,074</u>	<u>3,703</u>
At end of the period/year	<u><u>10,646</u></u>	<u><u>8,572</u></u>

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when the deferred taxation relate to the same fiscal authority. The following accounts, determined after appropriate offsetting, are shown in the statement of financial position.

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Deferred taxation liabilities	(15,209)	(15,135)
Deferred taxation assets	<u>484</u>	<u>396</u>
	<u><u>(14,725)</u></u>	<u><u>(14,739)</u></u>

18 TRADE AND RETENTION PAYABLES

Balances included retention payable of HK\$279,000 (31 March 2010: HK\$197,000). The aging analysis of the remaining trade payables is as follows:

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
0 to 90 days	2,247	10,436
91 to 180 days	801	101
181 to 365 days	7	9
More than one year	<u>1,392</u>	<u>1,392</u>
	<u><u>4,447</u></u>	<u><u>11,938</u></u>

19 AMOUNTS DUE TO RELATED COMPANIES AND DIRECTORS

Amounts due to related companies and directors are unsecured, interest free and repayable on demand.

20 SHORT-TERM BORROWINGS

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Bank overdrafts (<i>note 14</i>)	31,606	35,506
Short-term bank loans, secured	19,000	19,000
Short-term bank loans, unsecured	<u>4,398</u>	<u>18,714</u>
Short-term bank borrowings	<u><u>55,004</u></u>	<u><u>73,220</u></u>

21 COMMITMENTS

(a) Capital commitment

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Contracted but not provided for machinery and equipment	<u>—</u>	<u>22,742</u>

(b) Operating lease commitments

The future aggregate minimum lease rental expenses in respect of office and storage premises and directors' quarters under non-cancellable operating leases are payable in the following periods:

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <i>HK\$'000</i>
Within one year	2,002	1,763
In the second to fifth years inclusive	<u>829</u>	<u>666</u>
	<u><u>2,831</u></u>	<u><u>2,429</u></u>

22 RELATED PARTY TRANSACTIONS

- (i) Significant related party transactions, which were carried out in the normal course of the Group's business are as follows:

	Unaudited	
	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental expenses to related companies (<i>note (a)</i>)	1,488	1,488
Consultancy fees paid to related companies (<i>note (b)</i>)	<u>840</u>	<u>840</u>

Notes:

- (a) Rental expenses are paid to companies beneficially owned by certain directors of the Company based on agreements entered into between the parties involved with reference to market rates of similar properties.
- (b) Consultancy fees were paid to companies in which the 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.

In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at fair market terms mutually agreed between the Group and the respective related parties.

(ii) Key management compensation

The compensation of key management personnel paid or payable by the Group comprised of directors' emoluments and consultancy fees paid in the amount of approximately HK\$3,948,000 during the Period (six months ended 30 September 2009: HK\$3,928,000).

23 EVENTS AFTER THE REPORTING PERIOD

The Company entered into an agreement on 8 October 2010 (the "Disposal Agreement") and a supplemental agreement on 5 November 2010 respectively with Actiease Assets Limited, a substantial shareholder of the Company, in relation to the disposal of the entire issued share capital of Sam Woo Group Limited ("SWG") and assignment of loans owed by SWG together with its subsidiaries to the Company upon completion ("Completion") for a consideration of HK\$140 million ("Disposal"). Pursuant to the Disposal Agreement, the Company received an initial deposit of HK\$7 million in October 2010.

Pursuant to the Listing Rules, the Disposal constitutes a major and connected transaction of the Company, which is subject to independent shareholders' approval at a special general meeting. Please refer to the Company's announcements published on 8 October 2010 and 5 November 2010, and the Company's circular published on 16 November 2010 for details.

SWG is a wholly-owned subsidiary of the Company. For the purpose of the Disposal, the Company will undergo a reorganisation ("Reorganisation"), after which, SWG will be the holding company of subsidiaries currently engage in the provision of foundation works and trading of machinery and equipment of the Group and certain inactive subsidiaries (collectively as the "Disposal Group") and the Group will continue to engage principally in vessel chartering business. Upon Completion, members of the Disposal Group will cease to be subsidiaries of the Company and the Company will have no more shareholding in the Disposal Group. Accordingly, the financial results, assets and liabilities of the Disposal Group will not be consolidated into the Group's financial statements after the Completion.

Pursuant to the Disposal Agreement, Completion is conditional upon fulfillment of (amongst other things) (i) the completion of the Reorganisation; (ii) the relevant approvals by independent shareholders of the Company at a special general meeting in relation to the Disposal Agreement and transactions contemplated therein and the proposed special dividend; and (iii) the release of corporate guarantees provided by the Company in favour of any members of the Disposal Group. As at the date of this report, the Completion has not taken place and the Disposal has not yet become unconditional as all the above-mentioned conditions have not been fulfilled.

The Board proposed a special dividend of approximately HK\$140 million, subject to the Completion and approval by the independent shareholders of the Company at a special general meeting, to be distributed to the qualifying shareholders of the Company. The proposed special dividend will be paid in cash out of the Company's reserves.

Set out below is the unaudited consolidated net asset value of the Disposal Group (assume the Reorganisation had been completed) as at 30 September 2010:

	Unaudited 30 September 2010 <i>HK\$'000</i>
Total assets	<u>270,350</u>
Total liabilities	<u>192,031</u>
Net Assets	<u><u>78,319</u></u>

24 COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with current Period's presentation.

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 March 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Revenue	5	124,062	112,610
Cost of sales	7	<u>(91,936)</u>	<u>(80,157)</u>
Gross profit		32,126	32,453
Other income	6	2,522	2,939
Administrative expenses	7	<u>(20,587)</u>	<u>(25,484)</u>
Operating profit		14,061	9,908
Finance income	8	577	2,511
Finance costs	8	<u>(3,533)</u>	<u>(4,253)</u>
Profit before taxation		11,105	8,166
Taxation credit	9	<u>579</u>	<u>5,944</u>
Profit and total comprehensive income for the year attributable to the equity holders of the Company	13	<u><u>11,684</u></u>	<u><u>14,110</u></u>
Earnings per share			
— Basic and diluted	11	<u><u>HK0.387 cent</u></u>	<u><u>HK0.467 cent</u></u>
Dividends	10	<u><u>2,114</u></u>	<u><u>3,020</u></u>

CONSOLIDATED BALANCE SHEET

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Plant and equipment	<i>14</i>	243,732	202,495
Deferred taxation assets	<i>24</i>	<u>396</u>	<u>256</u>
		<u>244,128</u>	<u>202,751</u>
Current assets			
Trade and retention receivables	<i>16</i>	34,469	5,468
Deposits, prepayments and other receivables	<i>17</i>	6,620	3,694
Inventories	<i>18</i>	11,015	14,887
Amounts due from customers for contract work	<i>19</i>	29,738	9,765
Cash and bank balances			
Unrestricted	<i>20</i>	16,064	24,790
Restricted	<i>20</i>	46,519	65,204
Tax recoverable		<u>26</u>	<u>1,046</u>
		<u>144,451</u>	<u>124,854</u>
Total assets		<u><u>388,579</u></u>	<u><u>327,605</u></u>
EQUITY			
Capital and reserves			
Share capital	<i>21</i>	30,200	30,200
Reserves	<i>22</i>	165,764	156,194
Proposed final dividend	<i>22</i>	<u>2,114</u>	<u>3,020</u>
Total equity		<u>198,078</u>	<u>189,414</u>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	<i>23</i>	40,843	12,263
Deferred taxation liabilities	<i>24</i>	<u>15,135</u>	<u>15,599</u>
		<u>55,978</u>	<u>27,862</u>

		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Trade and retention payables	25	12,135	11,112
Accruals and other payables	26	4,648	11,030
Amounts due to related companies	27	158	158
Amounts due to directors	27	23,726	14,375
Short-term borrowings	28	73,220	64,764
Current portion of long-term borrowings	23	<u>20,636</u>	<u>8,890</u>
		<u>134,523</u>	<u>110,329</u>
Total liabilities		<u>190,501</u>	<u>138,191</u>
Total equity and liabilities		<u>388,579</u>	<u>327,605</u>
Net current assets		<u>9,928</u>	<u>14,525</u>
Total assets less current liabilities		<u>254,056</u>	<u>217,276</u>

BALANCE SHEET

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Investments in subsidiaries	15	117,567	117,567
Deferred taxation assets	24	<u>264</u>	<u>114</u>
		----- 117,831	----- 117,681
Current assets			
Deposits, prepayments and other receivables		462	424
Amount due from a subsidiary	15	21,318	2,599
Cash and bank balances			
Unrestricted	20	881	881
Restricted	20	<u>19,517</u>	<u>40,204</u>
		----- 42,178	----- 44,108
Total assets		<u><u>160,009</u></u>	<u><u>161,789</u></u>
EQUITY			
Capital and reserves			
Share capital	21	30,200	30,200
Other reserves	22	125,725	126,643
Proposed final dividend	22	<u>2,114</u>	<u>3,020</u>
Total equity		----- 158,039	----- 159,863
LIABILITIES			
Current liabilities			
Accruals and other payables		1,520	1,476
Amounts due to related companies	27	158	158
Amounts due to directors	27	<u>292</u>	<u>292</u>
Total liabilities		----- 1,970	----- 1,926
Total equity and liabilities		<u><u>160,009</u></u>	<u><u>161,789</u></u>
Net current assets		<u><u>40,208</u></u>	<u><u>42,182</u></u>
Total assets less current liabilities		<u><u>158,039</u></u>	<u><u>159,863</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium and merger reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2008	30,200	16,119	132,911	179,230
Comprehensive income				
Profit for the year	—	—	14,110	14,110
Transactions with owners				
Dividends relating to 2007/2008	<u>—</u>	<u>—</u>	<u>(3,926)</u>	<u>(3,926)</u>
At 31st March 2009	<u>30,200</u>	<u>16,119</u>	<u>143,095</u>	<u>189,414</u>
At 1st April 2009	30,200	16,119	143,095	189,414
Comprehensive income				
Profit for the year	—	—	11,684	11,684
Transactions with owners				
Dividends relating to 2008/2009	<u>—</u>	<u>—</u>	<u>(3,020)</u>	<u>(3,020)</u>
At 31st March 2010	<u>30,200</u>	<u>16,119</u>	<u>151,759</u>	<u>198,078</u>

CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Cash flows from operating activities			
Net cash (used in)/generated from operations	31(a)	(31,389)	66,258
Interest paid		(2,610)	(3,529)
Interest element of finance lease payments		(923)	(724)
Hong Kong profits tax refund		<u>995</u>	<u>648</u>
Net cash (used in)/from operating activities		----- (33,927) -----	----- 62,653 -----
Cash flows from investing activities			
Purchase of plant and equipment		(9,362)	(6,112)
Proceeds from disposal of plant and equipment		2,533	1,419
Interest received		<u>577</u>	<u>2,511</u>
Net cash used in investing activities		----- (6,252) -----	----- (2,182) -----
Cash flows from financing activities			
Capital element of finance lease payments		(12,339)	(6,994)
Drawdown of long-term bank loans		12,000	5,000
Repayment of long-term bank loans		(1,680)	(1,307)
Drawdown of short-term bank loans		31,714	—
Repayment of short-term bank loans		(13,792)	(16,598)
Dividends paid		(3,020)	(3,926)
Decrease/(increase) in restricted bank balances		18,685	(26,092)
Increase in balances with directors		<u>9,351</u>	<u>1,716</u>
Net cash from/(used in) financing activities		----- 40,919 -----	----- (48,201) -----
Net increase in cash and cash equivalents		740	12,270
Cash and cash equivalents at beginning of the year		<u>(20,182)</u>	<u>(32,452)</u>
Cash and cash equivalents at end of the year	20	<u><u>(19,442)</u></u>	<u><u>(20,182)</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Sam Woo Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in foundation works, trading of machinery and equipment for foundation works and vessel chartering. 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 Clarendon House, 2 Church Street, Hamilton II, Bermuda. The principal place of business in Hong Kong is Units 1310-13, 113 Argyle Street, Mongkok, Kowloon, Hong Kong.

These financial statements have been approved for issue by the Board of Directors on 16th July 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these 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 financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These financial statements have been prepared under the historical cost convention.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 below.

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

The Group has adopted the following new and amended HKFRSs as of 1st April 2009:

HKAS 1 (Revised and Amendment)	Presentation of Financial Statements
HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 19 (Amendment)	Employee Benefits
HKAS 23 (Revised and Amendment)	Borrowing Costs
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 8	Operating Segments

The adoption of these new standards and amendments has no impact on the Group’s results and financial position and does not result in any substantial changes in the Group’s accounting policies and presentation of the financial statements except for the following:

- (i) presentation of the consolidated statement of comprehensive income as required under HKAS 1 (Revised); and
- (ii) change in the presentation of the segment information as required under HKFRS 8.

The following revised standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1st January 2010 or later periods, relevant to the Group and have not been early adopted:

Effective for the year ending 31st March 2011 or later periods:

HKAS 24 (Revised)	Related Party Disclosures
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 (Amendment)	Non-current Assets Held for Sale and Discontinued Operations
HKFRSs (Amendment)	Improvements to HKFRSs

The Group is assessing the impact of these revised standards and amendments. The adoption of these revised standards and amendments does not have significant impact on the Group's financial statements.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31st March.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, investments in subsidiaries are stated at cost less provision for impairment loss (note 2.6). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollar which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(c) *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

2.5 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the profit or loss during the financial period in which they are incurred.

Depreciation of both owned and leased plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over the estimated useful lives, as follows:

Machinery and equipment	10–15 years
Furniture and fixtures	5 years
Motor vehicles	5 years
Vessel	10 years

When a vessel is acquired, the costs of major components which are usually replaced or renewed at the next dry-docking are identified and depreciated over the period to the next estimated dry-docking date. Costs incurred on subsequent dry-docking of a vessel are capitalised and depreciated over the period to the next estimated dry-docking date.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount is written down immediately to its recoverable amounts if the carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the profit or loss.

2.6 Impairment of investments in subsidiaries and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value of an asset less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these subsidiaries if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.7 Leased assets

The Group leases certain plant and equipment. Leases of plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the profit or loss.

2.9 Inventories

Inventories comprise machinery and equipment, bunkers on board of vessels, lubricating oil and marine products and are stated at the lower of cost and net realisable value. Cost is determined using first-in, first-out (FIFO) method. Net realisable value of machinery is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Bunkers will be used for the operation of the vessel, therefore the bunkers are not written down to net realisable value when the market price falls below cost if the overall shipping activity is expected to be profitable.

2.10 Contracting work-in-progress

Contracting work-in-progress is valued at cost plus estimated attributable profits, less foreseeable losses and progress payments received and receivable. Cost comprises direct materials, labour and overhead expenses incurred.

Revenue from contracting work is recognised based on the stage of completion of the contracts. The stage of completion of a contract is measured by reference to the gross billing value of contracting work to date as compared to the total contract sum receivable under the contract, or the total costs attributable to work performed to date as compared to the estimated total contract costs, whichever is the lower. When it is probable that total contract costs will exceed total contract revenue, the foreseeable loss is recognised as an expense immediately. Profits calculated in this manner are transferred from gross profit to deferred income on the balance sheet and is released to the profit or loss in accordance with the stage of completion of the contracts when the outcome of the relevant contract can be measured reliably.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers for contract works under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers for contract works under current liabilities.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

2.12 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Taxation

The current taxation charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred taxation asset is realised or the deferred taxation liability is settled.

Deferred taxation assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met. Revenue is shown net of sales tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue from contracting work is recognised based on the stage of completion of the contracts as detailed in note 2.10 above.

Revenue from voyage chartering of vessel are recognised on a percentage of completion basis.

Sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Interest income is recognised on a time-proportion basis using the effective interest method.

2.17 Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

(b) *Retirement scheme obligations*

A Mandatory Provident Fund Scheme (the "MPF scheme") has been set up for all employees of the Group in accordance with the Mandatory Provident Fund Scheme Ordinance. Under the rules of the MPF scheme, the employer and its employees are required to make contributions to the MPF scheme at 5% of the employees' gross earning with a ceiling of HK\$1,000 per month.

Contributions to the MPF scheme are expensed as incurred and the assets of the scheme are held separately from those of the Group in an independently administered fund.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after balance sheet date are discounted to present value.

2.18 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessors are charged to the profit or loss on a straight-line basis over the period of the lease.

2.19 Dividends distribution

Dividends distribution is recognised as a liability in the financial period in which the dividends are approved by the shareholders or directors, as appropriate.

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to liquidity risk, credit risk, interest rate risk and foreign exchange risk. The overall risk management programme of the Group focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) *Liquidity risk*

Cash flow forecasting is performed for each operating entity of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

Management considers that the Group does not have any significant liquidity risk as there were bank deposits of HK\$46,519,000 pledged as collateral for the borrowings and undrawn banking facilities of HK\$41,278,000 as at 31st March 2010 and management believes that the Group could refinance its existing banking facilities and will have sufficient financial resources to satisfy its working capital requirements.

The table analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At 31st March 2010			
Trade payables	12,135	—	—
Accruals and other payables	4,648	—	—
Amounts due to related companies	158	—	—
Amounts due to directors	23,726	—	—
Borrowings	96,339	18,198	24,951
	<u>137,006</u>	<u>18,198</u>	<u>24,951</u>
At 31st March 2009			
Trade payables	11,112	—	—
Accruals and other payables (excluding advance from customer)	4,669	—	—
Amounts due to related companies	158	—	—
Amounts due to directors	14,375	—	—
Borrowings	76,136	8,620	4,148
	<u>106,450</u>	<u>8,620</u>	<u>4,148</u>

Company

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
At 31st March 2010			
Accruals and other payables	1,520	—	—
Amounts due to related companies	158	—	—
Amounts due to directors	292	—	—
Financial guarantees for its subsidiaries	143,816	—	—
	<u>145,786</u>	<u>—</u>	<u>—</u>
At 31st March 2009			
Accruals and other payables	1,476	—	—
Amounts due to related companies	158	—	—
Amounts due to directors	292	—	—
Financial guarantees for its subsidiaries	72,126	—	—
	<u>74,052</u>	<u>—</u>	<u>—</u>

(b) *Credit risk*

The Group is exposed to credit risk in relation to its cash and bank balances, trade and retention receivables, deposits and other receivables. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment provision is made for the irrecoverable amounts.

The credit risk on deposits with bank is limited because deposits are in banks with sound credit ratings.

(c) *Interest rate risk*

The Group is exposed to interest rate risk as cash and bank balances, other deposits and borrowings are carried at variable rates. It is the Group's policy to maintain its borrowings subject to floating rates, and accordingly, the Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

At the balance sheet date, if interest rates had been increased or decreased by 100 basis-point and all other variables were held constant, the Group's and Company's profit for the year ended 31st March 2010 would decrease or increase by HK\$576,000 (2009: HK\$75,000) and would increase or decrease by HK\$350,000 (2009: HK\$366,000) respectively.

(d) *Foreign currency risk*

The Group's exposure to foreign exchange risk primarily arises from US dollar denominated assets and liabilities. The foreign exchange risk exposure is not significant to the Group as Hong Kong dollar is pegged with US dollar under the existing Hong Kong economic environment.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders.

The capital structure of the Group consists of equity, borrowings and amounts due to directors. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders and sell assets to reduce borrowings. The Group monitors capital on the basis of the gearing ratio. This gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings and amounts due to directors) less cash and bank balances. The gearing ratios at 31st March 2010 and 2009 were as follows:

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total borrowings	158,425	100,292
Less: cash and bank balances — unrestricted and restricted	<u>(62,583)</u>	<u>(89,994)</u>
Net debt	<u>95,842</u>	<u>10,298</u>
Total equity	<u>198,078</u>	<u>189,414</u>
Gearing ratio	<u>48.39%</u>	<u>5.44%</u>

The increase in the gearing ratio for the year resulted primarily from the increase in operating activities of the construction business during the year.

3.3 Fair value estimation

The carrying amount of the financial assets of the Group, including cash and bank balances, trade and retention receivables and other receivables; and financial liabilities including trade and retention payables, accruals and other payables, amounts due to related companies and directors and borrowings approximate their fair values, which either due to their short-term maturities, or subject to floating rates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment of assets and liabilities within the next financial year are discussed below.

(a) Estimated useful lives and residual values of plant and equipment

Management estimates useful lives of the plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the assets, expected repair and maintenance, the technical or commercial obsolescence arising from changes or improvements in the market. Management determines the estimated residual value for its vessel based on the current scrap values of steels in an active market at each measurement date since management decides to dispose of the fully depreciated vessel as scrap steels. Residual values of machinery and equipment are determined based on prevailing market values for equivalent aged assets taking into account the condition of the relevant assets and other economic considerations. Depreciation expense would be significantly affected by the useful lives and residual values of the plant and equipment as estimated by management.

(b) Estimated impairment of plant and equipment

The Group's major operating assets represent machinery and equipment and vessel. Management performs review for impairment of the machinery and equipment and vessel whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

Management considered there was no impairment indicator on the carrying value of vessel as it consistently generates profit and cash inflow to the Group. Management considered there was also no impairment indicator of machinery and equipment as at year end as these assets were used for profitable construction projects, and there is a strong demand of these machinery and equipment in the second hand market.

(c) Impairment of trade receivables

Management determines the provision for impairment of trade receivables based on the credit history of customers and the current market condition by business segment. The final outcome of the recoverability of these receivables will impact the amount of impairment required.

(d) Construction contracts

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims for each construction contract as the contract progresses. A considerable amount of judgement is required in estimating the total contract revenue, contract costs, variation works and contract claims which may have impact in terms of the profit taken.

(e) Income taxation

The Group is engaged in the vessel chartering business and may be subject to various taxes in different jurisdictions depending on the route of the vessel. The Group has not recognised any taxation liability based on management's judgement that the vessel chartering operation undertaken by the Group is not subject to the taxation of any jurisdictions.

(f) Contingent liabilities in respect of litigations and claims

The Group is involved in litigations and claims as detailed in note 30. Contingent liabilities arising from these litigations and claims have been assessed by management with reference to legal advice. Provisions on the possible obligation, if appropriate, are made based on management's latest and best estimates and judgements.

5 REVENUE AND SEGMENT INFORMATION**Revenue recognised during the year**

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Turnover		
Vessel chartering revenue	66,883	112,606
Construction contract revenue	<u>57,179</u>	<u>4</u>
	<u><u>124,062</u></u>	<u><u>112,610</u></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 has determined the operating segments based on these reports.

The Board of Directors considers all assets and operations relating to the construction and trading of machinery and equipment businesses of the Group are located in Hong Kong and the 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 are no sales between the operating segments.

(a) Segment information

	Year ended and as at 31st March 2010			Total HK\$'000
	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Vessel chartering HK\$'000	
Revenue	<u>57,179</u>	<u>—</u>	<u>66,883</u>	<u>124,062</u>
Segment results	<u>13,411</u>	<u>68</u>	<u>13,111</u>	26,590
Corporate expenses				<u>(12,529)</u>
Operating profit				14,061
Finance income				577
Finance costs				<u>(3,533)</u>
Profit before taxation				11,105
Taxation credit				<u>579</u>
Profit for the year				<u>11,684</u>
Non-current assets				
Plant and equipment	174,818	—	68,914	243,732
Current assets	<u>57,840</u>	<u>7,305</u>	<u>16,244</u>	<u>81,389</u>
Segment assets	<u>232,658</u>	<u>7,305</u>	<u>85,158</u>	325,121
Unallocated:				
Deferred taxation assets				396
Cash and bank balance				62,583
Tax recoverable				26
Others				<u>453</u>
Total assets per balance sheet				<u>388,579</u>
Segment liabilities	<u>11,443</u>	<u>—</u>	<u>3,820</u>	15,263
Unallocated:				
Deferred taxation liabilities				15,135
Amount due to directors				23,726
Borrowings				134,699
Others				<u>1,678</u>
Total liabilities per balance sheet				<u>190,501</u>
Capital expenditure	51,707	—	—	51,707
Depreciation	4,622	—	4,662	9,284
Reversal of provision for impairment of receivables	<u>(2,233)</u>	<u>—</u>	<u>—</u>	<u>(2,233)</u>

	Year ended and as at 31st March 2009			Total HK\$'000
	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Vessel chartering HK\$'000	
Revenue	<u>4</u>	<u>—</u>	<u>112,606</u>	<u>112,610</u>
Segment results	<u>(15,964)</u>	<u>—</u>	<u>38,591</u>	22,627
Corporate expenses				<u>(12,719)</u>
Operating profit				9,908
Finance income				2,511
Finance costs				<u>(4,253)</u>
Profit before taxation				8,166
Taxation credit				<u>5,944</u>
Profit for the year				<u>14,110</u>
Non-current assets				
Plant and equipment	128,919	—	73,576	202,495
Current assets	<u>13,732</u>	<u>7,305</u>	<u>12,353</u>	<u>33,390</u>
Segment assets	<u>142,651</u>	<u>7,305</u>	<u>85,929</u>	235,885
Unallocated:				
Deferred taxation assets				256
Cash and bank balance				89,994
Tax recoverable				1,046
Others				<u>424</u>
Total assets per balance sheet				<u>327,605</u>
Segment liabilities	<u>3,230</u>	<u>—</u>	<u>17,436</u>	20,666
Unallocated:				
Deferred taxation liabilities				15,599
Amounts due to directors				14,375
Borrowings				85,917
Others				<u>1,634</u>
Total liabilities per balance sheet				<u>138,191</u>
Capital expenditure	13,801	—	5,111	18,912
Depreciation	6,350	—	5,053	11,403
(Reversal of)/provision for impairment of receivables	(329)	—	1,861	1,532
Impairment of deposits	<u>573</u>	<u>—</u>	<u>—</u>	<u>573</u>

The Group's interest-bearing liabilities are managed by the treasury function and are not considered to be segment liabilities.

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

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Foundation works		
Customer A	35,657	—
Others	21,522	4
Vessel chartering		
Customer B	30,001	—
Customer C	16,390	—
Customer D	—	46,598
Customer E	—	37,624
Customer F	—	22,144
Others	<u>20,492</u>	<u>6,240</u>
	<u>124,062</u>	<u>112,610</u>
6 OTHER INCOME		
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of plant and equipment	1,347	2,922
Sundries	<u>1,175</u>	<u>17</u>
	<u>2,522</u>	<u>2,939</u>

7 EXPENSES BY NATURE

	2010	2009
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Fuel costs	28,161	41,681
Staff costs, including directors' emoluments (<i>note</i>)	8,212	8,813
Auditors' remuneration	868	905
Depreciation		
— owned plant and equipment	7,978	10,710
— leased plant and equipment	1,306	693
Operating lease rentals in respect of		
— office and storage premises	1,890	1,753
— directors' quarters	1,896	1,896
Professional fees	4,291	5,272
(Reversal of)/provision for impairment of receivables	(2,233)	1,532
Impairment of deposits	—	573
Repair and maintenance	4,359	6,626
Construction contracts costs	31,208	48
Vessel management fee	6,404	7,929
Others	18,183	17,210
	<u>112,523</u>	<u>105,641</u>
Total cost of sales and administrative expenses		
	<u>112,523</u>	<u>105,641</u>
<i>Note:</i>		
Total staff cost	15,672	8,813
Less: amount capitalised in work-in-progress	(7,460)	—
	<u>8,212</u>	<u>8,813</u>
Representing:		
— wages and salaries	15,162	8,564
— contributions to retirement scheme	510	249
	<u>15,672</u>	<u>8,813</u>

8 FINANCE INCOME AND COSTS

	2010	2009
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Finance income		
Interest income on bank deposits	577	640
Interest income on other deposits	—	1,831
Others	—	40
	<u>577</u>	<u>2,511</u>
Finance costs		
Interest expense on borrowings wholly repayable within five years:		
— bank loans and overdrafts	2,610	3,529
— finance leases	923	724
	<u>3,533</u>	<u>4,253</u>
Finance costs, net	<u>2,956</u>	<u>1,742</u>

9 TAXATION CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year.

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Hong Kong profits tax		
Current taxation	25	50
Deferred taxation (<i>note 24</i>)	<u>(604)</u>	<u>(5,994)</u>
	<u><u>(579)</u></u>	<u><u>(5,944)</u></u>

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit before taxation	<u>11,105</u>	<u>8,166</u>
Calculated at tax rate of 16.5% (2009: 16.5%)	1,832	1,347
Income not subject to taxation	(11,577)	(18,982)
Expenses not deductible for taxation purposes	9,182	12,657
Tax losses not recognised	6	253
Utilisation of previously unrecognised tax losses	(22)	—
Effect of decrease in tax rate	<u>—</u>	<u>(1,219)</u>
Taxation credit	<u><u>(579)</u></u>	<u><u>(5,944)</u></u>

10 DIVIDENDS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Proposed final dividends of HK0.07 cent (2009: HK0.1 cent) per ordinary share	<u>2,114</u>	<u>3,020</u>

At a meeting held on 16th July 2010, the directors proposed a final dividend of HK0.07 cent per ordinary share. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained profits for the year ending 31st March 2011 upon the approval by the shareholders.

11 EARNINGS PER SHARE

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit attributable to shareholders	<u>11,684</u>	<u>14,110</u>
Number of ordinary shares in issue	<u>3,020,000,000</u>	<u>3,020,000,000</u>
Basic earnings per share	<u>HK0.387 cent</u>	<u>HK0.467 cent</u>

As there are no dilutive potential ordinary shares outstanding as at 31st March 2010 and 2009, the diluted earnings per share is equal to the basic earnings per share.

12 EMOLUMENTS FOR DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors' and senior management's emoluments

Year ended 31st March 2010

Name of director	Fees <i>HK\$'000</i>	Directors' quarters <i>HK\$'000</i>	Employer's contribution to pension scheme <i>HK\$'000</i>	Total <i>HK\$'000</i>
Mr. Lau Chun Ming	624	576	—	1,200
Mr. Lau Chun Kwok	684	516	12	1,212
Mr. Lau Chun Ka	684	516	12	1,212
Ms. Leung Lai So	312	288	12	612
Mr. Hsu Kam Yee, Simon	1,200	—	60	1,260
Mr. Chan Sun Kwong <i>(note 32 (a)(ii))</i>	—	—	—	—
Mr. Chiu Kam Kun, Eric <i>(note 32 (a)(ii))</i>	—	—	—	—
Dr. Lee Peng Fei, Allen	240	—	—	240
Professor Wong Sue Cheun, Roderick	240	—	—	240
Miss Wong Tsui Yue, Lucy	140	—	—	140
Mr. Chan Wai Dune	<u>80</u>	<u>—</u>	<u>—</u>	<u>80</u>
	<u>4,204</u>	<u>1,896</u>	<u>96</u>	<u>6,196</u>

Year ended 31st March 2009

Name of director	Fees HK\$'000	Directors' quarters HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
Mr. Lau Chun Ming	624	576	3	1,203
Mr. Lau Chun Kwok	684	516	12	1,212
Mr. Lau Chun Ka	684	516	12	1,212
Ms. Leung Lai So	312	288	12	612
Mr. Hsu Kam Yee, Simon	1,200	—	60	1,260
Mr. Chan Sun Kwong (note 32 (a)(ii))	—	—	—	—
Mr. Chiu Kam Kun, Eric (note 32 (a)(ii))	—	—	—	—
Dr. Lee Peng Fei, Allen	240	—	—	240
Professor Wong Sue Cheun, Roderick	240	—	—	240
Mr. Chan Wai Dune	240	—	—	240
	<u>4,224</u>	<u>1,896</u>	<u>99</u>	<u>6,219</u>

No directors waived or agreed to waive any emoluments during the year (2009: Nil). Fees paid to Independent Non-executive Directors during the year amounted to HK\$700,000 (2009: HK\$720,000).

During the year, no emoluments were paid to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2009: Nil).

(b) Five highest paid individuals

The five highest paid individuals were all directors (2009: five), details of whose emoluments are included in note (a) above.

13 PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

Profit and total comprehensive income for the year is dealt with in the financial statements of the Company to the extent of HK\$1,196,000 (2009: HK\$6,988,000).

14 PLANT AND EQUIPMENT

Group

	Machinery and equipment <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Vessel <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2008					
Cost	237,001	1,444	4,689	82,750	325,884
Accumulated depreciation	<u>(115,870)</u>	<u>(979)</u>	<u>(3,256)</u>	<u>(8,796)</u>	<u>(128,901)</u>
Net book amount	<u>121,131</u>	<u>465</u>	<u>1,433</u>	<u>73,954</u>	<u>196,983</u>
Year ended 31st March 2009					
Opening net book amount	121,131	465	1,433	73,954	196,983
Additions	12,913	280	608	5,111	18,912
Disposals	(1,446)	(115)	—	(436)	(1,997)
Depreciation	<u>(5,801)</u>	<u>(138)</u>	<u>(411)</u>	<u>(5,053)</u>	<u>(11,403)</u>
Closing net book amount	<u>126,797</u>	<u>492</u>	<u>1,630</u>	<u>73,576</u>	<u>202,495</u>
At 31st March 2009					
Cost	247,361	1,508	5,297	87,018	341,184
Accumulated depreciation	<u>(120,564)</u>	<u>(1,016)</u>	<u>(3,667)</u>	<u>(13,442)</u>	<u>(138,689)</u>
Net book amount	<u>126,797</u>	<u>492</u>	<u>1,630</u>	<u>73,576</u>	<u>202,495</u>
Year ended 31st March 2010					
Opening net book amount	126,797	492	1,630	73,576	202,495
Additions	49,878	101	1,728	—	51,707
Disposals	(541)	(181)	(464)	—	(1,186)
Depreciation	<u>(3,865)</u>	<u>(117)</u>	<u>(640)</u>	<u>(4,662)</u>	<u>(9,284)</u>
Closing net book amount	<u>172,269</u>	<u>295</u>	<u>2,254</u>	<u>68,914</u>	<u>243,732</u>
At 31st March 2010					
Cost	295,980	1,378	5,322	87,017	389,697
Accumulated depreciation	<u>(123,711)</u>	<u>(1,083)</u>	<u>(3,068)</u>	<u>(18,103)</u>	<u>(145,965)</u>
Net book amount	<u>172,269</u>	<u>295</u>	<u>2,254</u>	<u>68,914</u>	<u>243,732</u>

The machinery and equipment are held by the Group for its on-going foundation construction business. At 31st March 2010, net book amounts of machinery and equipment held under finance leases and pledged for bank loans amounted to HK\$74,988,000 (2009: HK\$29,827,000) and HK\$5,121,000 (2009: HK\$5,572,000) (note 28(a)(ii)), respectively.

Company

	Furniture and fixtures	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
At beginning of the year		
Cost	27	27
Accumulated depreciation	<u>(27)</u>	<u>(27)</u>
Net book amount	<u>—</u>	<u>—</u>
Year ended 31st March		
Opening net book amount	—	—
Depreciation	<u>—</u>	<u>—</u>
Closing net book amount	<u>—</u>	<u>—</u>
At end of the year		
Cost	27	27
Accumulated depreciation	<u>(27)</u>	<u>(27)</u>
Net book amount	<u>—</u>	<u>—</u>

15 SUBSIDIARIES

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Unlisted shares, at cost	<u>117,567</u>	<u>117,567</u>
Amount due from a subsidiary	25,483	6,764
Less: Impairment of receivables	<u>(4,165)</u>	<u>(4,165)</u>
	<u>21,318</u>	<u>2,599</u>

Details of principal subsidiaries are set out in note 33.

The amounts receivable are unsecured, bearing interests at 1 month HIBOR plus 1% and have no fixed terms of repayment. The carrying amounts of the balances approximate their fair values.

16 TRADE AND RETENTION RECEIVABLES

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
— Third parties	40,604	16,381
— A related party	40	40
	<u>40,644</u>	<u>16,421</u>
Retention receivables	2,095	1,411
	<u>42,739</u>	<u>17,832</u>
Less: Impairment	(8,270)	(12,364)
	<u>34,469</u>	<u>5,468</u>

The Group's credit terms for its vessel chartering and construction business are individually negotiated with its trade customers. For voyage chartering, freight is normally paid prior to discharging of cargoes. Trade and retention receivables in respect of contracting business are settled in accordance with the terms of respective contracts.

At 31st March 2010, the ageing analysis of the trade and retention receivables was as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	22,789	4,017
91 to 180 days	11,640	—
More than one year	8,310	13,815
	<u>42,739</u>	<u>17,832</u>

At 31st March 2010, trade receivables of HK\$32,374,000 (2009: HK\$4,057,000) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	20,694	4,017
91 to 180 days (<i>note a</i>)	11,640	—
More than one year	40	40
	<u>32,374</u>	<u>4,057</u>

Notes:

- (a) The balance represented demurrage receivable of US\$1,492,000 (approximately HK\$11,640,000) from a shipper of cargoes (*note 30*).
- (b) At 31st March 2010, retention receivables of HK\$2,095,000 (2009: HK\$1,411,000) were not yet due and were not impaired.

- (c) At 31st March 2010, HK\$8,270,000 of the trade receivables (2009: HK\$12,364,000) were impaired and fully provided. The aging of such receivables are as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
More than one year	<u>8,270</u>	<u>12,364</u>

- (d) Movements on the provision for impairment of trade and retention receivables are as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	12,364	10,832
Provision for impairment of receivables	—	1,861
Bad debt written off	(1,861)	—
Reversal of provision upon settlement	<u>(2,233)</u>	<u>(329)</u>
At end of the year	<u>8,270</u>	<u>12,364</u>

The creation and release of provision for impaired receivables have been included in administrative expenses. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

- (e) The carrying amounts of trade and retention receivables are denominated in the following currencies:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	22,829	1,451
United States dollar	<u>11,640</u>	<u>4,017</u>
	<u>34,469</u>	<u>5,468</u>

17 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits for performance bonds	1,863	—
Deposits and prepayment	<u>4,757</u>	<u>3,694</u>
	<u>6,620</u>	<u>3,694</u>

At 31st March 2010 and 2009, all balances were not yet past due and were not impaired.

18 INVENTORIES

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Machinery and equipment	9,138	9,138
Bunkers on board	<u>1,877</u>	<u>5,749</u>
	<u><u>11,015</u></u>	<u><u>14,887</u></u>

19 CONTRACTING WORK-IN-PROGRESS

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract costs incurred plus attributable profits less foreseeable losses to date	120,345	67,652
Progress billings to date	<u>(90,607)</u>	<u>(57,887)</u>
Amounts due from customers for contract work	<u><u>29,738</u></u>	<u><u>9,765</u></u>

20 CASH AND BANK BALANCES

	Group		Company	
	2010	2009	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash at bank and in hand	16,064	24,773	881	864
Short-term bank deposits	<u>46,519</u>	<u>65,221</u>	<u>19,517</u>	<u>40,221</u>
	62,583	89,994	20,398	41,085
Less: Cash and bank balances — restricted (<i>note 28(a)(i)</i>)	<u>(46,519)</u>	<u>(65,204)</u>	<u>(19,517)</u>	<u>(40,204)</u>
Cash and bank balances — unrestricted	<u><u>16,064</u></u>	<u><u>24,790</u></u>	<u><u>881</u></u>	<u><u>881</u></u>

The effective interest rate on short-term bank deposits was 0.04% (2009: 0.97%); these deposits have an average maturity of 28 days (2009: 162 days).

Cash and cash equivalents include the following for the purpose of the consolidated cash flow statement:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances — unrestricted	16,064	24,790
Bank overdrafts (<i>note 28</i>)	<u>(35,506)</u>	<u>(44,972)</u>
	<u><u>(19,442)</u></u>	<u><u>(20,182)</u></u>

The carrying amounts of cash and bank balances are denominated in the following currencies:

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Hong Kong dollar	58,689	67,142	20,398	41,085
United States dollar	3,894	22,852	—	—
	<u>62,583</u>	<u>89,994</u>	<u>20,398</u>	<u>41,085</u>

21 SHARE CAPITAL

	2010 HK\$'000	2009 HK\$'000
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>

22 RESERVES

	Group			Total HK\$'000
	Share premium HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	
At 1st April 2008	29,093	(12,974)	132,911	149,030
Dividends paid	—	—	(3,926)	(3,926)
Profit for the year	<u>—</u>	<u>—</u>	<u>14,110</u>	<u>14,110</u>
At 31st March 2009	29,093	(12,974)	143,095	159,214
Dividends paid	—	—	(3,020)	(3,020)
Profit for the year	<u>—</u>	<u>—</u>	<u>11,684</u>	<u>11,684</u>
At 31st March 2010	<u>29,093</u>	<u>(12,974)</u>	<u>151,759</u>	<u>167,878</u>
Representing:				
At 31st March 2010				
Reserves	29,093	(12,974)	149,645	165,764
2010 final dividends proposed (note 10)	<u>—</u>	<u>—</u>	<u>2,114</u>	<u>2,114</u>
	<u>29,093</u>	<u>(12,974)</u>	<u>151,759</u>	<u>167,878</u>

The Group's merger reserve represents the difference between the aggregation of the nominal value of the share capital of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation completed on 28th March 2003.

	Share premium <i>HK\$'000</i>	Company Merger reserve <i>HK\$'000</i> <i>(note)</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 2008	29,093	94,317	3,191	126,601
Dividends paid	—	—	(3,926)	(3,926)
Profit for the year (<i>note 13</i>)	<u>—</u>	<u>—</u>	<u>6,988</u>	<u>6,988</u>
At 31st March 2009	29,093	94,317	6,253	129,663
Dividends paid	—	—	(3,020)	(3,020)
Profit for the year (<i>note 13</i>)	<u>—</u>	<u>—</u>	<u>1,196</u>	<u>1,196</u>
At 31st March 2010	<u>29,093</u>	<u>94,317</u>	<u>4,429</u>	<u>127,839</u>
Representing:				
Reserves	29,093	94,317	2,315	125,725
2010 final dividends proposed (<i>note 10</i>)	<u>—</u>	<u>—</u>	<u>2,114</u>	<u>2,114</u>
	<u>29,093</u>	<u>94,317</u>	<u>4,429</u>	<u>127,839</u>

Note:

Under the Companies Act of Bermuda (as amended) and the Bye-Laws of the Company, the contributed surplus is distributable to the shareholders of the Company. Accordingly, the total distributable reserves of the Company as at 31st March 2010 amounted to HK\$98,746,000 (2009: HK\$100,570,000).

The Company's contributed surplus represents the difference between the net asset values of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof pursuant to the group reorganisation.

23 LONG-TERM BORROWINGS

	Group	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Wholly repayable within five years		
Bank loans, secured (<i>note (a)</i>)	15,406	5,086
Obligations under finance leases (<i>note (b)</i>)	<u>46,073</u>	<u>16,067</u>
	61,479	21,153
Less: Amounts due within one year included under current liabilities	<u>(20,636)</u>	<u>(8,890)</u>
	<u>40,843</u>	<u>12,263</u>

Notes:

(a) The Group's bank loans are repayable as follows:

	Group	
	2010 HK\$'000	2009 HK\$'000
Within one year	4,176	1,680
In the second year	4,052	1,700
In the third to fifth years	<u>7,178</u>	<u>1,706</u>
	<u>15,406</u>	<u>5,086</u>

Interest is charged on the balances at rates ranging from 4% to 6.58% (2009: 5.76% to 6.8%). Details of security and guarantee are disclosed in note 28(a).

(b) Obligations under finance lease are payable within the following periods:

	Group			
	Present value		Minimum payment	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Within one year	16,460	7,210	17,907	7,717
In the second year	12,818	6,531	13,742	6,749
In the third to fifth years	<u>16,795</u>	<u>2,326</u>	<u>17,421</u>	<u>2,367</u>
	<u>46,073</u>	<u>16,067</u>	49,070	16,833
Finance charges			<u>(2,997)</u>	<u>(766)</u>
			<u>46,073</u>	<u>16,067</u>

Interest is charged on the outstanding balances of finance leases at rates ranging from 1 month HIBOR plus 2.5% to 5.54% (2009: ranging from 1 month HIBOR to 1.5% below Hong Kong dollar prime rate).

(c) The carrying amount of long-term borrowings approximates their fair values and are denominated in Hong Kong dollar.

24 DEFERRED TAXATION

Deferred taxation is recognised on temporary differences under the liability method using a taxation rate of 16.5% (2009: 16.5%). The movements on the net deferred taxation (liabilities)/assets are as follows:

	Group		Company	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
At beginning of the year	(15,343)	(21,337)	114	71
Recognised in the profit or loss (note 9)	<u>604</u>	<u>5,994</u>	<u>150</u>	<u>43</u>
At end of the year	<u>(14,739)</u>	<u>(15,343)</u>	<u>264</u>	<u>114</u>

The movements in deferred taxation liabilities and assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred taxation liabilities — Accelerated depreciation allowances

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	(20,212)	(21,498)
Recognised in the profit or loss	<u>(3,099)</u>	<u>1,286</u>
At end of the year	<u><u>(23,311)</u></u>	<u><u>(20,212)</u></u>

Deferred taxation assets — Tax losses

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	4,869	161
Recognised in the profit or loss	<u>3,703</u>	<u>4,708</u>
At end of the year	<u><u>8,572</u></u>	<u><u>4,869</u></u>

	Company	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	114	71
Recognised in the profit or loss	<u>150</u>	<u>43</u>
At end of the year	<u><u>264</u></u>	<u><u>114</u></u>

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when the deferred taxation relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred taxation liabilities	(15,135)	(15,599)
Deferred taxation assets	<u>396</u>	<u>256</u>
	<u><u>(14,739)</u></u>	<u><u>(15,343)</u></u>

Deferred taxation assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31st March 2010, the Group had unrecognised temporary differences arising from unutilised tax losses of HK\$9,349,000 (2009: HK\$9,444,000) to carry forward against future taxable income. These tax losses have not yet been agreed by the tax authorities, but once agreed, these tax losses have no expiry date.

25 TRADE AND RETENTION PAYABLES

Balances included retention payable of HK\$197,000 (2009: HK\$42,000) which is denominated in Hong Kong dollar. The ageing analysis of the remaining trade payables is as follows:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	10,436	9,431
91 to 180 days	101	247
181 to 365 days	9	—
More than one year	<u>1,392</u>	<u>1,392</u>
	<u><u>11,938</u></u>	<u><u>11,070</u></u>

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

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	9,455	1,508
United States dollar	2,120	9,111
Other currencies	<u>363</u>	<u>451</u>
	<u><u>11,938</u></u>	<u><u>11,070</u></u>

26 ACCRUALS AND OTHER PAYABLES

At 31st March 2009, the balance mainly comprised an advance received from a customer for chartering vessel of HK\$6,361,000 and accrued expenses.

27 AMOUNTS DUE TO RELATED COMPANIES AND DIRECTORS

Amounts due to related companies and directors are unsecured, interest free and repayable on demand. The amounts are denominated in Hong Kong dollar and approximate their fair values.

28 SHORT-TERM BORROWINGS

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts (<i>note 20</i>)	35,506	44,972
Short-term bank loans	<u>37,714</u>	<u>19,792</u>
	<u><u>73,220</u></u>	<u><u>64,764</u></u>

(a) Banking facilities

As at 31st March 2010, the Group's banking facilities totalling approximately HK\$178,355,000 (2009: HK\$94,153,000) were secured by the following:

- (i) Bank deposits of the Group amounting to HK\$46,519,000 (2009: HK\$65,204,000) (note 20);
- (ii) Certain machinery and equipment of the Group (note 14);
- (iii) Corporate guarantee given by the Company and two subsidiaries for an amount of HK\$143,816,000 (2009: HK\$72,126,000) in aggregate; and
- (iv) Cross guarantee for HK\$86,765,000 (2009: HK\$36,084,000) among a number of subsidiaries.

(b) The effective interest rates at the balance sheet dates were:

	Group			
	2010			2009
	<i>HK\$</i>	<i>US\$</i>	<i>HK\$</i>	<i>US\$</i>
Bank overdrafts	2.15%	—	2.82%	—
Bank loans	<u>3.79%</u>	<u>3.53%</u>	<u>2.66%</u>	<u>4.61%</u>

(c) The carrying amount of short-term borrowings approximate their fair values and are denominated in the following currencies:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong dollar	57,255	60,972
United States dollar	<u>15,965</u>	<u>3,792</u>
	<u>73,220</u>	<u>64,764</u>

29 COMMITMENTS**(a) Capital commitment**

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for machinery and equipment	<u>22,742</u>	<u>—</u>

(b) Operating lease commitments

The future aggregate minimum lease rental expenses in respect of office and storage premises and directors' quarters under non-cancellable operating leases are payable in the following periods:

	Group	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,763	1,106
In the second to fifth years inclusive	<u>666</u>	<u>327</u>
	<u>2,429</u>	<u>1,433</u>

30 CONTINGENT LIABILITIES

During the year, an action was lodged to the Federal Court of Australia by a owner of the cargoes (the "plaintiff") against a subsidiary of the Company, Asian Atlas Limited ("Asian Atlas") 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 for the settlement of the outstanding demurrage and other damages of US\$1,492,000 (approximately HK\$11,640,000) to the plaintiff. The Court has given an order for a mediation, which is expected to be held in August 2010.

The Group has sought the advice of its legal counsel and considered that Asian Atlas has a reasonable chance of success in defending against the claim and also being awarded of damages on the counterclaim based on current findings. Accordingly, no provision has been made for the claim and the corresponding legal costs arising from the claim and counterclaim.

31 CONSOLIDATED CASH FLOW STATEMENT**(a) Reconciliation of operating profit to net cash (used in)/generated from operations**

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit	14,061	9,908
Depreciation	9,284	11,403
Gain on disposal of plant and equipment	(1,347)	(2,922)
(Reversal of)/provision for impairment of receivables	(2,233)	1,532
Impairment of deposits	<u>—</u>	<u>573</u>
Cash generated from operations before working capital changes	19,765	20,494
Increase in trade and retention receivables	(26,768)	(23)
(Increase)/decrease in deposits, prepayments and other receivables	(2,926)	35,584
Decrease in inventories	3,872	3,834
Increase in contracting work-in-progress	(19,973)	—
Increase/(decrease) in trade and retention payables	1,023	(266)
(Decrease)/increase in accruals and other payables	<u>(6,382)</u>	<u>6,635</u>
Net cash (used in)/generated from operations	<u>(31,389)</u>	<u>66,258</u>

(b) Major non-cash transaction

In 2010, the major non-cash transaction for the year was the finance lease arrangement as entered by the Group for purchase of plant and equipment of HK\$42,345,000 during the year.

In 2009, the major non-cash transactions included (i) the inception of the finance lease arrangement of HK\$9,300,000; and (ii) the trade-in of an used machinery of HK\$3,500,000 for purchase of machinery and equipment of HK\$12,800,000.

32 RELATED PARTY TRANSACTIONS

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

	2010	2009
	<i>HK\$'000</i>	<i>HK\$' 000</i>
Paid and payable to related parties:		
Rental expenses to related companies (<i>note (i)</i>)	2,976	2,976
Consultancy fee paid to related companies (<i>note (ii)</i>)	<u>1,680</u>	<u>1,680</u>

Notes:

- (i) Rental expenses are paid to companies beneficially owned by the directors of the Company based on the agreements entered into between the parties involved with reference to market rates of similar properties.
- (ii) Consultancy fees were paid to companies in which the 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\$7,876,000 (2009: HK\$7,899,000).

33 PRINCIPAL SUBSIDIARIES

Listed below are the principal subsidiaries wholly-owned by the Company.

Name	Issued and fully paid ordinary share capital	Principal activities and place of operation
<i>Incorporated in Hong Kong, indirectly held</i>		
Sam Woo Bore Pile Foundation Limited	10,000,000 shares of HK\$1 each	Foundation works in Hong Kong
Sam Woo Construction & Engineering Limited	100,000 shares of HK\$1 each	Trading of used foundation works related machinery and equipment in Hong Kong
Sam Woo Construction Limited	10,000 shares of HK\$1 each	Foundation works in Hong Kong
Sam Woo Engineering Equipment Limited	500,000 shares of HK\$1 each	Leasing and trading of machinery and equipment for foundation works in Hong Kong
<i>Incorporated in Republic of Seychelles, indirectly held</i>		
Asian Atlas Limited	5,000 shares of US\$1 each	Shipping operation operated on a worldwide basis

34 ULTIMATE HOLDING COMPANY

The directors of the Company regarded Silver Bright Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

3. INDEBTEDNESS

Statement of Indebtedness

Borrowings

As at the close of business on 28 February 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the Group had outstanding indebtedness of approximately HK\$1,304,000, which comprised of the amount due to a director of the Company of approximately HK\$1,146,000 and amounts due to related companies of the Company of approximately HK\$158,000.

Contingent liabilities

In September 2009, an action was lodged to the Federal Court of Australia by a owner of the cargoes (the “**plaintiff**”) against a subsidiary of the Company, Asian Atlas Limited (“**Asian Atlas**”) 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 25 January 2010, Asian Atlas filed a defence and a cross-claim for the settlement of the outstanding demurrage and other damages of US\$1,492,000 (approximately HK\$11,640,000) to the plaintiff. The Group has sought the advice of its legal counsel and considered that Asian Atlas has a reasonable chance of success in defending against the claim. The legal counsel will evaluate on the prospects for recovery on the counterclaim when additional evidence is available. Therefore, for the time being, no provision has been made for the claim and the counterclaim and the corresponding legal costs arising from the claim and counterclaim as of 28 February 2011.

Apart from the above, the Group had no other significant contingent liabilities as at the Latest Practicable Date.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 28 February 2011.

4. MATERIAL CHANGES

Save as the followings, there was no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2010, the date to which the latest published audited consolidated financial statements of the Company were made up:

- (a) the losses incurred during the six months ended 30 September 2010 mainly due to losses of the Group's vessel chartering business, as reported in the Company's interim report for the six months ended 30 September 2010;
- (b) the Disposal;
- (c) the declaration and payment of the Special Dividend;
- (d) the reduction in the net asset value of the Group as a result of (c) above;
- (e) the prospects of the Group as discussed in the section headed "Offeror's intention in respect of the Group" in the "Letter from Kingston Securities" of this Composite Document; and
- (f) the entering into and completion of the Sale and Purchase Agreement.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group), and confirms, having made all reasonable enquires, that to the best of her knowledge, opinions expressed in this Composite Document have been arrived at after due and careful consideration and there are no other facts (other than those relating to the Group) not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document relating to the Group and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed by the Directors in this Composite Document have been arrived at after due and careful consideration and there are no other facts relating to the Group not contained in this Composite Document the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
10,000,000,000 Shares	100,000,000
 <i>Issued and fully paid:</i>	
3,020,000,000 Shares	30,200,000

No new Shares have been issued by the Company since 31 March 2010 (being the date to which its latest published audited accounts were prepared). All the existing issued Shares are fully paid up and rank pari passu in all respects including all rights as to dividends, voting and capital.

Save for the Shares, the Company has no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Interests in the Shares by the Offeror and parties acting in concert with it

As at the Latest Practicable Date, (i) the Offeror was the beneficial owner of 1,700,000,000 Shares, or approximately 56.29% of the entire issued share capital of the Company; (ii) the sole director of the Offeror did not hold any Shares; and (iii) the ultimate beneficial owner of Kingston Corporate Finance, namely, Mrs. Chu Yuet Wah, being deemed to be a party acting in concert with the Offeror, was the beneficial owner of 24,240,000 Shares, or approximately 0.80% of the entire issued share capital of the Company. The Offeror and parties acting in concert with it do not hold any other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

(b) Directors' interest in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Approximate percentage or attributable percentage of shareholding
Mr. Chan Sun Kwong	Beneficial owner	5,000,000	0.16%
Dr. Lee Peng Fei, Allen	Beneficial owner	4,320,000	0.14%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any interests in the Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

(c) As at the Latest Practicable Date, save as disclosed in sub-paragraphs (a) and (b) above:

- none of the Offeror, its sole director or any parties acting in concert with it had any interests in or owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
- there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Offeror or any parties acting in concert with it has borrowed or lent;
- the Company had no interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
- none of the Directors had any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;

- no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser);
 - no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of Company are managed on a discretionary basis by fund managers connected with the Company; and
 - none of the Company or any of the Directors has borrowed or lent any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.
- (d) The Offeror will finance the Offer from the Facility granted by Kingston Securities. Save for the Shares acquired through the Sale and Purchase Agreement and the Shares to be acquired through the Offer being pledged to Kingston Securities for the Facility, there was no agreement, arrangement or understanding that any securities, acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.
- (e) No person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company has irrevocably committed themselves to accept or not to accept the Offer.
- (f) None of the Offeror, or any parties acting in concert with it, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.
- (g) No person has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.
- (h) There is no agreement or arrangement to which the Offeror is party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (i) Mr. Chan Sun Kwong, an executive Director, intends not to accept the Offer.
- (j) The 4,320,000 Shares held by Dr. Lee Peng Fei, Allen (“Dr Lee”) as at the Latest Practicable Date have been held as long term investment since 2007, upon the exercise of the options granted to him in 2003, and Dr. Lee intends to continue to hold the aforesaid Shares. Therefore, Dr. Lee, an independent non-executive Director, intends not to accept the Offer.

4. DEALINGS IN SECURITIES

- (a) Dealings in Shares by the associates of the Company during the Relevant Period are as follows:

Name of seller	Number of Shares sold	Dealing date	Selling price per Share
Actiease Assets (<i>note 1</i>)	1,700,000,000	9 March 2011	HK\$0.116
CKL Development (<i>note 2</i>)	225,000,000	22 March 2011	HK\$0.116
Nice Fair (<i>note 3</i>)	225,000,000	22 March 2011	HK\$0.116
Professor Wong Sue Cheun, Roderick (<i>note 4</i>)	1,440,000 3,110,000 450,000	22 March 2011 22 March 2011 22 March 2011	HK\$0.280 HK\$0.285 HK\$0.290

Notes:

- (1) Actiease Assets's entire issued share capital is wholly-owned by Silver Bright Holdings Limited, which is indirectly owned by a discretionary trust of which Ms. Leung Lai So (who is an executive Director and the wife of Mr. Lau Chun Ming, the Chairman of the Company) is a beneficiary.
 - (2) CKL Development Limited is a corporation controlled by Mr. Lau Chun Kwok, an executive Director.
 - (3) Nice Fair Group Limited is a corporation controlled by Mr. Lau Chun Ka, an executive Director.
 - (4) Professor Wong Sue Cheun, Roderick is an independent non-executive Director as at the Latest Practicable Date.
- (b) During the Relevant Period, save as disclosed in sub-paragraph (a) above:
- none of the Directors had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
 - none of the Offeror, its sole director or any parties acting in concert with it had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
 - no person (if any) with whom the Offeror or any parties acting in concert with it has an arrangement, if any, of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt for value in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of the Company; and
 - none of the Offeror or any parties acting in concert with it has borrowed or lent in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

(c) During the Relevant Period:

- the Company did not deal in any interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
- none of the Directors had dealt in any equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
- none of the subsidiaries of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) but excluding exempt principal traders had dealt in any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company; and
- no person, if any, with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code having an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had dealt in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company.

5. MARKET PRICES

- (a) The highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.300 per Share on 21 March 2011. The lowest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.141 per Share on 26 July 2010, 27 July 2010, 23 August 2010 and 24 August 2010.
- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on
- (i) the last trading date of each of the calendar months during the Relevant Period; and
 - (ii) the Latest Practicable Date:

Date	Share price <i>HK\$</i>
30 April 2010	0.210
31 May 2010	0.178
30 June 2010	0.163
30 July 2010	0.154
31 August 2010	0.156
30 September 2010	0.173
29 October 2010	0.195
30 November 2010	0.196
31 December 2010	0.208
31 January 2011	0.210
28 February 2011	0.198
31 March 2011	0.247
Latest Practicable Date	0.249

- (c) The closing price of the Shares as quoted on the Stock Exchange on Last Trading Date was HK\$0.183.

6. LITIGATION

In September 2009, an action was lodged to the Federal Court of Australia by a owner of the cargoes, being the plaintiff, against a subsidiary of the Company, Asian Atlas 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 25 January 2010, Asian Atlas filed a defence and a cross-claim for the settlement of the outstanding demurrage and other damages of US\$1,492,000 (approximately HK\$11,640,000) to the plaintiff. The Group has sought the advice of its legal counsel and considered that Asian Atlas has a reasonable chance of success in defending against the claim. The legal counsel will evaluate on the prospects for recovery on the counterclaim when additional evidence is available. Therefore, for the time being, no provision has been made for the claim and the counterclaim and the corresponding legal costs arising from the claim and counterclaim as of 28 February 2011.

7. MATERIAL CONTRACT

Save for the Disposal Agreement, neither the Company nor any of its subsidiaries had, within the two years preceding the date of the Initial Announcement and up to and including the Latest Practicable Date, entered into any contracts which are or may be material, other than contracts in the ordinary course of business of the Group.

8. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinions or advice contained in this Composite Document:

Name	Qualification
Kingston Securities	A licenced corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
Kingston Corporate Finance	A licenced corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Atlus Capital	A licenced corporation to carry out Types 4, 6 and 9 (advising on securities, corporate finance and asset management) regulated activities under the SFO

Each of Kingston Securities, Kingston Corporate Finance and Atlus Capital has given and not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its recommendation or opinion, as the case may be, and reference to its name, in the form and context in which they are included.

9. GENERAL

- (a) No benefit (other than statutory compensation) will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.
- (b) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with the Offeror and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offer.
- (c) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.
- (d) As at the Latest Practicable Date, save for the Sale and Purchase Agreement, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

- (e) As at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.
- (f) As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months preceding the date of the Initial Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the website of the Company (<http://www.samwooholdings.com.hk>) and the SFC (www.sfc.hk) from the date of this Composite Document until the Closing Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the year ended 31 March 2010 and the year ended 31 March 2009;
- (d) the interim report of the Company for the six months ended 30 September 2010;
- (e) the letter from Kingston Securities, the text of which is set out on pages 6 to 12 of this Composite Document;
- (f) the letter from the Board, the text of which is set out on pages 13 to 17 of this Composite Document;
- (g) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 18 to 19 of this Composite Document;
- (h) the letter from Altus Capital, the text of which is set out on pages 20 to 37 of this Composite Document;
- (i) the written consents referred to in the section headed “Experts and consents” in this appendix; and
- (j) the material contract referred to in the section headed “Material contract” in this appendix.

11. MISCELLANEOUS

- (a) The secretary of the Company is Mr. Chan Sun Kwong, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is located at Units 1310-13, 113 Argyle Street, Mongkok, Kowloon, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The registered office of the Offeror is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands.
- (e) As at the Latest Practicable Date, Ms. Zheng, who is deemed to be a party acting in concert with the Offeror under the Takeovers Code, is the sole shareholder and sole director of the Offeror and her address is 1/F, 97B Kau Lung Hang Tsuen, Tai Po, New Territories, Hong Kong.
- (f) The registered office of Kingston Corporate Finance is situated at Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (g) The registered office of Kingston Securities is at Suite 2801, 28/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (h) The registered office of Access Capital Limited is situated at Suite 606, 6F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- (i) The office of Altus Capital is situated at 8/F, The Hong Kong Diamond Exchange Building, 8-10 Duddell Street, Central, Hong Kong.
- (j) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.