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SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the “Board”) of Sam Woo Holdings Limited (the “Company”) is pleased to present the unaudited financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2010 (the “Period”) together with comparative figures for the corresponding period in 2009 (“Previous Period”) as follow.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010

		Unaudited	Audited
		30 September	31 March
		2010	2010
	<i>Note</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		261,728	243,732
Deferred taxation assets		484	396
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		262,212	244,128
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Current assets			
Trade and retention receivables	8	19,293	34,469
Deposits, prepayments and other receivables		6,171	6,620
Inventories		10,537	11,015
Amounts due from customers for contract works		19,899	29,738
Cash and bank balances			
Unrestricted		9,262	16,064
Restricted		46,542	46,519
Tax recoverable		–	26
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
		111,704	144,451
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total assets		373,916	388,579
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
EQUITY			
Capital and reserves			
Share capital		30,200	30,200
Reserves		152,404	165,764
Proposed final dividend		2,114	2,114
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total equity		184,718	198,078
		<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AS AT 30 SEPTEMBER 2010

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

NOTES:

1. 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 Rules Governing the Listing of Securities (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.

2. 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

2. Segment information (Continued)

	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)

[#] There were no sales between operating segments.

3. Other income

	Unaudited	
	Six months ended 30 September	
	2010 HK\$'000	2009 HK\$'000
Gain on disposal of fixed assets	–	1,031
Sundry income	76	320
	76	1,351

4. Expenses by nature

	Unaudited	
	Six months ended	
	30 September	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
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
	<hr/>	<hr/>
Total cost of sales and administrative expenses	54,918	35,059
	<hr/> <hr/>	<hr/> <hr/>

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

5. 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	(14)	(2,511)
	<hr/>	<hr/>
	477	(2,511)
	<hr/> <hr/>	<hr/> <hr/>

6. Dividends

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

7. (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 HK\$'000	2009 HK\$'000
(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>

8. Trade and retention receivables

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

8. Trade and retention receivables (Continued)

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

	Unaudited 30 September 2010 <i>HK\$'000</i>	Audited 31 March 2010 <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	8,310	8,310
	<hr/> 27,563 <hr/>	<hr/> 42,739 <hr/>

9. 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	1,392	1,392
	<hr/> 4,447 <hr/>	<hr/> 11,938 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

The Group recorded a turnover of HK\$44.3 million for the Period, representing an increase of 22% as compared to HK\$36.4 million for the Previous Period. However, a loss before taxation of HK\$12.9 million was resulted for the Period, as contrary to a profit before taxation of HK\$1.0 million for the Previous Period, mainly due to vessel chartering business's non-performance which was unable to contribute to the Group's revenue in the Period. Administrative expenses increased by HK\$3.4 million from HK\$7.9 million for the Previous Period to HK\$11.3 million for the Period. The increase was mainly due to recovery of a bad debt in Previous Period which had pulled down the comparative figure and a rise in professional fee in the Period. Finance cost for the Period was HK\$2.3 million as compared to HK\$1.7 million for the Previous Period, representing a 35% increase. The increase was mainly attributable to additional finance raised for acquisition of foundation works related machinery and equipment and operation of the construction business.

BUSINESS REVIEW AND OUTLOOK

Vessel Chartering

The vessel chartering business experienced difficult time in the Period and the vessel was not able to meet its chartering sales target nor contribute turnover to the Group, resulting in a loss of HK\$12.6 million for this business segment. In addition to the depressed chartering rates and lower utilization in this business segment since last year, further suppression in turnover in the Period was also due to reduction in the demand for transport of engineering machinery and equipment. In addition, the demand for transport the offshore exploring equipment substantially dropped in 2009 and 2010 as a result of financial tsunami and the ban on offshore oil exploration by the US government since the oil leakage in the Gulf of Mexico in early 2010.

However, signs of stabilisation in the vessel chartering business both in terms of pricing and utilization have been observed. More enquiries have been received on the vessel chartering services in recent two months and the management have further followed up with provision of technical information for transportation. References of public market information sourced from major vessel chartering operators also align with the signs. The Group is in discussion with potential customers on chartering of the Group's vessel, m/v Asian Atlas. The ban on offshore oil exploration was also just uplifted in October 2010 by the US government.

The Group will continue to monitor the global economy and keep abreast of the relevant prevailing vessel chartering market tariff. In view of the signs of recovery, the Group will continue to explore opportunities in the vessel chartering business, including any potential investment activities. The Group will also implement cost control measures to improve sustainability and continue to leverage of its brand name to strengthen its position in the vessel chartering industry.

Foundation works and trading of machinery and equipment

With a continuous recovery in the local economy, there have been a number of major infrastructure projects announced and the Group has been actively tendering for construction projects. However, the Group faces intense competition on pricing and increasing project costs including labour and material costs. During the Period, competitors were seen making bids at low prices so as to capture greater market share. Taking into account of above and the potential project risks, the Company has continued a cautious approach when tendering for construction projects in view to preserve financial capability by avoiding loss-making projects. During the Period, the Group continued the projects on hand which commenced in last year and had not been awarded new contracts.

In the Period, the foundation works business recorded a turnover of HK\$44.3 million and operating profit of HK\$7.2 million before corporate overheads and finance cost. The business of trading of machinery and equipment did not record any income.

Subsequent to the Period end, the Company has entered into a conditional agreement to sell off the foundation and trading of machinery and equipment businesses. Please refer to the section below for Events after the Reporting Period for details.

Liquidity, Financial Resources, Capital Structure and Gearing

The Group generally finances its operations with internally generated resources and banking facilities. As at 30 September 2010, the Group had cash and bank balances of HK\$55.8 million (31 March 2010: HK\$62.6 million) and total borrowings of HK\$162.9 million (31 March 2010: HK\$158.4 million). Short term borrowings, current portion of long term borrowings and amounts due to directors as at 30 September 2010 amounted to HK\$108.3 million (31 March 2010: HK\$117.6 million). The Group's gearing ratio, calculated by dividing net borrowings by total equity, was 58.0% as at the end of the Period (31 March 2010: 48%).

Interest on the Group's borrowings was mainly on floating rate basis.

Operations of the Group are mainly conducted in Hong Kong Dollars ("HK\$") and United States Dollars ("US\$") and its revenue, expenses, cash and bank balances, borrowings, other monetary assets and liabilities are principally denominated in HK\$ and US\$. For the Period, the Group was not posed to significant foreign currency risk nor had employed any financial instrument for hedging.

Charges on Assets

As at 30 September 2010, the net book value of plant and equipment held under finance leases and pledged for long-term bank loans amounted to HK\$96.8 million (31 March 2010: HK\$75.0 million) and HK\$4.9 million (31 March 2010: HK\$5.1 million) respectively. Certain banking facilities were secured by bank deposits of HK\$46.5 million (31 March 2010: HK\$46.5 million).

Employees and Remuneration Policies

The Group has about 115 staff members (excluding directors) as at 30 September 2010 and provides competitive remuneration packages to employees which commensurate with individual job nature and performance.

Contingent Liabilities

There has been no material change in the Group's contingent liabilities since its last published annual report for the year ended 31 March 2010.

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 announcement, 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>

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchases, sold or redeemed any of the Company's listed shares during the Period.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the Period except there is no written terms on division of responsibilities between the Chairman and the Chief Executive Officer. Further particulars on the Company corporate governance practices are set out in the corporate governance report contained in the Company's annual report for the year ended 31 March 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW BY AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, has reviewed the unaudited consolidated financial statements of the Group for the Period.

By order of the Board
Sam Woo Holdings Limited
LAU Chun Ming
Chairman

Hong Kong, 25 November 2010

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

* *For identification purposes only*