



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 2322)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board (the “Board”) of directors of Sam Woo Holdings Limited (the “Company”) is pleased to present the unaudited consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2007 (the “Period”), together with comparative figures for the corresponding period in 2006 (“Previous Period”), as follow.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIXTH MONTHS ENDED 30 SEPTEMBER 2007

		Unaudited Six months ended 30 September	
	Note	2007 HK\$'000	2006 HK\$'000
Turnover	2	59,448	61,206
Cost of sales		<u>(44,737)</u>	<u>(43,482)</u>
Gross profit		14,711	17,724
Other income	3	18,304	15,059
Administrative expenses		<u>(10,261)</u>	<u>(10,345)</u>
Operating profit	4	22,754	22,438
Finance costs		<u>(2,983)</u>	<u>(6,124)</u>
Profit before income tax		19,771	16,314
Income tax credit	5	<u>1,452</u>	<u>163</u>
Profit for the period		<u><u>21,223</u></u>	<u><u>16,477</u></u>
Attributable to:			
Equity holders of the Company		<u><u>21,223</u></u>	<u><u>16,477</u></u>
Earnings per share attributable to the equity holders of the Company during the period			
Basic	7	<u><u>HK7.03 cents</u></u>	<u><u>HK5.49 cents</u></u>
Diluted	7	<u><u>HK7.02 cents</u></u>	<u><u>HK5.49 cents</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2007

	<i>Note</i>	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment		201,242	200,660
Deferred tax assets		1,771	950
		<u>203,013</u>	<u>221,610</u>
Current assets			
Trade receivables	8	14,259	11,345
Deposits, prepayments and other receivables		39,370	4,230
Inventories		11,340	10,417
Amounts due from customers for contract work		9,765	13,231
Cash and bank balances			
Unrestricted		4,092	10,096
Restricted		38,805	38,401
		<u>117,631</u>	<u>87,720</u>
Total assets		<u><u>320,644</u></u>	<u><u>309,330</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		30,200	30,000
Other reserves		148,281	125,878
Proposed final dividend		-	6,040
Total equity		<u>178,481</u>	<u>161,918</u>
LIABILITIES			
Non-current liabilities			
Long-term liabilities		12,362	15,187
Deferred tax liabilities		22,154	25,125
		<u>34,516</u>	<u>40,312</u>
Current liabilities			
Trade payables	9	2,565	2,193
Accruals and other payables		4,108	9,541
Amount due to a customer for contract work		-	51
Amounts due to related companies		158	493
Amounts due to directors		16,031	2,415
Loan from a director		4,099	11,621
Short-term borrowings		21,995	26,124
Current portion of long-term liabilities		5,716	6,043
Taxation payable		5,804	3,464
Bank overdrafts		47,171	45,155
		<u>107,647</u>	<u>107,100</u>
Total liabilities		<u>142,163</u>	<u>147,412</u>
Total equity and liabilities		<u><u>320,644</u></u>	<u><u>309,330</u></u>
Net current assets/(liabilities)		<u><u>9,984</u></u>	<u><u>(19,380)</u></u>
Total assets less current liabilities		<u><u>212,997</u></u>	<u><u>202,230</u></u>

Notes:

1. Basis of preparation and accounting policies

These unaudited condensed consolidated financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited.

These condensed consolidated financial statements should be read in conjunction with the 2007 annual financial statements.

The Group had not appointed the auditors to carry out any review of the interim financial statements for the six months ended 30 September 2007 in accordance with HKSRE 2410.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 March 2007 except as described below.

In the current period, the Group has applied for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 May 2006. The application of these new HKFRSs did not have any material impact on the results of operations and financial position of the Group.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2008 or later periods. The Group has not early adopted these new standards, amendments and interpretations for the period ended 30 September 2007. 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.

2. Segmental information

(a) *Business segments – primary reporting format*

	Unaudited			
	Six months ended 30 September 2007			
	Foundation works HK\$'000	Trading of machinery and equipment HK\$'000	Vessel chartering HK\$'000	Total HK\$'000
Turnover	<u>9,049</u>	<u>–</u>	<u>50,399</u>	<u>59,448</u>
Segment results	<u>(8,799)</u>	<u>16,904⁽¹⁾</u>	<u>19,244</u>	27,349
Interest income				874
Unallocated expenses				<u>(5,469)</u>
Operating profit				22,754
Finance costs				(2,983)
Income tax credit				<u>1,452</u>
Profit attributable to equity holders of the Company				<u>21,223</u>
Capital expenditure	34	–	–	34
Depreciation	<u>7,607</u>	<u>–</u>	<u>1,907</u>	<u>9,514</u>
As at 30 September 2007, unaudited				
Segment assets	142,523	11,201	121,807	275,531
Unallocated assets				<u>45,113</u>
Total assets				<u>320,644</u>
Segment liabilities	24,081	70	25,726	49,877
Unallocated liabilities				<u>92,286</u>
Total liabilities				<u>142,163</u>

	Unaudited			
	Six months ended 30 September 2006			
	Foundation	Trading of	Vessel	Total
	works	machinery	chartering	
	HK\$'000	and	HK\$'000	HK\$'000
		equipment		
		HK\$'000		
Turnover	<u>18,139</u>	<u>2,926</u>	<u>40,141</u>	<u>61,206</u>
Segment results	<u>(6,128)</u>	<u>14,559⁽¹⁾</u>	<u>18,928</u>	27,359
Interest income				869
Unallocated expenses				<u>(5,790)</u>
Operating profit				22,438
Finance costs				(6,124)
Income tax credit				<u>163</u>
Profit attributable to equity holders of the Company				<u>16,477</u>
Capital expenditure	274	–	13,876	14,150
Depreciation	<u>7,620</u>	<u>–</u>	<u>1,596</u>	<u>9,216</u>
As at 31 March 2007, audited				
Segment assets	165,030	9,036	85,453	259,519
Unallocated assets				<u>49,811</u>
Total assets				<u>309,330</u>
Segment liabilities	43,640	70	25,828	69,538
Unallocated liabilities				<u>77,874</u>
Total liabilities				<u>147,412</u>

(1) Inclusive of other income from disposal of plant and equipment.

(b) *Geographical segments – secondary reporting format*

All assets and operations related to the construction business of the Group are located in Hong Kong. The vessel chartering business is carried out worldwide and cannot be allocated into any meaningful geographical segments. Accordingly, geographical segment information is not presented.

3. **Other income**

	Unaudited	
	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Interest income	874	869
Gain on disposal of fixed assets	16,749	13,595
Write off of accounts payable	–	595
Technical service income	681	–
	<hr/>	<hr/>
	18,304	15,059
	<hr/> <hr/>	<hr/> <hr/>

4. **Operating profit**

	Unaudited	
	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Operating profit is stated after charging:		
Cost of inventories sold	–	1,900
Staff costs, excluding directors' emoluments	2,543	3,290
Auditors' remuneration	–	–
Depreciation		
Owned plant and equipment	8,485	8,344
Leased plant and equipment	1,029	872
Operating lease rentals in respect of land and buildings	1,759	1,715
Vessel hiring expenses	–	2,100
	<hr/>	<hr/>
	–	2,100
	<hr/> <hr/>	<hr/> <hr/>

5. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. The amount of taxation credited to the condensed consolidated income statement represents:

	Unaudited	
	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current income tax	2,340	1,865
Deferred income tax	(3,792)	(2,028)
	<u>(1,452)</u>	<u>(163)</u>

6. Dividends

The Directors do not recommend the payment of dividend in respect of the six months ended 30 September 2007 (2006: nil).

7. Earnings per share

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

	Unaudited	
	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Earnings		
Profit attributable to equity holders	<u>21,223</u>	<u>16,477</u>
Number of shares		
Weighted average number of ordinary shares for calculation of basic earnings per share	301,677,596	300,000,000
Effect of dilutive potential ordinary shares – share options	<u>462,644</u>	<u>–</u>
Weighted average number of ordinary shares for calculation of diluted earnings per share	<u>302,140,240</u>	<u>300,000,000</u>

8. Trade receivables

Receivables in respect of contracting work in progress are usually received within one month after the issuance of architects' certificates.

	Unaudited 30 September 2007 <i>HK\$'000</i>	Audited 31 March 2007 <i>HK\$'000</i>
Trade receivables (a)	11,627	7,183
Retention receivables	1,570	3,118
Receivables from related parties	<u>1,062</u>	<u>1,044</u>
	<u>14,259</u>	<u>11,345</u>

(a) The ageing analysis of the remaining trade receivables is as follows:

	Unaudited 30 September 2007 <i>HK\$'000</i>	Audited 31 March 2007 <i>HK\$'000</i>
0 to 90 days	9,904	5,460
91 to 180 days	–	–
181 to 365 days	–	–
More than one year	<u>1,723</u>	<u>1,723</u>
	<u>11,627</u>	<u>7,183</u>

9. Trade payables

Retention payable included in trade payables as at 30 September 2007 amounted to HK\$150,000 (31 March 2007: HK\$167,000). The ageing analysis of the remaining trade payables is as follows:

	Unaudited 30 September 2007 <i>HK\$'000</i>	Audited 31 March 2007 <i>HK\$'000</i>
0 to 90 days	1,024	1,404
91 to 180 days	808	31
181 to 365 days	–	8
More than one year	<u>583</u>	<u>583</u>
	<u>2,415</u>	<u>2,026</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group's turnover for the Period dropped slightly by approximately 3% to HK\$59.4 million from that of HK\$61.2 for the Previous Period as a result of nearly static construction operations. Gross profit for the Period was HK\$14.7 million, a reduction of approximately HK\$3 million from the Previous Period due to reduced construction works and sales of construction inventory. Other income for the Period mainly comprised gain from sales of construction plant and equipment and recorded a HK\$3 million increase from the Previous Period. Overall, despite a scale down in turnover and being restrained by various fixed costs such as labour, rental and depreciation, the Group managed to achieve an operating profit of approximately HK\$22 million for the Period, a result comparable to that of the Previous Period. Profit for the Period escalated by 29% to HK\$21.2 million from that of HK\$16.5 million for the Previous Period.

The Group enjoyed steady stream of cash flow from vessel chartering and sale of plant and equipment, which lessened the Group's reliance on external financing and led to a reduction of approximately HK\$3 million, or 51%, in finance cost for the Period.

Further analysis on the performance by business segments is set out in respective sections below.

Vessel Chartering

Vessel chartering operation remained, by far, the Group's key revenue contributor and brought in HK\$50.4 million, or over 80% of turnover for the Period and equivalent to over 70% of the vessel operation revenue for the year ended 31 March 2007. As mentioned in the Company's last annual report, the Group's semi-submersible carrier m/v Asian Atlas had been brought into a legal case involving, among others, its ex-owner and a launchway-owner in the United States stemming from an incident that occurred prior to the Group gaining ownership of the vessel. Despite the legal case is unlikely to cause any liabilities or losses to the Group, weeks of operating time were lost during the Period attending to procedural matters related to the case.

Fortunately, with strong market demand and a steady customer base, voyages for m/v Asian Atlas is already lined up into the first quarter of year 2008 and it is optimistic that turnover and profit margin for vessel operation will improve in the latter half of the financial year. Meanwhile, the Company is continuously looking out for opportunities to acquire additional semi-submersible vessel(s) in order to enhance routing flexibility and efficiency, as well as operating scale and profitability.

Construction Projects

Revenue from foundation works amounted to HK\$9.0 million for the Period, a 50% reduction from Previous Period as all construction projects had been completed in the last year. Revenue recognized in the Period represents settlement for variation work done on a previously completed project.

Local real estate projects are starting to pick up and public projects are expected to follow gradually with the announcement of a HK\$250 billion infrastructure plan in the recent policy speech by the Chief Executive of HKSAR. The Group is watchful, yet remained cautious, for profitable construction projects both locally and in its target overseas markets.

Machinery Trading

The Group did not record any revenue for machinery and equipment trading during the Period as there has been no sales of its construction inventory. Disposals of construction plant and equipment were recorded as other income. Demand for construction expertise and machinery in mainland China and south-east Asian region remained keen and the Company has been able to command favourable prices for its construction machinery and equipment. Results for the Period recorded an increase of HK\$2.3 million, or 16%, from the Previous Period.

The Group has on hand a well-maintained reserve of construction plant and equipment ready for deployment to its projects should the opportunity arise. It is also in an advantageous position to benefit from its equipment reserve, trading network and technical expertise amid rising demand in developing nations.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 30 September 2007, the Group had cash and bank balances of HK\$42.9 million (31 March 2007: HK\$48.5 million) and total borrowings of HK\$91.3 million (31 March 2007: HK\$104.1 million). Current portion of long term borrowings, short term borrowings and bank overdrafts as at 30 September 2007 amounted to HK\$79.0 million (31 March 2007: HK\$88.9 million). The Group's gearing ratio, calculated by dividing net borrowings by total equity, improved to 27% as at end of the Period, as compared to 34% as at 31 March 2007 and 64% as at end of the Previous Period. The Group's short-term bank borrowings and bank overdrafts totaling HK\$69.2 million are secured against, among others, cash collaterals of \$63.8 million, while its long-term liabilities (including short-term portion) are secured by plant and equipment. The enhancement in gearing was mainly attributable to operating cash flow from shipping business and proceeds from sale of plant and equipment. Regardless of the improved liquidity position, the Group has consistently maintained a variety of bank facilities for financing flexibility.

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, assets, liabilities and borrowings are principally denominated in HK\$ and US\$, which do not pose significant foreign currency risk at present.

Charges on Assets

The net book value of plant and equipment held under finance leases and pledged for long-term bank loans amounted to HK\$21.1 million and HK\$1.6 million respectively. Certain banking facilities are secured by bank deposits of HK\$38.8 million.

Employees and Remuneration Policies

The Group has about 16 staff members (excluding directors) as at 30 September 2007 and provides competitive remuneration packages to employees which commensurate with individual job nature and performance.

The Company adopted a share option scheme as incentive to eligible persons for their contribution to the Group.

Contingent Liabilities

There has been no material change in the Group's contingent liabilities since its last published annual report.

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 ("CG Codes") 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 2007.

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, 28 November 2007

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 Mr. Chan Wai Dune.

* *for identification purposes only*