SAM WOO HOLDINGS LIMITED
三和集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2322)

ANNOUNCEMENT OF RESULTS FOR YEAR ENDED 31ST MARCH 2007

The board (the "Board") of directors (the "Directors") of Sam Woo Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31st March 2007, together with comparative figures for the previous financial year, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Turnover	*2*	**122,601**	96,760
Cost of sales		**(86,699)**	(83,793)
Gross profit		**35,902**	12,967
Other income	*3*	**27,717**	24,765
Administrative expenses		**(21,876)**	(23,754)
Transfer from deferred income		**–**	936
Operating profit	*4*	**41,743**	14,914
Finance costs	*5*	**(10,648)**	(12,517)
Profit before income tax		**31,095**	2,397
Income tax (charge)/credit	*6*	**(1,922)**	1,979
Profit for the year		**29,173**	4,376
Attributable to:			
Equity holders of the Company		**29,173**	4,376
Earnings per share attributable to the equity holders of the Company during the year			
Basic and diluted	*7*	**HK9.72 cents**	HK1.46 cents
Dividends	*8*	**6,040**	–

CONSOLIDATED BALANCE SHEET
AS AT 31ST MARCH 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Plant and equipment		**220,660**	255,603
Deferred tax assets		**950**	1,401
		221,610	257,004
Current assets			
Trade receivables	*9*	**11,345**	20,875
Deposits, prepayments and other receivables		**4,230**	5,849
Inventories		**10,417**	9,822
Amounts due from customers for contract work		**13,231**	15,105
Cash and bank balances			
Unrestricted		**10,096**	1,928
Restricted		**38,401**	46,782
		87,720	100,361
Total assets		**309,330**	357,365
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**30,000**	30,000
Other reserves		**125,878**	102,745
Proposed final dividend		**6,040**	–
Total equity		**161,918**	132,745
LIABILITIES			
Non-current liabilities			
Loan from a director		**–**	40,152
Long-term liabilities		**15,187**	727
Deferred tax liabilities		**25,125**	29,436
		40,312	70,315
Current liabilities			
Trade payables	*10*	**2,193**	5,425
Accruals and other payables		**9,541**	9,048
Amounts due to a customer for contract work		**51**	–
Amounts due to related companies		**493**	3,598
Amounts due to directors		**2,415**	17,655
Loan from a director		**11,621**	–
Short-term borrowings		**26,124**	39,040
Current portion of long-term liabilities		**6,043**	17,523
Taxation payable		**3,464**	1,576
Bank overdrafts		**45,155**	60,440
		107,100	154,305
Total liabilities		**147,412**	224,620
Total equity and liabilities		**309,330**	357,365
Net current liabilities		**(19,380)**	(53,944)
Total assets less current liabilities		**202,230**	203,060

Notes:

1. Basis of preparation

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

(i) Amendments and interpretations to existing standards effective in 2006

In 2006, the Group adopted the following amendments and interpretations to existing standards which are relevant to is operations:

HKAS 19 Amendment	Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of these amendments and interpretations had no material impact on the consolidated financial statements.

(ii) New standards, amendments and interpretations to existing standards, which are relevant to the Group's operations but are not yet effective and have not been early adopted by the Group

Certain new standards, amendments and interpretations to existing standards that are relevant to the Group's operation and mandatory for accounting periods beginning on or after 1st May 2006 or later periods that the Group has not early adopted, are as follows:

HKAS 1 Amendment	Presentation of Financial Statements – Capital Disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 10	Interim Reporting and Impairment

The Group has not early adopted these new standards but has already commenced an assessment of their impact. It is not expected that these new standards will have any significant impact on the consolidated financial statements.

2. Segmental information

(a) Business segments – primary reporting format

	Foundation works HK$'000	Trading of machinery and equipment HK$'000	Vessel chartering HK$'000	Total HK$'000
Year ended 31st March 2007				
Turnover	**51,086**	**2,926**	**68,589**	**122,601**
Segment results	**3,409**	**24,555**[(1)]	**23,751**	**51,715**
Interest income				**1,958**
Unallocated expenses				**(11,930)**
Operating profit				**41,743**
Finance costs				**(10,648)**
Income tax charge				**(1,922)**
Profit attributable to equity holders of the Company				**29,173**
As at 31st March 2007				
Segment assets	**165,030**	**9,036**	**85,453**	**259,519**
Unallocated assets				**49,811**
Total assets				**309,330**
Segment liabilities	**43,640**	**70**	**25,828**	**69,538**
Unallocated liabilities				**77,874**
Total liabilities				**147,412**
Year ended 31st March 2007				
Capital expenditure	**4,251**	**–**	**13,876**	**18,127**
Depreciation	**14,888**	**–**	**3,377**	**18,265**

	Foundation works HK$'000	Trading of machinery and equipment HK$'000	Vessel chartering HK$'000	Total HK$'000
Year ended 31st March 2006				
Turnover	43,649	2,488	50,623	96,760
Segment results	1,678	7,757[(1)]	15,012	24,447
Interest income				1,253
Unallocated expenses				(10,786)
Operating profit				14,914
Finance costs				(12,517)
Income tax credit				1,979
Profit attributable to equity holders of the Company				4,376
As at 31st March 2006				
Segment assets	224,651	9,149	73,141	306,941
Unallocated assets				50,424
Total assets				357,365
Segment liabilities	45,610	70	66,859	112,539
Unallocated liabilities				112,081
Total liabilities				224,620
Year ended 31st March 2006				
Capital expenditure	806	–	–	806
Depreciation	19,502	–	2,441	21,943

(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

	2007	2006
	HK$'000	*HK$'000*
Interest income	**1,958**	1,253
Gain on disposal of plant and equipment	**22,813**	8,134
Write-back of provision for impairment of receivables	**–**	15,000
Write-off of trade payables	**596**	–
Maintenance service income	**–**	118
Sales of scrap material	**2,324**	229
Sundries	**26**	31
	27,717	24,765

4. Operating profit

	2007	2006
	HK$'000	*HK$'000*
Operating profit is stated after charging:		
Cost of inventories sold	**1,900**	3,272
Direct cost of vessel chartering	**44,213**	32,869
Staff costs, excluding directors' emoluments		
– wages and salaries	**10,402**	13,135
– contributions to retirement scheme	**469**	501
Auditors' remuneration		
– current year	**838**	800
– under provision in prior year	**100**	–
Depreciation		
– owned plant and equipment	**16,276**	18,432
– leased plant and equipment	**1,989**	3,511
Operating lease rentals in respect of land and buildings	**3,481**	3,429
Vessel hiring expense	**3,115**	3,200

5. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest expense:		
– bank loans and overdrafts	**3,980**	5,472
– loan from a director	**2,377**	2,693
– other loan, secured	**3,724**	3,366
– finance leases	**567**	986
	10,648	12,517

6. Income tax charge/(credit)

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

	2007	2006
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**5,740**	1,902
Under-provision in prior years	**42**	–
Deferred income tax	**(3,860)**	(3,881)
	1,922	(1,979)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit before income tax	**31,095**	2,397
Calculated at statutory rate of 17.5% (2006: 17.5%)	**5,442**	419
Under-provision in prior years	**42**	–
Income not subject to tax	**(13,060)**	(9,450)
Expenses not deductible for tax purposes	**9,433**	7,352
Tax losses not recognised	**65**	32
Others	**–**	(332)
Tax charge/(credit)	**1,922**	(1,979)

7. Earnings per share

Basic earnings per share is calculated by dividing the consolidated profit attributable to equity holders of the Company of approximately HK$29,173,000 (2006: HK$4,376,000) by 300,000,000 (2006: 300,000,000) ordinary shares in issue during the year.

The exercise of share options would have no dilutive effect on the earnings per share for the years ended 31st March 2006 and 2007.

8. Dividends

A dividend in respect of the year ended 31st March 2007 of HK$0.02 per share, amounting to a total dividend of HK$6,040,000 is to be proposed at the Annual General Meeting on 6th September 2007. These financial statements do not reflect this dividend payable.

	2007	2006
	HK$'000	*HK$'000*
Proposed final dividend of HK$0.02 (2006: Nil) per ordinary share	**6,040**	–

9. Trade receivables

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

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**7,183**	15,372
Retention receivables	**3,118**	5,503
Receivables from a related party	**1,044**	–
	11,345	20,875

The aging analysis of the trade receivables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 90 days	**5,460**	9,983
91 to 180 days	**–**	801
181 to 365 days	**–**	953
More than one year	**1,723**	3,635
	7,183	15,372

10. Trade payables

Retention payable included in trade payables amounted to HK$167,000 (2006: HK$149,000). The ageing analysis of the remaining trade payables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 90 days	**1,404**	3,149
91 to 180 days	**31**	194
181 to 365 days	**8**	360
More than one year	**583**	1,573
	2,026	5,276

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group recorded notable improvement in its turnover and results for the year ended 31st March 2007 (the "Year") as a result of its strategic re-positioning. Turnover for the year amounted to HK$122.6 million, an increase of 27% from that for the year ended 31st March 2006 (the "Previous Year"), and the profit for the Year had a remarkable growth to HK$29.2 million from Previous Year's HK$4.4 million. The gross profit ratio for the Year more than doubled to 29% from that of 13% for the Previous Year. The rise in turnover and gross profit ratio are attributable to improvement in operational efficiency of m/v Asian Atlas and settlement received for variation works on a previously completed construction project. The Group enjoyed solid cash flow from the trading of machinery and equipment and vessel chartering, which lessened the Group's reliance on external financing and led to a reduction of HK$1.9 million, or 15%, in finance cost for the Year.

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

Vessel Chartering

Since the Group's acquisition of m/v Asian Atlas in March 2006, the vessel chartering operation has grown into the major revenue contributor, accounting for over 50% of the Group's turnover. M/v Asian Atlas had undergone overhaul during part of the Year and only attained a utilisation rate of approximately 30% for the Year. Management envisages the vessel's operating efficiency can be improved and a utilisation rate of over 70% can be achieved in the current year following completion of the overhaul works.

Since commencement of shipping operations two years ago, the Group has provided transportation solution to over-sized and heavy cargoes for clients including state-owned enterprises and contractors servicing large-scale infrastructure and oil exploration projects. While management is optimistic on accomplishing an improved utilisation of m/v Asian Atlas with an established client base, a key constraint to the vessel operation, at present, is the routing flexibility associated with a single vessel. Operating with a single vessel poses great challenge on managing the routing logistics, a process which is vital to the profitability of vessel charter. High level of re-positioning costs, in terms of both expenditures and time, might be involved to incept a charter should the locality of successive voyages are mismatched. The Group is therefore actively seeking opportunities to enhance its capacity in the shipping business with the acquisition of additional semi-submersible vessel(s) for added routing flexibility and efficiency, as well as expanded operating scale and profitability.

The semi-submersible shipping market had undergone hectic development in the past two years since the Group's entry into the field. Nonetheless, the heavy transportation capacity in supply remained insufficient, by far, to satisfy existing demand. Transportation rates are at lucrative level and on the rising, while voyage schedule of operators are lined up to year 2008 and beyond. High oil and gas prices are driving up demand for exploration and excavation facilities. The migration of such facilities between activity zones and service centers generates the majority of business opportunities for heavy transportation operators, with additional driving force from large-scale and international infrastructure projects. With a positive market outlook, proven operation track record, satisfied client base and potential synergies with its planned shipyard and marine engineering ventures, the Group sees great room for expansion and bright prospects ahead for its heavy transportation business.

Construction Projects

The local construction market remained highly competitive during the Year. Project prices are unattractive, despite a gradually increasing level of construction activities. The Group has completed all of its construction projects on hand with satisfactory results and has not contracted for any new projects during the Year. We have also successfully collected favourable settlement for variation works on a previously completed project during the Year, while settlement on another project has been collected subsequent to end of the Year.

The Group has shifted its focus onto construction business opportunities in the south-east Asia region, where infrastructure construction activities are booming. As a first step, the Group's has engaged a technology transfer agreement with a contractor, under which the Group will provide the required machinery, technical and supervisory personnel, on site, to a Malaysian infrastructure project. Should the Group's planned shipyard project in Vietnam currently under negotiation become crystallized, it shall also serve as a showcase for both its marine and land-based construction capability to pave way for participation in local infrastructure projects.

Machinery Trading

The fast economic growth in mainland China, south-east Asian region and the Middle East continued to bring on great demand for construction expertise and machinery. The relatively long lead time and rising material cost for production of heavy machinery further drove up the demand and prices of pre-owned equipment.

The Group is in an advantageous position to benefit from its reserve of construction equipment, trading network and technical expertise. The results from machinery trading for the Year amounted to over HK$24 million, more than triple of that for the Previous Year. The Group's planned expansion in transportation fleet and overseas construction ventures will provide a solid foundation for further growth in its machinery trading business.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31st March 2007, the Group had cash and bank balances of HK$48.5 million (2006: HK$48.7 million) and total borrowings of HK$104.1 million (2006: HK$157.9 million). Current portion of long term borrowings, short term borrowings and bank overdrafts as at 31st March 2007 amounted to HK$88.9 million (2006: HK$117.0 million). The Group's gearing ratio, calculated by dividing net borrowings by total equity, was 34% as at end of the Year (2006: 82%). Interest on the Group's borrowings was mainly on floating rate basis. The improvement in gearing was mainly attributable to operating cash flow from shipping business and proceeds from sale of plant and equipment.

The Group has administered procedures to alleviate pressure on its short term cash flow. Additional banking facilities has been arranged to provide buffer for short term financing needs, while the shipping and machinery trading operations can generate a stable stream of operating cash flow to meet funding requirement on a continuous 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 machinery and equipment held under finance leases and pledged for long-term bank loans amounted to HK$23.7 million and HK$1.8 million respectively. A vessel with net book value of HK$76.7 million is pledged to secure for other loan. Certain banking facilities are secured by bank deposits of HK$38.4 million.

Employees and Remuneration Policies

The Group has about 47 staff members (excluding directors) as at 31st March 2007 and provides competitive remuneration packages to employees which commensurate with individual job nature and performance.

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

Contingent Liabilities

As at 31st March 2007, the Group had contingent liabilities of approximately HK$5.1 million (2006: HK$5.1 million) in respect of a number of litigations arising in the normal course of its business. These include both claims against the Group and counterclaims made by defendants of actions initiated by the Group. The directors of the Company are of the opinion that the ultimate liability under these proceedings, if any, would not have a material impact on the financial position of the Group.

Event after the balance sheet date

On 11 April 2007, an action was lodged against a subsidiary of the Company, as owner of the vessel Asian Atlas ("ex-American Cormorant"), to claim for damages, indemnity or contribution against any liability, loss, damage or expenses suffered or to be suffered by a launchway-owner. The incident leading to the claim involved a collision between m/v Asian Atlas and a sub-surface launchway in the United States that happened in 2004 and prior to the Group's gaining ownership of the vessel. The ex-owner (ie. seller) of vessel has filed an action in the United States claiming various parties, including the launchway-owner, for damages to the vessel from the collision. The launchway-owner, in defence, asserted a claim against the vessel itself as above-mentioned for a total sum of US$4.5 million. As a result of this claim, the vessel Asian Atlas was arrested and the Group had placed a deposit of US$4.5 million with the High Court of the Hong Kong Special Administrative Region for its release. The deposit was funded partly by the Group's internal resources and partly by an interest-free advance by a director amounting to US$2.0 million.

The Company has sought the advice of a number of legal advisors and assessed that, based on legal principles and factual circumstances, the possibility of the vessel being adjudged any liability from the legal action is remote, and that the amount of deposit placed should be recovered in full. Furthermore, as provided for in the agreement for the purchase and sale of m/v Asian Atlas, the buyer of the vessel was indemnified by the seller of any liability pertaining to liens and encumbrances on the vessel prior to the buyer gaining ownership. Accordingly, the action against m/v Asian Atlas unlikely to give rise to any material losses to the Group and therefore, no provision has been made.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 to the Listing Rules throughout the Year, except there is no written terms on division of responsibilities between the Chairman and the Chief Executive Officer, which is a deviation from Code Provision A.2.1 of the CG Code which stipulates that the division of responsibilities should be clearly established and set out in writing. The Board considers that the responsibilities of the two positions are fundamentally distinct and therefore written terms of division are not necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee, comprising three independent non-executive directors, has reviewed the audited consolidated financial statements of the Group for the Year. The figures in respect of the preliminary announcement of the Group's results for the Year have been agreed by the Group's auditors, PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers and Lau & Au Yeung C.P.A. Limited on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited ("HKEx") at www.hkex.com.hk under "Latest Listed Company Information" and on the Company's website at www.samwoo-group.com under the section "Investor Relation". The annual report for the Year containing all the information required by the Listing Rules will be published on the HKEx website and the Company's website and dispatched to the Company's shareholders in due course.

By order of the Board of
SAM WOO HOLDINGS LIMITED
LAU Chun Ming
Chairman

Hong Kong, 6 July 2007

* *For identification purposes only*

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.