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 2006

The board (the "Board") of directors of Sam Woo Holdings Limited (the "Company") is pleased to present the unaudited consolidated financial statements for the six months ended 30 September 2006 (the "Period") of the Company and its subsidiaries (collectively the "Group"), together with comparative figures for the corresponding period in 2005 (the "Previous Period"), as follow.

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

		Unaudited	
		Six months ended 30 September	
	Note	**2006**	2005
		HK$'000	*HK$'000*
Turnover	*2*	**74,779**	28,482
Cost of sales		**(43,482)**	(30,866)
Gross profit/(loss)		**31,297**	(2,384)
Other income	*3*	**1,486**	15,700
Administrative expenses		**(10,345)**	(10,555)
Transfer to deferred income		**–**	(1,157)
Operating profit	*4*	**22,438**	1,604
Finance costs		**(6,124)**	(5,892)
Profit/(loss) before income tax		**16,314**	(4,288)
Income tax credit	*5*	**163**	350
Profit/(loss) for the period		**16,477**	(3,938)
Attributable to:			
Equity holders of the Company		**16,477**	(3,938)
Earnings/(loss) per share attributable to the equity holders of the Company during the period			
Basic and diluted	*7*	**HK5.49cents**	HK(1.31cents)

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2006

	Note	Unaudited 30 September 2006 *HK$'000*	Audited 31 March 2006 *HK$'000*
ASSETS			
Non-current assets			
Plant and equipment		**236,319**	255,603
Deferred tax assets		**1,612**	1,401
		237,931	257,004
Current assets			
Trade receivables	*8*	**33,138**	20,875
Deposits, prepayments and other receivables		**3,866**	5,849
Inventories		**13,599**	9,822
Amounts due from customers for contract work		**15,367**	15,105
Amount due from a related company		**3,049**	–
Cash and bank balances			
Unrestricted		**2,507**	1,928
Restricted		**37,000**	46,782
		108,526	100,361
Total assets		**346,457**	357,365
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**30,000**	30,000
Reserves		**119,222**	102,745
Total equity		**149,222**	132,745
LIABILITIES			
Non-current liabilities			
Loan from a director		**42,623**	40,152
Long-term liabilities		**1,975**	727
Deferred tax liabilities		**27,619**	29,436
		72,217	70,315
Current liabilities			
Trade payables	*9*	**13,100**	5,425
Accruals and other payables		**9,339**	9,048
Amounts due to related companies		**783**	3,598
Amounts due to directors		**7,674**	17,655
Short-term borrowings		**35,140**	39,040
Current portion of long-term liabilities		**3,818**	17,523
Taxation payable		**3,164**	1,576
Bank overdrafts		**52,000**	60,440
		125,018	154,305
Total liabilities		**197,235**	224,620
Total equity and liabilities		**346,457**	357,365
Net current liabilities		**(16,492)**	(53,944)
Total assets less current liabilities		**221,439**	203,060

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 2006 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 2006 in accordance with SAS 700.

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 2006 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 January 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 May 2006 or later periods. The Group has not early adopted these new standards, amendments and interpretations for the period ended 30 September 2006. 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.

Application of merger accounting

The Group applied the Accounting Guideline No. 5 – "Merger Accounting for Common Control Combination", using the principles of merger accounting to account for the acquisition of Master View Co., Ltd ("Master View") which was completed on 15 March 2006.

The acquisition is a combination of businesses under common control since Mr. Lau Chun Ming is the substantial shareholder of both the Group and Master View. As a result, the Group accounted for the acquisition in a manner similar to a uniting of interests, whereby the assets and liabilities acquired are accounted for at historical cost to the Group. The consolidated financial statements have been restated to give effect to the acquisition with all periods presented as if the operations of the Group and Master View have always been combined. The difference between the purchase consideration and the issued share capital of Master View of HK$7 has been adjusted against equity.

The effect of adopting merger accounting to account for the acquisition of Master View to the condensed consolidated income statement for the period is as follows:

The condensed consolidated income statement for the period ended 30 September 2006:

	The Group	**Master View**	**Adjustments**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit attributable to equity holders of the Group	932	15,545	–	16,477

The condensed consolidated income statement for the period ended 30 September 2005:

	The Group	**Master View**	**Adjustments**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit /(loss) attributable to equity holders of the Group	2,571	(6,509)	–	(3,938)

2. Segmental information

(a) Business segments – primary reporting format

	Unaudited Six months ended 30 September 2006			
	Foundation works *HK$'000*	**Trading of machinery and equipment** *HK$'000*	**Vessel chartering** *HK$'000*	**Total** *HK$'000*
Turnover	**18,139**	**16,499**	**40,141**	**74,779**
Segment results	**(6,128)**	**14,559**	**18,928**	**27,359**
Interest income				**869**
Unallocated expenses				**(5,790)**
Operating profit				**22,438**
Finance costs				**(6,124)**
Income tax credit				**163**
Profit attributable to equity holders of the Company				**16,477**
Capital expenditure	**274**	**–**	**13,876**	**14,150**
Depreciation	**7,620**	**–**	**1,596**	**9,216**
As at 30 September 2006, unaudited				
Segment assets	**189,120**	**11,404**	**104,378**	**304,902**
Unallocated assets				**41,555**
Total assets				**346,457**
Segment liabilities	**31,119**	**70**	**77,006**	**108,195**
Unallocated liabilities				**89,040**
Total liabilities				**197,235**

2. **Segmental information (Continued)**

(a) *Business segments – primary reporting format (Continued)*

	Foundation works	Trading of machinery and equipment	Vessel chartering	Total
	Unaudited Six months ended 30 September 2005			
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	12,604	8,149	7,729	28,482
Segment results	4,804	4,900	(3,821)	5,883
Interest income				437
Unallocated expenses				(4,716)
Operating profit				1,604
Finance costs				(5,892)
Income tax credit				350
Loss attributable to equity holders of the Company				(3,938)
Capital expenditure	706	–	–	706
Depreciation	11,114	–	1,221	12,335
As at 31 March 2006, audited				
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

(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	
	2006	2005
	HK$'000	*HK$'000*
Interest income	**869**	437
Gain on disposal of other fixed assets	**22**	27
Write-back of provision for impairment of receivables	**–**	15,000
Write off of accounts payable	**595**	–
Sales of scrap material	**–**	229
Sundries	**–**	7
	1,486	15,700

4. Operating profit

	Unaudited Six months ended 30 September	
	2006	2005
	HK$'000	*HK$'000*
Operating profit is stated after charging:		
Cost of inventories sold	**1,900**	3,236
Staff costs, excluding directors' emoluments	**3,290**	6,491
Auditors' remuneration	**–**	100
Depreciation		
Owned plant and equipment	**8,344**	9,976
Leased plant and equipment	**872**	2,359
Operating lease rentals in respect of land and buildings	**1,715**	1,723
Vessel hiring expenses	**2,100**	2,100

5. Income tax credit

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 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	
	2006	2005
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**1,865**	2,127
Deferred income tax	**(2,028)**	(2,477)
	(163)	(350)

6. Dividends

The Directors do not recommend the payment of dividend in respect of the six months ended 30 September 2006 (2005: nil).

7. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the consolidated profit attributable to equity holders of the Company of approximately HK$16,477,000 (2005: loss of approximately HK$3,938,000) by 300,000,000 (2005: 300,000,000) ordinary shares in issue during the period.

The exercise of share options would have no dilutive effect on the earnings/(loss) per share for the periods ended 30 September 2006 and 30 September 2005.

8. Trade receivables

Receivables in respect of contracting work in progress are usually received within one month after the issuance of architects' certificates. Retention held by customers for contract works included in trade receivables as at 30 September 2006 amounted to HK$5,503,000 (31 March 2006: HK$5,503,000). The ageing analysis of the remaining trade receivables is as follows:

	Unaudited 30 September 2006	Audited 31 March 2006
	HK$'000	*HK$'000*
0 to 90 days	**23,946**	9,983
91 to 180 days	**–**	801
181 to 365 days	**1,140**	953
More than one year	**2,549**	3,635
	27,635	15,372

9. Trade payables

Retention payable included in trade payables as at 30 September 2006 amounted to HK$181,000 (31 March 2006: HK$149,000). The ageing analysis of the remaining trade payables is as follows:

	Unaudited 30 September 2006 *HK$'000*	Audited 31 March 2006 *HK$'000*
0 to 90 days	**11,644**	3,149
91 to 180 days	**323**	194
181 to 365 days	**369**	360
More than one year	**583**	1,573
	12,919	5,276

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group recorded a turnover of HK$74.8 million for the Period, a more than 1.5 times increase from that of HK$28.5 million for the Previous Period. Revenue contributed by heavy marine transportation increased to HK$40.1 million, whereas that for the Previous Period was only HK$7.7 million as the Group's semi-submersible vessel, m/v Asian Atlas, was not yet in full operation during the Previous Period. The turnover of the trading of construction machinery and equipment doubled to HK$16.5 million for the Period from that of HK$8.1 million for the Previous Period as certain sales had been finalized after a period of negotiations. Revenue contribution from foundation works increased to HK$18.1 million due to works on a private property development project having commenced during the Period.

The gross profit for the Period was HK$31.3 million whereas a gross loss of HK$2.4 million was recorded for the Previous Period. Heavy marine transportation brought in a gross profit of HK$20.1 million for the Period while gross loss of HK$2.9 million was incurred for the Previous Period.

Overall, the Group recorded an after tax profit of HK$16.5 million for the Period as compared to an after tax loss of HK$3.9 million for the Previous Period. The improvement in results is mainly attributable to contributions from heavy marine transportation, partially offset by the reduction in other income. The amount of other income in the Previous Period was mainly related to claims received for works on a completed foundation project.

Heavy marine transportation's contribution to the Group's turnover and profits are expected to grow further in the second half of the current financial year when m/v Asian Atlas can operate on a continuous basis following completion of upgrading works in June 2006. The Group has been actively pursuing negotiations on settlement for variation works of certain previously completed projects during the Period and envisages satisfactory conclusion can be reached and be reflected in the Group's full year results for the current financial year. Numerous and frequent enquiries have been received from established and potential customers expressing interests in purchasing used construction equipment and it is expected that further sales at attractive prices will be completed within the current financial year.

The Group enjoys strong net cash inflows from heavy marine transportation and takes the leading position in the provision of heavy marine transportation business in the region. The Company is committed to generating the highest possible return for its shareholders. It is the Group's strategy to continuously enhance its capacity in heavy marine transportation, including through the acquisition of additional transport vessels should the need and opportunity arise. At the same time, with its established construction and transportation capabilities, the Group is well-fitted and keen to take on profitable construction projects in overseas markets. By strengthening its foothold in the heavy marine transport industry and establishing a presence in the field of marine engineering and in foundation construction market overseas, the Group faces new challenges ahead as well as great prospects of rewards.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

The Group's total assets and net assets as at 30 September 2006 amounted to HK$346.5 million (31 March 2006: HK$357.4 million) and HK$149.2 million (31 March 2006: HK$132.7 million) respectively.

As at 30 September 2006, the Group had cash and bank balances of HK$39.5 million (31 March 2006: HK$48.7 million) and total borrowings of HK$135.6 million (31 March 2006: HK$157.9 million). Current portion of long term borrowings, short term bank loans and bank overdrafts as at 30 September 2006 amounted to HK$91.0 million (31 March 2006: HK$117.0 million). The Group's gearing ratio, calculated by dividing the Group's net borrowings by total equity, was 0.64 (31 March 2006: 0.82) at the end of the Period. 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 no 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$18.1 million and HK$11.7 million respectively. A vessel with net book value of HK$78.5 million is pledged to secure for other loan. Certain banking facilities were secured by bank deposits of HK$37.0 million.

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 Period.

CORPORATE GOVERNANCE

Save as disclosed below, 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.

The Company has not adopted written terms on division of responsibilities between its chairman and chief executive officer. The Board considers that the responsibilities of the two positions are fundamentally distinct and therefore written terms of division are not necessary.

Two of the Company's directors have been serving on the Board for four consecutive years up to the Company's last Annual General Meeting held on 1 September 2006, at which all directors whom have served consecutively for three or more years retired in accordance with the Company's amended bye-laws. As at the end of the Period, none of the directors have served for more than three consecutive years.

REVIEW BY AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, has reviewed the interim report and unaudited financial statements of the Group for the six months ended 30 September 2006.

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

Hong Kong, 21 November 2006

* *for identification purpose 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.

Please also refer to the published version of this announcement in The Standard.