



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)


(Stock Code : 2322)

INTERIM REPORT 10/11



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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”).

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 note 23 to the condensed consolidated financial statements 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 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 and assignment of loans owed by Sam Woo Group Limited together with its subsidiaries to the Company upon completion for a consideration of HK\$140 million. For details, please refer to note 23 to the condensed financial statements in this report.



DISCLOSURE OF INTERESTS OF DIRECTORS

As at 30 September 2010, the interests and short positions of directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance, or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, are as follows:

(a) Directors' interest in the Company:

Name of director	Number of shares	Approximate percentage of shareholding	Capacity
Mr. Lau Chun Ming	Long position 1,700,000,000 shares (<i>Note 1</i>)	56.29%	Interest of his spouse
Mr. Lau Chun Kwok	Long position 225,000,000 shares (<i>Note 2</i>)	7.45%	Interest of a controlled company
Mr. Lau Chun Ka	Long position 225,000,000 shares (<i>Note 3</i>)	7.45%	Interest of a controlled company
Ms. Leung Lai So	Long position 1,700,000,000 shares (<i>Note 1</i>)	56.29%	Beneficiary of a discretionary trust
Mr. Chan Sun Kwong	Long position 5,000,000 shares	0.16%	Beneficial owner
Mr. Chiu Kam Kun, Eric	Long position 680,000 shares	0.02%	Beneficial owner
Dr. Lee Peng Fei, Allen	Long position 4,320,000 shares	0.14%	Beneficial owner
Professor Wong Sue Cheun, Roderick	Long position 5,000,000 shares	0.16%	Beneficial owner

(b) Directors' interest in the associated corporations:

Name of director	Name of company	Number of shares	Approximate percentage of shareholding	Capacity
Ms. Leung Lai So	Actiease Assets Limited	Long position 61 shares	100%	Beneficiary of a discretionary trust
Ms. Leung Lai So	Silver Bright Holdings Limited	Long position 10,000 shares	100%	Beneficiary of a discretionary trust

Notes:

- 1,700,000,000 shares were held by Actiease Assets Limited, a company wholly-owned by Silver Bright Holdings Limited which is indirectly owned by a discretionary trust of which Ms. Leung Lai So is a beneficiary.
- 225,000,000 shares were held by CKL Development Limited, a corporation which is controlled by Mr. Lau Chun Kwok.
- 225,000,000 shares were held by Nice Fair Group Limited, a corporation which is controlled by Mr. Lau Chun Ka.



DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as the directors are aware, the interest and short positions of the persons, other than a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance as at 30 September 2010 are as follows:

Name of substantial shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Actiease Assets Limited	Long position 1,700,000,000 shares	56.29%	Beneficial owner
Silver Bright Holdings Limited	Long position 1,700,000,000 shares	56.29%	Interest of a controlled company
ManageCorp Limited	Long position 1,700,000,000 shares	56.29%	Trustee
DBS Trustee H.K. (Jersey) Limited (formerly known as Dao Heng Trustee (Jersey) Limited) as trustee of The LCM 2002 Trust	Long position 1,700,000,000 shares	56.29%	Trustee
CKL Development Limited	Long position 225,000,000 shares	7.45%	Beneficial owner
Nice Fair Group Limited	Long position 225,000,000 shares	7.45%	Beneficial owner
Ms. Tang Lin Ngor	Long position 225,000,000 shares	7.45%	Interest of her spouse
Ms. Ip Fung Sheung	Long position 225,000,000 shares	7.45%	Interest of her spouse



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 Rules Governing the Listing of Securities (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.

BOARD OF DIRECTORS

Pursuant to disclosure requirements under Rule 13.51B on provision of information in respect of directors, it was informed that Mr. Chan Sun Kwong was appointed as an independent non-executive director of Creative Energy Solutions Holdings Limited on 29 July 2010, the shares of which were listed on the Growth Enterprise Market of the Stock Exchange.



As at the date of this report, the executive directors of the Company 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.

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

Hong Kong, 25 November 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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



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	484	396
		<hr/> 262,212 <hr/>	<hr/> 244,128 <hr/>
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		–	26
		<hr/> 111,704 <hr/>	<hr/> 144,451 <hr/>
Total assets		<hr/> 373,916 <hr/>	<hr/> 388,579 <hr/>
EQUITY			
Capital and reserves			
Share capital	15	30,200	30,200
Reserves		152,404	165,764
Proposed final dividend		2,114	2,114
Total equity		<hr/> 184,718 <hr/>	<hr/> 198,078 <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2010

		Unaudited	Audited
		30 September	31 March
		2010	2010
<i>Notes</i>		HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	16	54,645	40,843
Deferred taxation liabilities	17	15,209	15,135
		<hr/>	<hr/>
		69,854	55,978
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
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		465	–
		<hr/>	<hr/>
		119,344	134,523
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		189,198	190,501
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total equity and liabilities		373,916	388,579
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Net current (liabilities)/assets		(7,640)	9,928
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Total assets less current liabilities		254,572	254,056
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS 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	–	–	(3,020)	(3,020)
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	–	–	(13,360)	(13,360)
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 SIX MONTHS ENDED 30 SEPTEMBER 2010

		Unaudited	
		Six months ended	
		30 September	
		2010	2009
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
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		(14,542)	(4,694)
Decrease in cash and cash equivalents		(2,902)	(22,499)
Cash and cash equivalents at beginning of the period		(19,442)	(20,182)
Cash and cash equivalents at end of the period	14	(23,344)	(42,681)



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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
	HK\$'000	HK\$'000
Turnover		
Vessel chartering revenue	–	36,361
Construction contract revenue	44,256	–
	<hr/>	<hr/>
	44,256	36,361
	<hr/>	<hr/>

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.



3 Revenue and segment information (Continued)

(a) 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)
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

Non-current assets				
Plant and equipment	195,160	–	66,568	261,728
Current assets	32,571	7,305	15,512	55,388
Segment assets	227,731	7,305	82,080	317,116
Unallocated:				
Deferred taxation assets				484
Cash and bank balance				55,804
Others				512
Total assets per statement of financial position				373,916
Segment liabilities	7,016	–	1,921	8,937
Unallocated:				
Deferred taxation liabilities				15,209
Amounts due to directors				26,731
Borrowings				136,188
Tax payable				465
Others				1,668
Total liabilities per statement of financial position				189,198

3 Revenue and segment information (Continued)

(a) Segment information (Continued)

	Unaudited Six months ended 30 September 2009			Total HK\$ '000
	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



3 Revenue and segment information (Continued)

(b) Revenue are derived from the following major customers

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

4 Other income

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

5 Expenses by nature

	Unaudited	
	Six months ended	
	30 September	
	2010	2009
	HK\$'000	<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/>

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
	-----	-----
	2,320	1,682
	-----	-----
Finance costs, net	2,297	1,641
	-----	-----

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
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current taxation	491	–
Deferred taxation (<i>note 17</i>)	(14)	(2,511)
	-----	-----
	477	(2,511)
	-----	-----

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
	HK\$'000	HK\$'000
(Loss)/profit attributable to equity holders	(13,360)	3,523
Number of ordinary shares in issue	3,020,000,000	3,020,000,000
Basic and diluted (losses)/earnings per share	(HK0.442 cent)	HK0.117 cent

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



11 Trade and retention receivables (Continued)

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 HK\$'000	Audited 31 March 2010 HK\$'000
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
	27,563	42,739

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 HK\$'000	Audited 31 March 2010 HK\$'000
0 to 90 days	7,613	20,694
91 to 180 days	–	11,640
181 to 365 days	11,640	–
More than one year	40	40
	19,293	32,374

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.

11 Trade and retention receivables (Continued)

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 HK\$'000	Audited 31 March 2010 HK\$'000
More than one year	8,270	8,270

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

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

12 Deposits, prepayments and other receivables

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



13 Contracting work-in-progress

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

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	46,542	65,262
	<hr/>	<hr/>
	55,804	69,795
Less: Cash and bank balances – restricted	(46,542)	(65,237)
	<hr/>	<hr/>
Cash and bank balances – unrestricted	9,262	4,558
	<hr/>	<hr/>

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>)	(31,606)	(47,239)
	<hr/>	<hr/>
	(22,344)	(42,681)
	<hr/>	<hr/>

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	100,000	100,000
Issued and fully paid: 3,020,000,000 ordinary shares of HK\$0.01 each	30,200	30,200

16 Long-term borrowings

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



16 Long-term borrowings (Continued)

Notes:

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

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

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	18,467	16,795	18,964	17,421
	55,783	46,073	58,989	49,070
Finance charges			(3,206)	(2,997)
			55,783	46,073

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 (<i>note 7</i>)	14	604
At end of the period/year	(14,725)	(14,739)

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	(2,060)	(3,099)
At end of the period/year	(25,371)	(23,311)

Deferred taxation assets – Tax losses

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



17 Deferred taxation (Continued)

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 HK\$'000	Audited 31 March 2010 HK\$'000
Deferred taxation liabilities	(15,209)	(15,135)
Deferred taxation assets	484	396
	<u>(14,725)</u>	<u>(14,739)</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 HK\$'000	Audited 31 March 2010 HK\$'000
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
	<u>4,447</u>	<u>11,938</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	Audited
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
Bank overdrafts (<i>note 14</i>)	31,606	35,506
Short-term bank loans, secured	19,000	19,000
Short-term bank loans, unsecured	4,398	18,714
	<hr/>	<hr/>
Short-term bank borrowings	55,004	73,220
	<hr/>	<hr/>

21 Commitments

(a) Capital commitment

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

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



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
	HK\$'000	HK\$'000
Rental expenses to related companies (<i>note (a)</i>)	1,488	1,488
Consultancy fees paid to related companies (<i>note (b)</i>)	840	840
	2,328	2,328

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.

23 Events after the reporting period (Continued)

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 HK\$'000
Total assets	270,350
Total liabilities	192,031
Net Assets	78,319

24 Comparative figures

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