Samson Holding Ltd.

順誠控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 531.hk)

Interim Report 2006

* for identification purpose only

CORPORATE PROFILE

Samson Holding Ltd. is one of the leading wholesalers in the U.S. residential furniture industry. We distinguish ourselves in our industry through our vertically-integrated U.S. wholesaler and Chinese manufacturer business model. This business model provides us with the competitive advantage of large-scale and cost-effective manufacturing facilities in China to support our U.S. branded products business. Our vertically-integrated business model is further enhanced by our comprehensive logistics and delivery capabilities that provide our customers with the flexibility to mix different furniture collections in their respective shipments.

We produce and market a wide range of high quality residential furniture at mid to high price points for the U.S. wholesale market under our own brand names, “Universal Furniture”, “Legacy Classic” and “Craftmaster”. We are committed to offering quality furniture with a high degree of perceived value at attractive prices, combined with comprehensive customer service. In addition to our powerful and trusted brands, our manufacturing division in China, operating under the name of Lacquer Craft, is the preferred original equipment manufacturer to many leading furniture brands and private label retailers in the North America and the rest of the world.

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CORPORATE INFORMATION

Executive Directors

Mr. Shan Huei KUO *(Chairman)*
Ms. Yi-Mei LIU *(Deputy Chairman)*
Mr. Mohamad AMINOZZAKERI

Non-executive Director

Mr. Sheng Hsiung PAN

Independent Non-executive Directors

Ms. Huei-Chu HUANG
Mr. Ming-Jian KUO
Mr. Siu Ki LAU

Audit Committee

Mr. Siu Ki LAU *(Chairman)*
Ms. Huei-Chu HUANG
Mr. Sheng Hsiung PAN

Remuneration Committee

Mr. Ming-Jian KUO *(Chairman)*
Ms. Huei-Chu HUANG
Mr. Sheng Hsiung PAN

Company Secretary

Ms. Pik Yuk CHENG

Authorized Representatives

Ms. Yi-Mei LIU
Ms. Pik Yuk CHENG

Registered Office

Scotia Centre, 4th Floor
P. O. Box 2804, George Town
Grand Cayman
Cayman Islands

Stock Code

The Stock Exchange of Hong Kong Limited: 531

Websites

http://www.universalfurniture.com/
http://www.legacyclassic.com/
http://www.legacyclassickids.com/
http://www.cmfurniture.com/

Principal Places of Business

China:
Jian She Road, Jin Ju Village
Daling Shan Town, Dongguan City
Guang Dong Province
China, 523830

China Timber Industry City Development Area
No. 2 Taicheng Road
Jia Shan County
Zhejiang Province
China, 314100

Level 28, Three Pacific Place
1 Queen's Road East
Hong Kong

United States of America:
6530 Judge Adams Road, Suite 106
Whitsett, NC 27377
USA

4190 Eagle Hill Drive
High Point, NC 27265
USA

221 Craftmaster Road
Hiddenite, NC 28636
USA

Auditors

Deloitte Touche Tohmatsu

Principal Bankers

Bank SinoPac
Chinatrust Commercial Bank
Fubon Bank (Hong Kong) Limited
Wachovia Bank, National Association

Share Registrars and Transfer Offices

Principal:
Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands

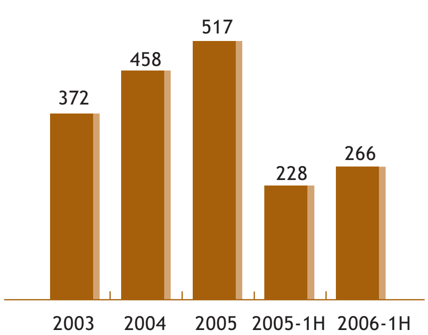
Hong Kong Branch:
Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

FINANCIAL HIGHLIGHTS

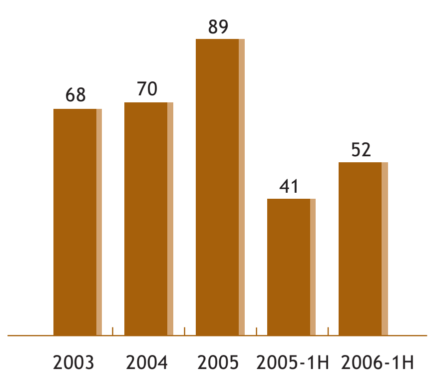
	Six months ended 30 June 2006 *US$'000*	Six months ended 30 June 2005 *US$'000*	**Six months ended 30 June 2006 *HK$'000****	Six months ended 30 June 2005 *HK$'000**	% Changes
Operating results					
Turnover	**266,471**	228,261	**2,078,474**	1,780,436	16.7
Gross profit	**87,994**	79,270	**686,353**	618,306	11.0
Earnings before interest and tax	**54,950**	44,644	**428,610**	348,223	23.1
Profit for the period	**52,002**	40,768	**405,616**	317,990	27.6
Earnings per share *(US/HK cents)*	**1.9**	1.8	**15**	14	5.6

	As at 30 June 2006 *US$'000*	As at 31 December 2005 *US$'000*	**As at 30 June 2006 *HK$'000****	As at 31 December 2005 *HK$'000**	% Changes
Financial position					
Total assets	**522,840**	447,730	**4,078,152**	3,492,294	16.8
Net current assets	**267,102**	242,377	**2,083,396**	1,890,541	10.2
Shareholders' equity	**403,178**	368,646	**3,144,788**	2,875,439	9.4

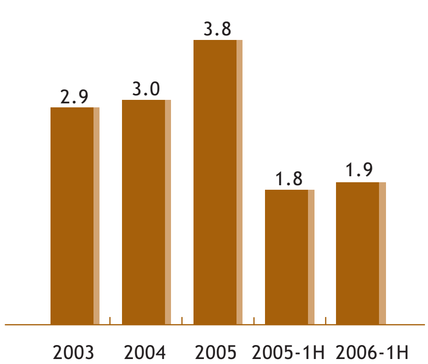
Turnover
(US$MN)



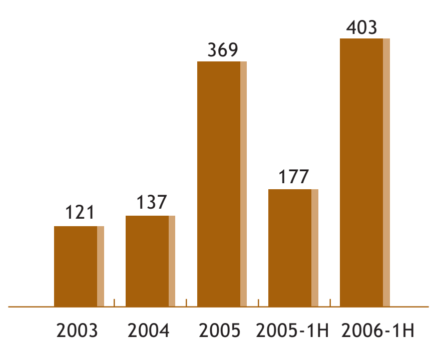
Profit for the year/period
(US$MN)



Earnings per share
(US cents)



Shareholders' equity
(US$MN)



* exchange rate: US$1 to HK$7.8 (for reference only)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our principal goal is to maintain and strengthen our position as one of the leading wholesalers in the U.S. residential furniture market and to become one of the leading players in the furniture industry globally by increasing our market share in both our branded and original equipment manufacturer ("OEM") businesses.

We are pleased to see that we managed to weather the market volatility and maintain our business growth during the first half of 2006.

During the period under review, turnover increased 16.7%. We weathered the softening U.S. economic environment to maintain the sales growth by organic growth and acquisition. Taking advantage of the increasing number of U.S. furniture companies outsourcing production to Asia, we have successfully leveraged our sophisticated manufacturing facilities to boost our OEM business.

During the period under review, Craftmaster Furniture, Inc. ("Craftmaster"), a wholly-owned subsidiary of the Company, acquired the net operating assets of Craftmaster Furniture Corporation. The purchase of assets establishes the U.S. upholstery manufacturing facility for the Group, supplementing the Group's successful fully assembled imported upholstery program under Universal Furniture International, Inc.. With the Group's expertise in sourcing upholstery products in China, the Group has the ability to enhance the upholstery product line by taking advantage of the benefits that China offers to U.S. upholstery manufacturing. The Group will also benefit from the acquisition by providing the Group's upholstery division with expanded special order capabilities through the acquired facilities.

FINANCIAL REVIEW

Turnover for the six months period under review was approximately US$266.5 million, an increase of US$38.2 million or 16.7% compared with the same period in 2005.

Gross profit margin decreased to 33.0% from 34.7% for the same period in 2005, mainly due to the change in product mix and increase in production costs.

Total operating expenses slightly increased to US$37.3 million from US$36.2 million for the same period in 2005.

Profit for the period increased by 27.6% to US$52 million. Net profit margin increased to 19.5% from 17.9% for the same period in 2005.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2006, the Group's cash and cash equivalents was US$103.3 million (31 December 2005: US$110.6 million), the bank borrowing was US$38.5 million (31 December 2005: nil) and the gearing ratio (total bank borrowings/shareholders' equity) was 9.6% (31 December 2005: nil).

Cash and cash equivalents held by the Group are mainly denominated in United States dollars, Renminbi and Hong Kong dollars. The bank borrowings are denominated in United States dollars, carry interest at floating rates and are repayable within five years.

Our sources of liquidity include cash and cash equivalents, investments held-for-trading, cash from operations and general banking facilities granted to the Group. The Group intends to maintain strong and prudent liquidity for day-to-day operations and business development.

As at 30 June 2006, the Group held US$60 million investments held-for-trading, which represent investment in commercial papers, that offer the Group the opportunity for high interest return.

As substantially all of our revenue and most of our cost of sales are denominated in US dollars, we have not had any material foreign exchange gains or losses in connection with our operations. In order to minimize our foreign exchange exposure on appreciation of Renminbi, the Group entered into foreign exchange forward contracts. As at 30 June 2006, outstanding forward exchange contracts amounted to US$70 million (31 December 2005: nil).

The Group's current assets increased by 12.6% to US$360.7 million (31 December 2005: US$320.3 million) and the Group's current liabilities increased by 20.2% to US$93.6 million (31 December 2005: US$77.9 million).

The current ratio (current assets/current liabilities) was 3.9 times (31 December 2005: 4.1 times).

OUTLOOK

Facing the uncertainty in U.S. macro economic environment including the direction of the interest rate in U.S. and softening U.S. housing market, we are committed to make every endeavour for the business growth and increase our market share through introducing new initiatives such as solid wood furniture and a program to increase sales at small dealers and increasing variety of upholstery products. We will take the advantage of uncertainty in market environment to identify any acquisition opportunities appropriate to our business needs and strategies.

CONTINGENT LIABILITIES

Except as disclosed in note 14 to the condensed consolidated financial statements, the Group did not have any material contingent liabilities as at 30 June 2006.

PLEDGE OF ASSETS

As at 30 June 2006, the Group's inventories of US$10.4 million (31 December 2005: US$10.8 million) and trade and other receivables of US$46.0 million (31 December 2005: US$57.0 million) had been pledged to banks to secure the general banking facilities granted to the Group.

CAPITAL EXPENDITURE

Capital expenditures for the six months ended 30 June 2006 amounted to US$27.7 million compared to US$7.5 million for the same period in last year. Capital expenditures were mainly incurred for the expansion of our production and warehouse capacity at our Dongguan and Jiashan facilities.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2006, the Group employed approximately 13,600 (31 December 2005: 12,500) full-time employees in the People's Republic of China (the "PRC"), U.S. and Taiwan. The total staff cost for the six months ended 30 June 2006 was US$24.5 million (six months ended 30 June 2005: US$18.4 million).

The Company believes that the ability to grow as a successful business depends on the quality of our management and employees. The Company is committed to recruiting, training and retaining skilled and experienced people throughout our operations globally to better serve our customers. There have been no material changes in respect of the employee remuneration, remuneration policies and staff development as disclosed in the 2005 Annual Report.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Shan Huei KUO, also known as Samuel Kuo, aged 50, is an Executive Director, Chairman of our board of directors and Chief Executive Officer of Lacquer Craft Mfg. Co., Ltd (Dongguan) ("Lacquer Craft (Dongguan)") and Lacquer Craft Mfg. Co., Ltd (Zhejiang) ("Lacquer Craft (Zhejiang)") (hereinafter collectively referred to as "Lacquer Craft"). Mr. Kuo is one of the founders of our business and has been one of the principal managers responsible for our business and corporate strategy, marketing and production operations and expansion strategies. Mr. Kuo has more than 20 years of experience in the furniture business in Taiwan, the PRC and the USA. Mr. Kuo is also the chairman of the Taiwan Businessmen's Association Dongguan, which has over 3,400 members. Mr. Kuo served two years in the military in Taiwan after obtaining a Bachelor of Arts degree in Economics Development from Tamkang University in 1978.

Yi-Mei LIU, also known as Grace Liu, aged 49, is an Executive Director and our Deputy Chairman. Ms. Liu is, together with her husband, Mr. Shan Huei Kuo, one of the founders of our business. Ms. Liu has over 20 years of experience in the furniture business and she has been closely involved in executing the corporate strategy and daily operations of our Group. In addition to her general management role, she oversees the financial control, cash management and human resources operations of our business. Ms. Liu obtained a Bachelor of Arts degree in English Literature from Suzhou University in 1979.

Mohamad AMINOZZAKERI, also known as Mohamad Amini, aged 45, is President of Lacquer Craft and has been with our Group since May 1995. Mr. Amini was appointed an Executive Director on 24 October 2005. Prior to becoming President, he held senior management positions in Lacquer Craft both in manufacturing and sales and marketing, and was formerly the executive Vice-President of Lacquer Craft. Mr. Amini owned and operated furniture retail stores in California and Arizona for 6 years before that. Mr. Amini has over 20 years of experience in the furniture industry. Mr. Amini obtained a Bachelor of Science degree in Mechanical Engineering from California State University in Long Beach in 1983.

Non-executive Director

Sheng Hsiung PAN, also known as William Pan, aged 51, was appointed a Non-executive Director on 24 October 2005. Mr. Pan is the Chief Executive Officer of Tai-Chuan Wooden MFG Co., Ltd, a cue manufacturer. Mr. Pan has over 18 years of experience in sales, marketing, manufacturing, and product development in the cue industry and sales and marketing in billiard table and related accessories. Mr. Pan obtained a Bachelor of Arts degree in Economics Development from Tamkang University in 1979.

Independent Non-executive Directors

Huei-Chu HUANG, also known as Laura Huang, aged 50, was appointed an Independent Non-executive Director on 24 October 2005. With over 17 years of experience in corporate finance, financial advisory and management and capital markets, Ms. Huang has an extensive track record of executing international offerings for Taiwanese companies. Ms. Huang is Executive Vice President and Head of Investment Banking at China Development Financial Holding Corporation, Taiwan since January 2006. Prior to this, Ms. Huang was Managing Director and the Head of Taiwan Investment Banking at Merrill Lynch from 2002 to 2005. Prior to joining Merrill Lynch, Ms. Huang spent six years as Global Head of Corporate Finance at Barits Securities, Taiwan where Ms. Huang was in charge of all capital markets transactions, with a focus on Taiwan, China and Hong Kong. Previously, Ms. Huang spent 8 years as Senior Vice President in the Capital Markets/International Department of Grand Cathay Securities, responsible for capital markets business. Ms. Huang received a Master of Business Administration degree from the University of Missouri and a Bachelor of Business Administration degree from Fu Jen Catholic University, Taipei, Taiwan.

Ming-Jian KUO, also known as Andrew Kuo, aged 44, was appointed an Independent Non-executive Director on 24 October 2005. Mr. Kuo was appointed Managing Director of H&Q Asia Pacific (H&Q) in September 2005. Before joining H&Q, Mr. Kuo was the Senior Country Officer and Head of Investment Bank of JPMorgan Chase in Hong Kong and has more than 16 years of experience in the corporate finance industry. Since the merger of JPMorgan and Jardine Fleming in 2000, Mr. Kuo has been responsible for the firm's banking business and all investment banking activities in Taiwan. Mr. Kuo is also Vice Chairman of the Greater China Operating Committee of JPMorgan Chase, and since April 2005 he has been responsible for JPMorgan's Financial Sponsor Industry of Asia, ex-Japan. Mr. Kuo has also been Managing Director of the heritage Chase Manhattan Bank since October 1998. Prior to joining JPMorgan Chase, Mr. Kuo worked at Citibank Taipei for more than nine years, last as Head of the Corporate Banking Group responsible for client management. Prior to this, Mr. Kuo was head of the Merchant Banking Group in charge of investment banking and capital market products. He previously worked at Citibank New York, focusing on strategic products, and had experience in Treasury Marketing and Foreign Exchange Trading for six years at Citibank Taipei. He was also the Chief Trader and Head of FX for Citibank from 1993 to 1995. Mr. Kuo is a member of the Youth Presidents' Organization and the Advisory Committee of the Hong Kong Monetary Authority. Mr. Kuo obtained a Bachelor degree with a major in Business Administration from Fu-Jen Catholic University in 1983 and an Master of Business Administration degree from City University of New York in 1989.

Siu Ki LAU, also known as Kevin Lau, aged 48, was appointed an Independent Non-executive Director on 24 October 2005. With over 25 years of experience in corporate finance, financial advisory and management, accounting and auditing, Mr. Lau is currently a financial advisory consultant running his own management consultancy firm, Hin Yan Consultants Limited. Mr. Lau is also a consultant to the corporate finance division of PCP CPA Limited, a medium-sized certified public accountants firm in Hong Kong. Previously Mr. Lau worked at Ernst & Young for over 15 years. Mr. Lau is a fellow member of both the Association of Chartered Certified Accountants (ACCA) and The Hong Kong Institute of Certified Public Accountants. Mr. Lau has been elected as a member of the world council of ACCA since 2002. Mr. Lau has also served on the executive committee of the Hong Kong branch of ACCA (ACCA Hong Kong) since 1995, and was the chairman of ACCA Hong Kong in 2000/2001. Mr. Lau also serves as an independent non-executive director of nine other listed companies in Hong Kong. Mr. Lau graduated from The Hong Kong Polytechnic in 1981.

Senior Management

Universal Furniture International Inc. ("Universal Furniture")

Randolph V. CHRISLEY, aged 58, is President and Chief Executive Officer of Universal Furniture and has been with our Group since November 2001. Prior to becoming Chief Executive Officer, he was Universal Furniture's Senior Vice-President of Sales and Marketing. Mr. Chrisley was previously Senior Vice-President of Sales at Pulaski Furniture Corporation, where he held management positions from 1970. Mr. Chrisley has over 30 years of experience in the furniture industry. Mr. Chrisley received a Bachelor of Science degree in Business Administration from Virginia Tech in 1970.

Chou-Li HSU, also known as Victor Hsu, aged 39, is Vice-President and Chief Financial Officer of Universal Furniture and is Corporate Secretary of Legacy Classic Furniture, Inc. ("Legacy Classic"). Mr. Hsu has been with our Group since June 1998. Prior to becoming Vice-President and Chief Financial Officer, Mr. Hsu held senior positions at Legacy Classic and Lacquer Craft. Mr. Hsu previously held a management position at Yuanta Securities (Hong Kong) Co. Ltd. Mr. Hsu has more than 12 years of experience in finance. Mr. Hsu obtained a Bachelor of Science degree in Industrial Engineering from the National Tsing-Hwa University in 1989 and was awarded a Master's degree in Business Administration in Finance from the University of Illinois at Urbana-Champaign in May 1994.

Stephen B. GILES, aged 44, is Senior Vice-President of Merchandising of Universal Furniture and has been with our Group since October 2001. Before joining our Group, Mr. Giles was Vice-President of Merchandise at Lane Furniture Company. Mr. Giles has previously held management positions at Henredon Furniture Industries, Century Furniture Industries and Lane Furniture Company. Mr. Giles has over 15 years of experience in the furniture industry. Mr. Giles received a Bachelor of Science degree in Physics from Davidson College in 1984 and obtained a Master's degree in Business Administration from the Executive Program from Wake Forest University in 1999.

Roy R. CALCAGNE, aged 47, is Senior Vice-President and General Manager of the Upholstery Division of Universal Furniture and has been with our Group since August 2003. Prior to joining our Group, Mr. Calcagne was Vice-President of Merchandise at Broyhill Furniture Industry. He has previously worked for Joan Fabrics Corporation, Macy's Department Store, Route 46 Furniture Store, Contemporary Furniture Bambergers Division and Route 22 Furniture Store, holding positions ranging from sales representative and assistant buyer to management positions. Mr. Calcagne has over 20 years of experience in the furniture industry. Mr. Calcagne was awarded a Bachelor of Science degree in Marketing from Fairleigh Dickinson University in 1981.

David Michael DRAUGHAN, aged 50, is Vice-President and General Manager of the Mass Merchandise Division of Universal Furniture and has been with our Group since April 2004. Prior to becoming Vice-President and General Manager of the Mass Merchandise Division of Universal Furniture, Mr. Draughan was a lead sales representative of Universal Furniture in northern and central Florida. Mr. Draughan previously held senior management positions at Rockford Furniture, Lea Industries, and Mid-Atlantic Freight. Mr. Draughan has over 12 years of experience in the furniture industry, and over 10 years of experience in freight industry.

John B. CARPER, aged 56, is Vice President of Operations of Universal Furniture and has been with our Group since August 2001. Prior to becoming Vice-President of Operations, Mr. Carper was Director of Information Technology and Supply Chain Director at Universal Furniture. Mr. Carper was previously Director of Applications Development at Universal Furniture Limited (prior to our acquisition of Universal Furniture) and held various management positions at Western Forge Corp. and Sears, Roebuck and Co.. Mr. Carper has more than 17 years of experience in management. Mr. Carper holds an MBA in Production Management from the University of Colorado and a Bachelor of Science degree majoring in Marketing from the University of Utah.

Legacy Classic

Kevin M. O'CONNOR, aged 61, is President and Chief Executive Officer of Legacy Classic and has been with our Group since March 1999. Prior to joining our Group, Mr. O'Connor held the position of President at Master Design Furniture, Inc. for five years. Mr. O'Connor was also previously President at Hyundai Furniture, and held senior management positions at Lea Industries, Burlington Furniture and Ethan Allen Furniture. Mr. O'Connor has over 35 years of experience in the furniture industry. Mr. O'Connor obtained a Bachelor of Arts degree in Psychology from Seton Hall University in 1968 and a Master of Science Degree in Business Administration from Columbia University in 1978.

Yao-Yu CHIEN, also known as Eric Chien, aged 40, is Chief Financial Officer of Legacy Classic and has been with our Group since July 2001. Prior to joining our Group, he was Vice-President of Corporate/Personal Banking at ABN AMRO Bank, Taichung, Taiwan. He has also worked for Credit Agricole Indosuez and the Taiwan International Securities Corporation. Mr. Chien has more than 10 years of experience in finance. Mr. Chien received a Bachelor of Arts degree in Cooperative Economics from the National Chung Hsing University, Taipei in 1989 and a Master's degree in Business Administration from the University of Southern California in 1994.

Gerald E. SAGERDAHL, aged 55, is Executive Vice-President of Sales of Legacy Classic and has been with our Group since March 1999. Mr. Sagerdahl has previously held the positions of Vice President at Master Design, Rachlin Furniture and GranTree Furniture Inc. and Sales Manager at Ronald A. Rosberg Corporation. Mr. Sagerdahl has more than 31 years of experience in the furniture industry. Mr. Sagerdahl obtained a Bachelor of Arts degree in Computer Science from College of San Mateo, California in 1973.

Richard M. MIHALIK, aged 63, is Vice-President of Operations of Legacy Classic and has been with our Group since 1999. Mr. Mihalik previously held senior management positions at companies such as Master Design Furniture, Inc., Cardinal Tables of California, Inc., B.P. John Furniture Co. and Hyundai Furniture Co. Inc. Mr. Mihalik has over 30 years of experience in the furniture industry. He obtained a Bachelor of Arts degree in Education from Seton Hall University in 1969.

John Patrick LONG, aged 40, is Vice-President of Sales of Legacy Classic and has been with our Group since January 2002. Prior to becoming Vice-President of Sales, Mr. Long was Director of Merchandise at Legacy Classic. Mr. Long previously held positions as a movie producer at CinéBlast! Films, New York, Director of Acquisitions at ATOM Films, New York and as a sales representative for Pilliod Furniture, North Carolina. Mr. Long has more than seven years of experience in the furniture industry. Mr. Long obtained a Bachelor of Arts degree in History and Political Science from the University of North Carolina at Chapel Hill in 1989.

Donald Lee BOONE, aged 44, is General Manager of the Youth Division of Legacy Classic (Legacy Classic Kids) and has been with our Group since June 2003. Prior to this Mr. Boone held positions including Vice-President of Sales at Lea Industries and Vice-President of National Accounts at Universal Furniture. Mr. Boone has more than 16 years of experience in the furniture industry. Mr. Boone was awarded a Bachelor of Science degree in Engineering with a Minor in Economics from West Point University in May 1984.

Christopher Scott SMITH, aged 38, is Vice-President of Merchandising of Legacy Classic and has been with our Group since September 2003. Prior to this Mr. Smith had held the position of Vice-President of Sales at Drexel Heritage Furniture. Mr. Smith previously held sales and marketing management positions at Davis Furniture, Lexington Furniture and Singer Furniture. Mr. Smith has more than 11 years of experience in the furniture industry. Mr. Smith was awarded a Bachelor of Arts degree in Accounting from North Carolina State University in May 1990.

Craftmaster Furniture, Inc. ("Craftmaster")

T. Steven LACKEY, aged 61, is Chief Executive Officer of Craftmaster and has been with our Group since May 2006. Mr. Lackey has over 38 years experience in the furniture industry. He began his career with Deville Furniture in 1969 as Plant Manager for the Hallmark Furniture division of Deville. In 1972 he established Craftmaster Furniture Corporation and served as Vice President of Manufacturing, Marketing and Sales. In 1986 he became president and served in that capacity until he was appointed Chief Operating Officer in 1997. In 2003 he became Chief Executor Officer while still serving as President. Mr. Lackey received a Bachelors of Science degree in Social Studies from Appalachian State University in Boone, NC in 1968.

Roy R. CALCAGNE, is President of Craftmaster and is also Senior Vice-President and General Manager of the Upholstery Division of Universal Furniture.

Lacquer Craft

En-Kwang YANG, also known as Bob Yang, aged 59, is Executive Vice-President of Lacquer Craft and has been with our Group since September 1999. Prior to becoming Executive Vice-President, Mr. Yang was Vice-President of Manufacturing of Lacquer Craft. Mr. Yang previously held management positions at Mississippi Plant of Master Design Furniture Company Limited, Johnson Wood Working Manufacturing Company, Shin Shin Wood Working Manufacturing Company Limited and Wood Working Plant of East-West High Way Forest Development. Mr. Yang obtained a Bachelor of Science degree in Forestry from the National Taiwan University in June 1969.

Chi Yin LIN, also known as Anderson Lin, aged 42, is Vice President of Manufacturing for Lacquer Craft (Dongguan) and has been with our Group since October 1995. Prior to joining our Group, Mr. Lin held positions in production control, furniture drawing and manufacturing at various furniture companies. Mr. Lin has over 20 years of experience in furniture manufacturing. Mr. Lin obtained a Diploma in Mechanical Engineering from the Industrial College of Nan Yang in 1984.

Yuang-Whang LIAO, also known as Daniel Liao, aged 37, is Vice-President and Chief Financial Officer of Lacquer Craft and has been with our Group since September 2003. Mr. Liao is also the Group's Director of Investor Relations. Prior to joining our Group, Mr. Liao held the position of director in the Private Equity of Citibank Hong Kong. Mr. Liao previously held positions ranging from financial officer and risk analyst to Vice-President of Private Equity at Citibank, Taipei. Mr. Liao has more than 11 years of experience in banking and finance. Mr. Liao obtained a Bachelor of Arts degree in Management Science from National Chiao Tung University in May 1991 and an M. Phil in Management from Cambridge University in 1999.

Yue-Jane HSIEH, also known as Irene Hsieh, aged 36, is Special Assistant to the Chairman and has been with our Group since June 2002. Ms. Hsieh's areas of responsibility include accounts, company secretarial duties and acting as the special assistant to our Chairman, Mr. Shan Huei Kuo. Prior to becoming Special Assistant to the Chairman, Ms. Hsieh was Accounting Manager at Lacquer Craft (Dongguan) from June 2003 to July 2004. Ms. Hsieh previously worked in investment banking at Sinopac Securities and Yuanta Core Pacific Securities and as an auditor at PricewaterhouseCoopers and Ernst & Young Taiwan. Ms. Hsieh has more than three years of experience in auditing, more than five years of experience in finance and more than three years of experience in accounting. Ms. Hsieh obtained a Bachelor of Science degree in Accounting from Tunghai University in June 1993.

Qualified Accountant

Wai Man CHEUNG, also known as Anthony Cheung, aged 30, is our qualified accountant and has been with our Group since November 2005. Mr. Cheung has over 8 years of experience in auditing and accounting. Prior to joining our Company, Mr. Cheung was a manager at Deloitte Touche Tohmatsu. Mr. Cheung graduated with a Bachelor of Arts (Honours) in Accountancy from The Hong Kong Polytechnic University in 1998 and is a member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Company Secretary

Pik Yuk CHENG, also known as Patsy Cheng, aged 48, was appointed the company secretary of our Company on 24 October 2005. Ms. Cheng is a Corporate Services Director of Tricor Services Limited. Prior to joining the Tricor Group in 2000, she was the departmental manager of the corporate secretarial and share registration department of Deloitte Touche Tohmatsu, and provided corporate secretarial and statutory compliance services to their clients. Ms. Cheng has worked in the corporate secretarial departments of a number of international accounting firms and has over 20 years of experience in the company secretarial field. She has been providing corporate secretarial support services to many listed clients. Ms. Cheng is a Fellow Member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Ms. Cheng graduated from The Hong Kong Polytechnic in 1980.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has declared an interim dividend for the six months ended 30 June 2006 of HK5.8 cents per share to shareholders whose names appear on the register of members of the Company on 12 October 2006. The interim dividend will be paid on or around 27 October 2006.

CLOSURE OF REGISTER OF MEMBERS

The registers of the Company will be closed from 9 October 2006 (Monday) to 12 October 2006 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares, accompanied by the relevant share certificates and completed transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 6 October 2006 (Friday).

CORPORATE GOVERNANCE

The Board is committed to maintaining the highest standards of corporate governance. The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the six months ended 30 June 2006.

At the 2006 annual general meeting of the Company held on 5 June 2006, a special resolution was passed to amend the Company's articles of association so that all directors appointed by the Board to fill a casual vacancy shall be subject to retirement and re-election by shareholders at the first general meeting after their appointment to conform with the Code Provision A.4.2 of the Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted procedures governing directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules.

All directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTIONS

The Company adopted a share option scheme on 24 October 2005 (the "Share Option Scheme"). During the period under review, an aggregate of 10 million share options were granted, representing approximately 0.36% of the issued share capital of the Company.

Details of the share options granted and outstanding under the Share Option Scheme during the review period were as follows:

					Number of Share Options		
	Date of Grant *(dd.mm.yy)*	Exercise Price *(HK$)*	Vesting Date *(dd.mm.yy)*	Exercise Period *(dd.mm.yy)*	As at 1.1.2006	Granted during the period	As at 30.6.2006
Director:							
Mr. Mohamad AMINOZZAKERI	6.2.2006	4.2	6.2.2007	6.2.2007 – 16.11.2015	–	83,333	83,333
			6.2.2008	6.2.2008 – 16.11.2015	–	83,333	83,333
			6.2.2009	6.2.2009 – 16.11.2015	–	83,334	83,334
					–	250,000	250,000
Other employees:							
In aggregate	6.2.2006	4.2	6.2.2007	6.2.2007 – 16.11.2015	–	3,250,000	3,250,000
			6.2.2008	6.2.2008 – 16.11.2015	–	3,250,000	3,250,000
			6.2.2009	6.2.2009 – 16.11.2015	–	3,250,000	3,250,000
					–	9,750,000	9,750,000
Total					–	10,000,000	10,000,000

The exercise price of share options granted was fixed at the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant. The closing price of the shares of the Company immediately before the date of options granted on 6 February 2006 was HK$4.225.

The Company has used the Black-Scholes pricing model (the "Model") to value the share options granted during the period under review. The fair value of the share options granted on 6 February 2006 was approximately US$839,000. In the current period, an amount of share option expense of US$195,000 has been recognised.

The Model is one of the commonly used models to estimate the fair value of the option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

Details of the fair values of share options determined at the date of grant using the Model with the inputs are as follows:

Date of grant	6 February 2006
Closing share price as at the date of grant	HK$4.2
Exercise price	HK$4.2
Risk-free interest rate	3.67% – 3.82%
Expected volatility *(Note)*	31%
Expected life of options	1 – 3 years
Expected dividend yield	3.8%

Note: Expected volatility was estimated by the annualized standard deviations of the continuously compounded rates of return on the comparable furniture companies in Hong Kong and the U.S..

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2006, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(1) Shares of the Company

Long positions:

Name of director	Capacity	Number of issued ordinary shares held	Shareholding percentage
Mr. Shan Huei Kuo	Held by controlled corporation *(Note)*	1,966,500,000	71.25%
Ms. Yi-Mei Liu	Held by controlled corporation *(Note)*	1,966,500,000	71.25%

Note: Comprised of 1,842,500,000 shares held by Advent Group Limited ("Advent") and 124,000,000 shares held by Elite Management Global Limited ("Elite Management"). The shares of the Company held by Elite Management are attributable to Advent as a result of a shareholders' agreement between Advent and the individual shareholders of Elite Management, pursuant to which Advent has the right of first refusal to acquire such shareholders' shares in the event they wish to transfer their shareholdings to a third party or their employment with the Group is terminated.

Mr. Shan Huei Kuo and Ms. Yi-Mei Liu each holds 50% of the equity interest in Magnificent Capital Holding Limited ("Magnificent"). Magnificent owns 70% of the issued share capital of Advent. Therefore, Mr. Shan Huei Kuo and Ms. Yi-Mei Liu are deemed or taken to be interested in the shares of the Company which are owned by Advent and Elite Management.

Mr. Shan Huei Kuo and Ms. Yi-Mei Liu are husband and wife.

(2) Share options of the Company

The interests of the directors of the Company in the share options of the Company are detailed in "Share Options" above.

Other than as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2006.

SUBSTANTIAL SHAREHOLDERS

Other than the interests disclosed above in respect of certain directors, who are also substantial shareholders, of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO discloses no person as having a notifiable interest or short position in the issued share capital of the Company as at 30 June 2006.

INDEPENDENT AND AUDIT COMMITTEE REVIEW

The unaudited interim results for the six months ended 30 June 2006 have been reviewed in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants by Deloitte Touche Tohmatsu and have also been reviewed by the Company's Audit Committee.

Deloitte.
德勤

INDEPENDENT INTERIM REVIEW REPORT

TO THE BOARD OF DIRECTORS OF
SAMSON HOLDING LTD.
(incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by Samson Holding Ltd. to review the interim financial report set out on pages 16 to 28.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
8 September 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	NOTES	Six months ended 30 June 2006 US$'000 (Unaudited)	Six months ended 30 June 2005 US$'000 (Unaudited)
Turnover	3	**266,471**	228,261
Cost of sales		**(178,477)**	(148,991)
Gross profit		**87,994**	79,270
Other income		**4,242**	1,584
Distribution costs		**(9,998)**	(11,481)
Selling and marketing expenses		**(14,949)**	(14,985)
Administrative expenses		**(12,339)**	(9,744)
Finance costs		**(717)**	(792)
Profit before taxation		**54,233**	43,852
Taxation	4	**(2,231)**	(3,084)
Profit for the period	5	**52,002**	40,768
Dividends	6	**19,567**	–
Earnings per share	7		
– Basic		**US$0.019**	US$0.018

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	NOTES	**30 June 2006 *US$'000* (Unaudited)**	31 December 2005 *US$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**135,979**	112,785
Lease premium for land – non-current portion		**11,127**	11,144
Cash surrender value of life insurance		**526**	431
Goodwill	*15*	**11,475**	–
Club debenture		**29**	33
Deferred tax assets		**3,021**	3,075
		162,157	127,468
CURRENT ASSETS			
Inventories		**83,986**	82,808
Trade and other receivables	*9*	**111,668**	126,610
Lease premium for land – current portion		**255**	255
Investments held-for-trading		**59,982**	–
Derivative financial instruments		**302**	–
Tax recoverable		**1,145**	–
Cash and cash equivalents		**103,345**	110,589
		360,683	320,262
CURRENT LIABILITIES			
Trade and other payables	*10*	**59,715**	73,399
Dividend payable		**19,567**	–
Amount due to a related company	*16*	**–**	8
Bank borrowings – due within one year	*11*	**13,543**	–
Tax payable		**756**	4,478
		93,581	77,885
NET CURRENT ASSETS		**267,102**	242,377
TOTAL ASSETS LESS CURRENT LIABILITIES		**429,259**	369,845
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year	*11*	**25,000**	–
Deferred compensation		**576**	531
Deferred tax liabilities		**505**	668
		26,081	1,199
		403,178	368,646
CAPITAL AND RESERVES			
Share capital	*12*	**138,000**	138,000
Reserves		**265,178**	230,646
		403,178	368,646

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Merger reserve US$'000	Statutory reserve US$'000	Exchange reserve US$'000	Hedging reserve US$'000	Accumulated profits US$'000	Total US$'000
At 1 January 2005	115,000	–	–	1,581	532	594	(31)	18,989	136,665
Exchange differences on translation of foreign operations and recognized directly in equity	–	–	–	–	–	(657)	–	–	(657)
Profit for the period	–	–	–	–	–	–	–	40,768	40,768
Transfer to profit or loss on cash flow hedges	–	–	–	–	–	–	33	–	33
Total recognized income and expense for the period	–	–	–	–	–	(657)	33	40,768	40,144
At 30 June 2005 and 1 July 2005	115,000	–	–	1,581	532	(63)	2	59,757	176,809
Exchange differences on translation of foreign operations and recognized directly in equity	–	–	–	–	–	3,005	–	–	3,005
Profit for the period	–	–	–	–	–	–	–	48,264	48,264
Transfer to profit or loss on cash flow hedges	–	–	–	–	–	–	(2)	–	(2)
Total recognized income for the period	–	–	–	–	–	3,005	(2)	48,264	51,267
Issue of share at premium through initial public offer	23,000	140,079	–	–	–	–	–	–	163,079
Transaction costs attributable to issue of new shares	–	(4,509)	–	–	–	–	–	–	(4,509)
Dividend paid	–	–	–	–	–	–	–	(18,000)	(18,000)
Transfer to statutory reserve	–	–	–	–	215	–	–	(215)	–
At 31 December 2005 and 1 January 2006	138,000	135,570	–	1,581	747	2,942	–	89,806	368,646
Exchange differences on translation of foreign operations and recognized directly in equity	–	–	–	–	–	1,902	–	–	1,902
Profit for the period	–	–	–	–	–	–	–	52,002	52,002
Total recognized income for the period	–	–	–	–	–	1,902	–	52,002	53,904
Dividend declared	–	–	–	–	–	–	–	(19,567)	(19,567)
Recognition of equity-settled share based payments	–	–	195	–	–	–	–	–	195
At 30 June 2006	138,000	135,570	195	1,581	747	4,844	–	122,241	403,178

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Six months ended 30 June	
	2006	2005
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net cash from operating activities	**53,717**	39,516
Net cash used in investing activities:		
Acquisition of investments held-for-trading	**(116,538)**	(3,842)
Purchase of property, plant and equipment	**(22,491)**	(7,515)
Acquisition of business	**(19,375)**	–
Proceeds on disposal of investments held-for-trading	**56,900**	2,000
Other investing cash flows	**2,529**	2,269
	(98,975)	(7,088)
Net cash from (used in) financing activities:		
New bank borrowings raised	**55,480**	58,500
Repayment of bank borrowings	**(16,937)**	(8,847)
Dividend paid	**–**	(80,875)
Other financing cash flow	**(725)**	(14,547)
	37,818	(45,769)
Net decrease in cash and cash equivalents	**(7,440)**	(13,341)
Cash and cash equivalents at 1 January	**110,589**	41,532
Effect of foreign exchange rate changes	**196**	–
Cash and cash equivalents at 30 June	**103,345**	28,191
Being:		
Bank balances and cash	**73,739**	28,191
Deposits placed in a financial institution	**29,606**	–
	103,345	28,191

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. GROUP REORGANIZATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Pursuant to a group reorganization (the "Group Reorganization") to rationalize the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group on 24 October 2005. The shares of the Company have been listed on the Stock Exchange since 17 November 2005. Details of the Group Reorganization were set out in the prospectus issued by the Company dated 7 November 2005.

The Group resulting from the Group Reorganization is regarded as a continuing entity and is regarded as business under common control. Accordingly, the condensed consolidated financial statements of the Group have been prepared using the principles of merger accounting as if the current group structure had been in existence for the six months ended 30 June 2005.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs") that are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2005. In addition, the Group has applied the following accounting policies during the current interim period:

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalized goodwill arising on an acquisition of a business is presented separately in the balance sheet.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Goodwill *(continued)*

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a business, the attributable amount of goodwill capitalized is included in the determination of the amount of profit or loss on disposal.

Share-based payment transactions

Share options granted to employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting period or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Accounting standards not yet effective

The Group has not yet early applied the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standard, amendment and interpretations will have no material impact on the results and financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC) – INT 8	Scope of HKFRS 2[3]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[4]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 March 2006.
3 Effective for annual periods beginning on or after 1 May 2006.
4 Effective for annual periods beginning on or after 1 June 2006.

3. SEGMENTAL INFORMATION

Business and Geographical segments

The Group is principally engaged in the manufacturing and trading of wooden furniture and over 90% of the Group's sales are made to customers in the United States of America (the "U.S."). Accordingly, no segment information is presented.

4. TAXATION

	Six months ended 30 June	
	2006	2005
	US$'000	*US$'000*
The charge comprises:		
The People's Republic of China (the "PRC")		
Foreign Enterprise Income tax ("FEIT")		
– current period	**210**	39
– underprovision in previous year	**65**	–
U.S. income tax	**2,064**	3,004
Taiwan income tax	**1**	67
	2,340	3,110
Deferred tax credit	**(109)**	(26)
	2,231	3,084

4. TAXATION *(continued)*

No provision for Hong Kong Profits Tax has been made as the Group's profits neither arise in, nor is derived from, Hong Kong during both periods.

Pursuant to the relevant laws and regulations in the PRC, Lacquer Craft Mfg. Co., Ltd. (Dongguan) ("LCDG") and Lacquer Craft Mfg. Co., Ltd. (Zhejiang) ("LCZJ"), both subsidiaries of the Company, are entitled to the exemptions from the FEIT for two years starting from its first profit-making year and to a 50% relief from the FEIT for the following three years. After offsetting the accumulated tax losses, LCZJ has not yet entered into its first profit-making year in the period ended 30 June 2006. Accordingly, no provision for the FEIT has been made on LCZJ. LCDG's first profit-making year was the year ended 31 December 2000. Accordingly, LCDG is subject to a 50% relief from the FEIT for each of the three years ended 31 December 2004. For the periods ended 30 June 2005 and 2006 LCDG should continue to be entitled to 50% relief from the FEIT as all of its sales were exported according to the relevant laws and regulations in the PRC. Applying this 50% relief, the income tax rate applicable to LCDG for the periods ended 30 June 2005 and 2006 was 12%.

U.S. income tax charge comprises federal income tax calculated at 34% and state income tax calculated at various rates on the estimated assessable profits of Legacy Classic Furniture, Inc., Universal Furniture International Inc., and Craftmaster Furniture, Inc., all are wholly owned subsidiaries of the Company.

Taiwan income tax is calculated at 25% of the deemed assessable profits of the branch of Samson International Enterprises Limited, a subsidiary of the Company, established in Taiwan.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2006	2005
	US$'000	*US$'000*
Amortization of club debenture	**4**	4
Bank interest income	**(2,613)**	(599)
Depreciation and amortization of property, plant and equipment	**5,345**	4,578
Gain on disposal of property, plant and equipment	**(3)**	(327)
Gain on fair value changes on derivative financial instruments	**(302)**	–
Gain on fair value changes on investments held-for-trading	**(344)**	(3)
Loss on disposal of lease premium for land	**–**	446
Release of lease premium for land	**120**	108

6. DIVIDENDS

During the period, a dividend of HK$0.055 per share was declared to shareholders as the final dividend for 2005.

The directors have determined that an interim dividend of HK$0.058 per share shall be paid to the shareholders of the Company whose names appear on the Register of Members of the Company on 12 October 2006.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the profit for the period of US$52,002,000 (1.1.2005 to 30.6.2005: US$40,768,000) and on the number of shares of 2,760,000,000 (1.1.2005 to 30.6.2005: 2,300,000,000) ordinary shares in issue. The calculation of basic earnings per share for the six months ended 30 June 2005 was based on the Company's 2,300,000,000 shares deemed to be issued throughout the year assuming the Group Reorganization had been effective on 1 January 2005.

No diluted earnings per share has been presented because the adjusted exercise price of the share options granted as determined in accordance with HKFRS 2 "Share-based Payment" is higher than the average market price of shares for period ended 30 June 2006.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of US$27,687,000 (1.1.2005 to 31.12.2005: US$19,115,000) for the business expansion.

9. TRADE AND OTHER RECEIVABLES

The Group generally allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of trade receivable as at the balance sheet date:

	30 June 2006 *US$'000*	31 December 2005 *US$'000*
Trade receivables:		
0 – 30 days	**67,701**	95,351
31 – 60 days	**13,095**	7,303
Over 60 days	**6,205**	1,998
	87,001	104,652
Other receivables	**24,667**	21,958
	111,668	126,610

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payable as at the balance sheet date:

	30 June 2006 US$'000	31 December 2005 US$'000
Trade payables:		
0 – 30 days	**18,028**	25,111
31 – 60 days	**6,926**	10,375
Over 60 days	**3,644**	2,067
	28,598	37,553
Other payables	**31,117**	35,846
	59,715	73,399

11. BANK BORROWINGS

During the period, the Group obtained new borrowings in the amount of approximately US$55,480,000. The borrowings bear interest at 5.6% per annum and are in average repayable within one year. The Group also repaid approximately US$16,937,000 during the period. The net proceeds were used to finance the acquisition of upholstery assets and for working capital of the Group.

12. SHARE CAPITAL

	Notes	Number of shares	Nominal value *US$'000*
Ordinary of US$0.05 each			
Authorized:			
As at 1 January 2005 and 30 June 2005		–	–
Increase on incorporation	*(i)*	6,000,000,000	300,000
As at 31 December 2005 and 30 June 2006		**6,000,000,000**	**300,000**
Issued and fully paid:			
As at 1 January 2005 and 30 June 2005		–	–
Allotted and issued on incorporation	*(ii)*	1	–
Issue of shares on the Group Reorganization	*(iii)*	2,299,999,999	115,000
Issue of shares through initial public offer	*(iv)*	460,000,000	23,000
As at 31 December 2005 and 30 June 2006		**2,760,000,000**	**138,000**

12. SHARE CAPITAL *(continued)*

The following changes in the share capital of the Company took place during the period from 11 July 2005 (date of incorporation) to 30 June 2006:

(i) The Company was incorporated with an authorized share capital of US$300,000,000 divided into 6,000,000,000 shares of US$0.05 each.

(ii) On 11 July 2005, 1 share of US$0.05 was allotted and issued.

(iii) On 24 October 2005, the Company issued 2,299,999,999 shares of US$0.05 each for the acquisition of Samson Worldwide Limited pursuant to the Group Reorganization. These new shares ranked pari passu in all respects with the then existing shares.

(iv) On 17 November 2005, the Company issued 460,000,000 shares of US$0.05 each at a price of HK$2.75 per share to the public. These new shares ranked pari passu in all respects with the then existing shares.

13. CAPITAL COMMITMENTS

	30 June 2006 ***US$'000***	31 December 2005 *US$'000*
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**27,348**	9,185

14. CONTINGENT LIABILITIES

In December 2004, as a result of an investigation, the United States Department of Commerce ("Department of Commerce") began collecting cash deposits for anti-dumping duties on imports of wooden bedroom furniture manufactured in the PRC. The deposits, which vary by manufacturer, range from 2.32% to 198.02% on import invoice value and are payable by the U.S. importers of such furniture. The duties actually imposed on the furniture imported for a particular year will be calculated by the Department of Commerce in an administrative review procedure at the end of that year.

The Group was assigned a duty rate of 2.66% on imports of wooden bedroom furniture manufactured by LCDG and LCZJ; however, the management of the Group has filed an appeal with the U.S. Court of International Trade challenging the calculation of the Department of Commerce. Up to 30 June 2006, the cumulative duties amounted to US$5,177,000 (31.12.2005: US$4,521,000). In view of the impending appeal and annual review process, the management believes that the anti-dumping duty payable by the Group is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Accordingly, no provision for the duties have been made in the condensed consolidated financial statements of the Group. As requested by the Department of Commerce, the Group paid a deposit of US$4,180,000 (31.12.2005: US$3,524,000) (included in trade and other receivables) and a related bank guarantee of US$997,000 (31.12.2005: US$997,000) was given by the Group as at 30 June 2006.

15. ACQUISITION OF BUSINESS

On 1 May 2006, the Group completed its acquisition of the business of upholstered residential furniture from an independent third party for a consideration of approximately US$19,154,000, which was satisfied by cash. The Company also incurred approximately US$221,000 of direct acquisition costs, which were accounted for as a part of the Company's purchase price allocation. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was approximately US$11,475,000.

The amounts of net operating assets acquired by the Group and the goodwill arising during the period are as follows:

	Acquiees' carrying amount before combination	**Fair value adjustments**	**Fair value**
	US$'000	*US$'000*	*US$'000*
Net operating assets acquired:			
Property, plant and equipment	4,345	851	5,196
Inventories	3,963	110	4,073
Trade and other receivables	649	–	649
Trade and other payables	(2,018)	–	(2,018)
	6,939	961	7,900
Goodwill			11,475
Total consideration satisfied by:			
Cash			19,375
Net cash outflow arising on acquisition:			
Cash consideration paid			(19,375)

The goodwill arising on the acquisition of the business is attributable to the anticipated profitability of the Group's products in the new markets and the anticipated future operating synergies from the combination with existing products.

There was no pre-acquisition information in respect of the acquired business available for illustrating the pro forma financial information as if the acquisition been completed on 1 January 2006.

The newly acquired business during the period contributed US$204,000 to the Group's profit for the period between the date of acquisition and the balance sheet date.

16. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

Name of related company	Nature of transactions	Six months ended 30 June 2006 US$'000	2005 US$'000
Uson Enterprises Limited	Transportation logistics service fee paid	**1,060**	863
Samson Global Co. Ltd.	Purchase of hardware components	**24**	24
	Rental paid	**9**	–

Both companies are beneficially owned by Mr. Shan Huei Kuo and Ms Yi-Mei Liu, both are directors of the Company.

The amount due to Samson Global Co. Ltd. as at 31 December 2005 was shown on the balance sheet.

Compensation of key management personnel

The emoluments of directors and other members of key management of the Group during the period was as follows:

	Six months ended 30 June 2006 US$'000	2005 US$'000
Short-term benefits	**1,215**	1,190

The emoluments of directors and key executives were determined by the remuneration committee having regard to the performance of individuals and market trends.