



SAM WOO HOLDINGS LIMITED

三和集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 2322)

2007/08
interim report

*For identification purposes only

CONTENTS

	<i>Page</i>
Management Discussion and Analysis	2
Disclosure of Interests of Directors	5
Disclosure of Interests of Substantial Shareholders	7
Share Option Scheme	7
Purchase, Sale or Redemption of the Company's Shares	9
Corporate Governance	9
Model Code for Securities Transactions by Directors	9
Review by Audit Committee	9
Condensed Consolidated Income Statement	10
Condensed Consolidated Balance Sheet	11
Condensed Consolidated Statement of Changes in Equity	13
Condensed Consolidated Cash Flow Statement	14
Notes to the Condensed Financial Statements	15

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

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

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

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

Vessel Chartering

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

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

Construction Projects

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

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

Machinery Trading

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

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

Liquidity, Financial Resources, Capital Structure and Gearing

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

Interest on the Group's borrowings was mainly on floating rate basis.

Operations of the Group are mainly conducted in Hong Kong Dollars ("HK\$") and United States Dollars ("US\$") and its revenue, expenses, assets, liabilities and borrowings are principally denominated in HK\$ and US\$, which do not pose significant foreign currency risk at present.

Charges on Assets

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

Employees and Remuneration Policies

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

The Company adopted a share option scheme as incentive to eligible persons for their contribution to the Group. Details of the scheme are set out under separate headings in this report.

Contingent Liabilities

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

DISCLOSURE OF INTERESTS OF DIRECTORS

As at the date of this report, the interest 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 notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance, or 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, 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 170,000,000 shares (Notes 3)	56.29%	Interest of his spouse
Mr. Lau Chun Kwok	Long position 22,500,000 shares (Notes 1)	7.45%	Beneficial owner and interest of a controlled company
Mr. Lau Chun Ka	Long position 22,500,000 shares (Notes 2)	7.45%	Beneficial owner and interest of a controlled company
Ms. Leung Lai So	Long position 170,000,000 shares (Notes 3)	56.29%	Beneficial owner and beneficiary of a discretionary trust
Mr. Chan Sun Kwong	Long position 500,000 shares	0.16%	Beneficial owner
Mr. Chiu Kam Kun, Eric	Long position 68,000 shares	0.02%	Beneficial owner
Dr. Lee Peng Fei, Allen	Long position 432,000 shares	0.14%	Beneficial owner
Professor Wong Sue Cheun, Roderick	Long position 500,000 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:

- 22,500,000 shares were held by CKL Development Limited, a corporation which is controlled by Mr. Lau Chun Kwok.
- 22,500,000 shares were held by Nice Fair Group Limited, a corporation which is controlled by Mr. Lau Chun Ka.
- 170,000,000 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.

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 the date of this report are as follows:

Name of substantial shareholder	Number of shares	Approximate percentage of shareholding	Capacity
Actease Assets Limited	Long position 170,000,000 shares	56.29%	Beneficial owner
Silver Bright Holdings Limited	Long position 170,000,000 shares	56.29%	Interest of a controlled company
ManageCorp Limited	Long position 170,000,000 shares	56.29%	Trustee
Dao Heng Trustee (Jersey) Limited as trustee of The LCM 2002 Trust	Long position 170,000,000 shares	56.29%	Trustee
CKL Development Limited	Long position 22,500,000 shares	7.45%	Beneficial owner
Nice Fair Group Limited	Long position 22,500,000 shares	7.45%	Beneficial owner
Ms. Tang Lin Ngor	Long position 22,500,000 shares	7.45%	Interest of her spouse
Ms. Ip Fung Sheung	Long position 22,500,000 shares	7.45%	Interest of her spouse

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution of the sole shareholder passed on 25 March 2003. The maximum number of shares in respect of which options may be granted shall not exceed 30,000,000 shares representing 10 per cent. in nominal amount of the issued share capital of the Company on 9 April 2003. The maximum entitlement of each participant shall not exceed 1 per cent. of the shares in issue in any 12-month period up to the date of the latest grant of options.

There is no outstanding share options as at 30 September 2007 and the date of this report. Movement in share options during the Period is set out below.

Name of the participant	Date of grant	Exercise price	Number of units			As at 30 September 2007
			As at 31 March 2007	Exercised during the Period	Lapsed during the Period	
Mr. Lau Chun Ming	28 May 2003	HK\$0.69	500,000	-	500,000	-
Mr. Lau Chun Kwok	28 May 2003	HK\$0.69	500,000	-	500,000	-
Mr. Lau Chun Ka	28 May 2003	HK\$0.69	500,000	-	500,000	-
Ms. Leung Lai So	28 May 2003	HK\$0.69	500,000	-	500,000	-
Mr. Hsu Kam Yee, Simon	28 May 2003	HK\$0.69	500,000	-	500,000	-
Mr. Chan Sun Kwong	28 May 2003	HK\$0.69	500,000	500,000	-	-
Mr. Chiu Kam Kun, Eric	28 May 2003	HK\$0.69	500,000	500,000	-	-
Dr. Lee Peng Fei, Allen	28 May 2003	HK\$0.69	500,000	500,000	-	-
Professor Wong Sue Cheun, Roderick	28 May 2003	HK\$0.69	500,000	500,000	-	-
			4,500,000	2,000,000	2,500,000	-

Except for the foregoing, during the Period and up to the date of this report, none of the directors (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company or any other body corporate.

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 Listing Rules throughout the Period except there is no written terms on division of responsibilities between the Chairman and the Chief Executive Officer. Further particulars on the Company corporate governance practices are set out in the corporate governance report contained in the Company's annual report for the year ended 31 March 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW BY AUDIT COMMITTEE

The audit committee, comprising three independent non-executive directors, has reviewed the unaudited consolidated financial statements of the Group for the Period.

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

Hong Kong, 28 November 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

		Unaudited	
		Six months ended	
		30 September	
		2007	2006
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	3	59,448	61,206
Cost of sales		(44,737)	(43,482)
Gross profit		14,711	17,724
Other income	4	18,304	15,059
Administrative expenses		(10,261)	(10,345)
Operating profit	5	22,754	22,438
Finance costs	6	(2,983)	(6,124)
Profit before income tax		19,771	16,314
Income tax credit	7	1,452	163
Profit for the period		21,223	16,477
Attributable to:			
Equity holders of the Company		21,223	16,477
Earnings per share attributable to the equity holders of the Company during the period			
Basic	9	HK7.03 cents	HK5.49 cents
Diluted	9	HK7.02 cents	HK5.49 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2007

		Unaudited 30 September 2007	Audited 31 March 2007
	<i>Notes</i>	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Plant and equipment	10	201,242	220,660
Deferred tax assets	15	1,771	950
		203,013	221,610
Current assets			
Trade receivables	11	14,259	11,345
Deposits, prepayments and other receivables		39,370	4,230
Inventories		11,340	10,417
Amounts due from customers for contract work		9,765	13,231
Cash and bank balances			
Unrestricted		4,092	10,096
Restricted		38,805	38,401
		117,631	87,720
Total assets		320,644	309,330
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	30,200	30,000
Reserves		148,281	125,878
Proposed final dividend		-	6,040
Total equity		178,481	161,918

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2007

		Unaudited	Audited
		30 September	31 March
		2007	2007
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Long-term liabilities	14	12,362	15,187
Deferred tax liabilities	15	22,154	25,125
		34,516	40,312
Current liabilities			
Trade payables	16	2,565	2,193
Accruals and other payables		4,108	9,541
Amount due to a customer for contract work		–	51
Amounts due to related companies	17	158	493
Amounts due to directors	18	16,031	2,415
Loan from a director	19	4,099	11,621
Short-term borrowings	20	21,995	26,124
Current portion of long-term liabilities	14	5,716	6,043
Taxation payable		5,804	3,464
Bank overdrafts	20	47,171	45,155
		107,647	107,100
Total liabilities		142,163	147,412
Total equity and liabilities		320,644	309,330
Net current assets/(liabilities)		9,984	(19,380)
Total assets less current liabilities		212,997	202,230

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

	Unaudited			Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	
At 1 April 2006	30,000	14,940	87,805	132,745
Profit for the period	–	–	16,477	16,477
At 30 September 2006	30,000	14,940	104,282	149,222
At 1 April 2007	30,000	14,939	116,979	161,918
Proceeds from shares issued	200	1,180	–	1,380
Dividend approved in respect of the previous financial year	–	–	(6,040)	(6,040)
Profit for the period	–	–	21,223	21,223
At 30 September 2007	30,200	16,119	132,162	178,481

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

		Unaudited	
		Six months ended	
		30 September	
		2007	2006
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Net cash used in operating activities		(23,150)	(11,402)
Net cash from investing activities		27,475	24,525
Net cash used in financing activities		(12,345)	(4,104)
(Decrease)/Increase in cash and cash equivalents		(8,020)	9,019
Cash and cash equivalents at beginning of the period		(35,059)	(58,512)
Cash and cash equivalents at end of the period	12	(43,079)	(49,493)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 General information

Sam Woo Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in foundation works, leasing and trading of machinery and equipment for foundation works and vessel chartering. The Company is a limited liability company incorporated in Bermuda and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The Company's registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The condensed financial statements have been approved for issue by the board of directors of the Company on 28 November 2007.

2 Basis of preparation and significant accounting policies

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

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

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

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

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

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2008 or later periods. The Group has not early adopted these new standards, amendments and interpretations for the period ended 30 September 2007. The Group has already commenced an assessment of their impact but not yet in a position to state whether these changes would have a significant impact on its results of operations and financial position.

3 Segment information

(a) Business segments – primary reporting format

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

3 Segment information (Continued)

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

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

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

(b) Geographical segments – secondary reporting format

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

4 Other income

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

5 Operating profit

	Unaudited Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Operating profit is stated after charging:		
Cost of inventories sold	–	1,900
Staff costs, excluding directors' emoluments	2,543	3,290
Auditors' remuneration	–	–
Depreciation		
Owned plant and equipment	8,485	8,344
Leased plant and equipment	1,029	872
Operating lease rentals in respect of land and buildings	1,759	1,715
Vessel hiring expenses	–	2,100
	<u>14,616</u>	<u>18,221</u>

6 Finance costs

	Unaudited Six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Interest expense:		
– bank loans and overdrafts	2,730	2,497
– loan from a director	60	1,510
– other loan, secured and repayable within 5 years	52	1,873
– finance leases	141	244
	<u>2,983</u>	<u>6,124</u>

7 Income tax credit

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

	Unaudited	
	Six months ended	
	30 September	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong profits tax		
Current income tax	2,340	1,865
Deferred income tax (<i>note 15</i>)	(3,792)	(2,028)
	(1,452)	(163)

8 Dividends

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

9 Earnings per share

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

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

10 Capital expenditure

During the six months ended 30 September 2007, the Group acquired furniture and fixtures totaling HK\$34,000 (six months ended 30 September 2006: plant and machinery HK\$14,150,000) and disposed machinery and equipment of net book value HK\$9,938,000 (six months ended 30 September 2006: HK\$24,218,000).

11 Trade receivables

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

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Trade receivables (a)	11,627	7,183
Retention receivables	1,570	3,118
Receivables from related parties (note 17)	1,062	1,044
	14,259	11,345

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

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

12 Cash and cash equivalents

	Unaudited 30 September	
	2007	2006
	HK\$'000	HK\$'000
Cash at bank and in hand	3,954	818
Short-term bank deposits	38,943	38,689
	42,897	39,507
Less: Cash at bank and in hand – restricted	(38,805)	(37,000)
	4,092	2,507

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	Unaudited 30 September	
	2007	2006
	HK\$'000	HK\$'000
Cash and bank balances, unrestricted	4,092	2,507
Bank overdrafts	(47,171)	(52,000)
	(43,079)	(49,493)

13 Share capital

	Unaudited 30 September 2007	Audited 31 March 2007
	HK\$'000	HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each	100,000	100,000
Number of shares	1,000,000,000	1,000,000,000
Issued:		
At beginning of period/year	30,000	30,000
Exercise of share options	200	–
At end of period/year	30,200	30,000
Number of shares	302,000,000	300,000,000

13 Share capital (Continued)

Pursuant to a resolution of the sole shareholder passed on 25 March 2003, the Share Option Scheme was approved and adopted. On 28 May 2003, options to subscribe for 4,500,000 ordinary shares of the Company were granted to directors. The grantees are entitled to exercise their options at a price of HK\$0.69 per share at any time during the period from 28 May 2004 to 27 May 2007. During the period, 2,000,000 ordinary shares of HK\$0.10 each were issued as a result of exercise of share options. The shares issued during the period rank pari passu with the then existing shares in all respect.

14 Long-term liabilities

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Bank loans, secured (note (a))	1,615	1,834
Obligations under finance leases (note (b))	16,463	19,396
Wholly repayable within five years	18,078	21,230
Less: amounts due within one year included under current liabilities	(5,716)	(6,043)
	12,362	15,187

Notes:

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

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Within one year	452	440
In the second year	480	467
In the third to fifth years	683	927
	1,615	1,834

Interest is charged on the balances at 5.76% and was secured by the certain of the Group's motor vehicles.

14 Long-term liabilities (Continued)

(b) Obligations under finance leases are payable within the following periods:

	Present value		Minimum payment	
	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Within one year	5,264	5,603	6,210	6,770
In the second year	5,053	5,224	5,644	6,020
In the third to fifth years	6,146	8,569	6,440	9,146
	16,463	19,396	18,294	21,936
Finance charges			(1,831)	(2,540)
			16,463	19,396

Interest is charged on the outstanding balances of finance leases at rates ranging from 1 month HIBOR to Hong Kong prime rate. The finance leases are secured by certain of the Group's machinery and equipment.

15 Deferred taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 17.5% (2007: 17.5%). The movement of the net deferred tax liabilities is as follows:

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
At beginning of the period/year	(24,175)	(28,035)
Recognised in the income statement (note 7)	3,792	3,860
At end of the period/year	(20,383)	(24,175)

15 Deferred taxation (Continued)

The movements in deferred tax liabilities and assets (prior to offsetting of balances within the same taxation jurisdiction) during the period/year are as follows:

Deferred tax liabilities

	Accelerated depreciation allowances	
	Unaudited	Audited
	30 September	31 March
	2007	2007
	HK\$'000	HK\$'000
At beginning of the period/year	(25,125)	(32,834)
Recognised in the income statement	2,971	7,709
	<hr/>	<hr/>
At end of the period/year	(22,154)	(25,125)
	<hr/>	<hr/>

Deferred tax assets

	Tax losses	
	Unaudited	Audited
	30 September	31 March
	2007	2007
	HK\$'000	HK\$'000
At beginning of the period/year	950	4,799
Recognised in the income statement	821	(3,849)
	<hr/>	<hr/>
At end of the period/year	1,771	950
	<hr/>	<hr/>

16 Trade payables

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

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

17 Amounts due from/to related companies

Amounts due from/to related companies are unsecured, interest free and have no fixed terms of repayment.

18 Amounts due to directors

The amounts payable to directors are unsecured, interest free and have no fixed terms of repayment.

19 Loan from a director

The loan from a director is unsecured, bearing interest at 0.5% below US dollars prime rate and wholly repayable on 14 March 2008.

20 Short-term borrowings

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Bank overdrafts, secured	47,171	45,155
Short-term bank loans, secured	<u>21,995</u>	<u>18,324</u>
Short-term bank borrowings, secured	69,166	63,479
Other loans, secured	<u>-</u>	<u>7,800</u>
	<u>69,166</u>	<u>71,279</u>

21 Operating lease commitments

The future aggregate minimum lease rental expenses in respect of land and buildings under non-cancellable operating leases are payable in the following periods:

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Within one year	3,466	882
In the second to fifth years inclusive	<u>1,848</u>	<u>229</u>
	<u>5,314</u>	<u>1,111</u>

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 2007 HK\$'000	2006 HK\$'000
Vessel hiring expense to a related company (note (a))	-	2,100
Rental expense to related companies (note (a))	1,488	1,488
Consultancy fee paid to various companies (note (b))	840	840
Interest expense to a director (note (c))	60	1,510
Contracting income from a related company (note (d))	<u>-</u>	<u>3,049</u>

22 Related party transactions (Continued)

(i) (Continued)

Notes:

- (a) Rental expenses and vessel hiring 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/vessels.
- (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.
- (c) For the terms of loans, please refer to note 19.
- (d) Contracting income are received from a related company beneficially owned by certain directors of the Company based on agreement entered into between the parties involved at fair market terms.

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

	Unaudited Six months ended 30 September 2007 HK\$'000	2006 HK\$'000
Salaries and other short-term employee benefits	3,035	3,130
Retirement benefit scheme contribution	54	54

(iii) Period/year end balance arising from abovementioned transactions are as follows:

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Rental payable to related companies	158	158
Advance from related companies	–	335
Advance to a related company	18	–
Contracting income receivables from a related company	1,044	1,044
Salaries payable to directors	297	292
Advance from directors	19,833	13,744

23. Comparative figures

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