



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 2008



* for identification purpose only



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Corporate Profile

Since its first establishment in 1995, Samson Group, including **Samson Holding Ltd. (the “Company”)** and its subsidiaries has now become a fully vertically-integrated furniture wholesaler/manufacturer, ranks as one of top 10 furniture wholesalers in the United States (the “U.S.”) and also among the top 3 casegoods manufacturers in Asia. We currently market a wide range of our furniture products through a portfolio of brand names including Universal Furniture, Legacy Classic Furniture, Craftmaster Furniture, Pennsylvania House, Samson International, and also licensed with Better Homes & Gardens. In addition to our own brands, through our factories named Lacquer Craft, we also manufacture for a number of North American leading brands.

Our product offerings include a full range of home furniture for living room, dining room, and bedroom. In addition, we also manufacture furniture for high-end hotels and offices.

Our team of experienced executives, employees and sales force, comprised of U.S. market expertise and China manufacturing know-how’s, creates a globally-integrated service delivery platform that offers us the most effective ways of doing business by which we strive to maximize ultimate benefits to our customers and shareholders.

Corporate Information

Executive Directors

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

Non-executive Directors

Mr. Sheng Hsiung PAN
Mr. Yuang-Whang LIAO

Independent Non-executive Directors

Ms. Huei-Chu HUANG (Resigned on 1 September 2008)
Mr. Ming-Jian KUO
Mr. Siu Ki LAU

Audit Committee

Mr. Siu Ki LAU (*Chairman*)
Ms. Huei-Chu HUANG
(ceased to act with effect from 1 September 2008)
Mr. Sheng Hsiung PAN

Remuneration Committee

Mr. Ming-Jian KUO (*Chairman*)
Ms. Huei-Chu HUANG
(ceased to act with effect from 1 September 2008)
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, KY1-1112
Cayman Islands

Stock Code

The Stock Exchange of Hong Kong Limited: 531

Websites

<http://www.samsonholding.com/>
<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:

2575 Penny Road
High Point, NC 27265
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

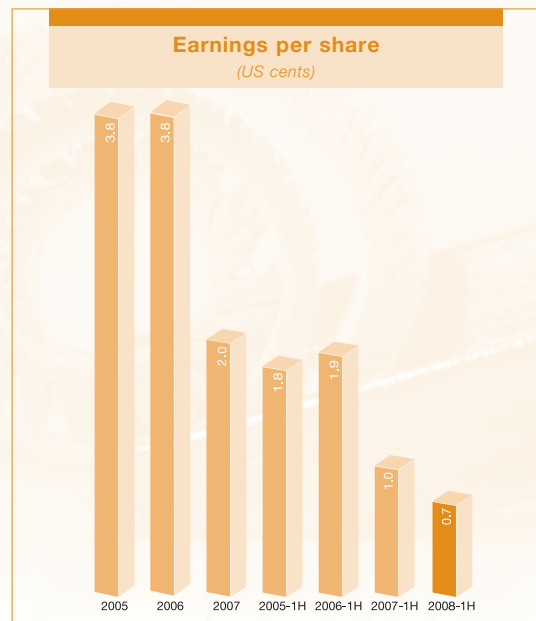
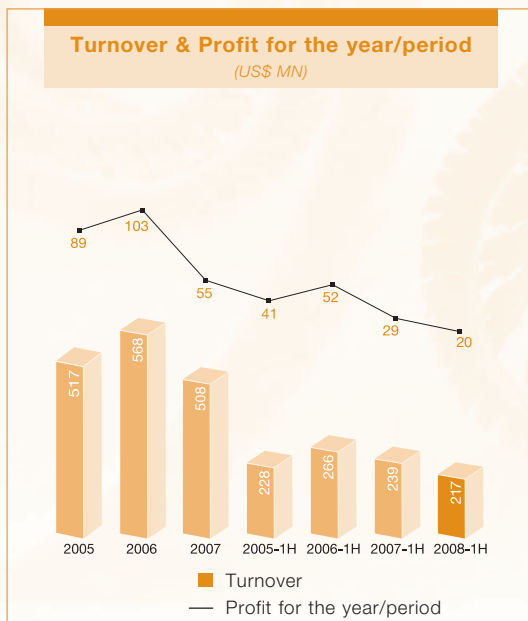
Hong Kong Branch:

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Financial Highlights

	Six months ended 30 June 2008 US\$'000	Six months ended 30 June 2007 US\$'000	Six months ended 30 June 2008 HK\$'000*	Six months ended 30 June 2007 HK\$'000*
Operating results				
Turnover	217,357	238,793	1,695,385	1,862,585
Gross profit	55,637	67,486	433,969	526,391
Earnings before interest and tax	19,742	29,730	153,988	231,894
Profit for the period	19,566	28,871	152,615	225,194
Earnings per share (US/HK cents)	0.7	1.0	5.46	7.80

	As at 30 June 2008 US\$'000	As at 31 December 2007 US\$'000	As at 30 June 2008 HK\$'000*	As at 31 December 2007 HK\$'000*
Financial position				
Total assets	677,158	577,368	5,281,832	4,503,470
Net current assets	310,145	273,787	2,419,131	2,135,539
Shareholders' equity	613,798	489,159	4,787,624	3,815,440



* Exchange rate: US\$1 = HK\$7.8



Management Discussion and Analysis

Business Review

The overall business condition continues to be tough for the home furnishing industry in the U.S. and the manufacturing sector in China. While the average decline in U.S. furniture shipments ranges from 13% to 17% for the first half of 2008 based upon the industry surveys, many leading public companies reported operating losses in their most recently published results. As one of the leaders in the industry, we also faced the same challenges as everyone. However, we took on the challenges by developing and undertaking a series of strategic action plans to maintain our pricing, materialize new business opportunities to minimize the potential impact of the overall business decline, enhance productivity to mitigate the increasing costs in manufacturing, labor and materials, and continuously seek ways to better improve cost savings on overheads. As a result, though we experienced a decline in sales and overall financial performance during the first half of the year, we still expect our performance in the upcoming second half of the year to be more encouraging to our management team and shareholders.

Financial Review

Net sales for the six months period under review was US\$217.3 million compared to US\$238.8 million in the first half of 2007, a decrease of US\$21.5 million or 9.0%. The decrease in sales was mainly attributable to the weak retail demand caused by the poor housing market and sub-prime mortgage crisis in the U.S. To overcome the market challenges and competitions, we are committed to deliver excellent value for our customers by offering more varieties on product selections and improving logistics services. Nevertheless, the turnover was hit by the weak consumer demand due to continued economic concerns.

Gross profit margin decreased to 25.6% from 28.3% for the same period in 2007, mainly due to the lower sales amount, reduced factory capacity utilization, and the increase in production costs in China.

Total operating expenses decreased to US\$39.8 million from US\$42.3 million for the same period in 2007.

Profit for the period decreased to US\$19.6 million from US\$28.9 million for the same period in 2007. Net profit margin decreased to 9.0% from 12.1% for the same period in 2007.

In response to the slowdown of the U.S. economy starting from the second half of 2007, the Company has initiated and continues working on a number of actions that have not only created cost savings to bring the operating expenses in line with the reduced turnover volume, but also improved the operating efficiency. As of 30 June 2008, the Company has observed the positive effects from the progress by driving down its inventories from US\$91.9 million as at 31 December 2007 to US\$82.4 million as at 30 June 2008 and, during the same period, reducing its trade and other receivables from US\$95.6 million to US\$79.3 million, lowering its bank borrowing from US\$36.5 million to US\$16.9 million. As a result, the Company generated a strong cash inflow of US\$50.3 million from its operating activities during the first half of 2008, compared with US\$37.6 million for the first half of 2007, an increase of US\$12.7 million.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2008, the Group's cash and cash equivalents increased by US\$35.0 million to US\$204.0 million from US\$169.0 million as at 31 December 2007. The bank borrowings decreased from US\$36.5 million as at 31 December 2007 to US\$16.9 million as at 30 June 2008. The gearing ratio (total bank borrowings/shareholders' equity) improved from 7.4% as at 31 December 2007 to only 2.7% as at 30 June 2008.

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



Management Discussion and Analysis

Our sources of liquidity include cash and cash equivalents, 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 substantially all of our revenue and most of our cost of sales are denominated in U.S. 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 has entered into foreign exchange forward contracts. As at 30 June 2008, there was outstanding forward exchange contract amounting to US\$100.0 million (31 December 2007: US\$32.0 million).

The Group's current assets increased by 3.2% to US\$372.3 million compared to US\$360.7 million as at 31 December 2007 and the Group's current liabilities decreased by 28.5% to US\$62.1 million compared with US\$86.9 million as at 31 December 2007. The current ratio (current assets/current liabilities) therefore improved to 6.0 times from 4.2 times as at 31 December 2007.

Outlook

We expect the overall economy and industry conditions to remain challenging throughout the rest of the year of 2008. In spite of such a tough environment, we plan to deliver superior results by continuing to dedicate ourselves to expanding the business landscape while improving our operating efficiency and service quality, as we demonstrated that our current business model has been supporting us with many key advantages over our peers. Recently, we have seen a recovery of order demand from our branded companies and also secured new business relations with OEM customers. Looking forward, with our strong financial position, efficient production facilities, well-established distribution networks, and an experienced management team, we believe we are well positioned to reap the benefits when the global economy eventually turns around and to further expand our business through both organic growth and acquisitions.

Pledge of Assets

As at 30 June 2008, the Group's inventories of US\$24.6 million (31 December 2007: US\$33.6 million), trade and other receivables of US\$59.3 million (31 December 2007: US\$75.0 million), property, plant and equipment of approximately US\$ 37.7 million (31 December 2007: US\$38.8 million) and pledged bank deposits of approximately US\$1.1 million (31 December 2007: US\$0.9 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 2008 amounted to US\$1.6 million compared to US\$11.6 million for the same period in last year. Capital expenditures were mainly incurred for the expansion of our warehouse capacity in the U.S. and production capacity in the PRC.

Employees and Emolument Policy

As at 30 June 2008, the Group employed approximately 9,800 (31 December 2007: 11,500) full-time employees in the PRC, the U.S. and Taiwan.

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. The Company intends to do this through our remuneration packages, including discretionary bonuses and share option scheme, as well as an emphasis on employee training. The emolument of the employees of the Group is on the basis of their merit, qualifications and competence. The emoluments of the directors and senior management of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.



Biographical Details of Directors and Senior Management

Executive Directors

Shan Huei KUO, also known as Samuel Kuo, aged 52, is an Executive Director, Chairman of our board of directors since October 2005 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 23 years of experience in the furniture business in Taiwan, the PRC and the U.S. Mr. Kuo is also the former 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 51, is an Executive Director and our Deputy Chairman since October 2005. Ms. Liu is, together with her husband, Mr. Shan Huei Kuo, one of the founders of our business. Ms. Liu has over 23 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 47, is an Executive Director since October 2005. He is President of Lacquer Craft and has been with our Group since May 1995. 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 then. Mr. Amini has over 23 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 Directors

Sheng Hsiung PAN, also known as William Pan, aged 53, is a Non-Executive Director since October 2005. He is the Chief Executive Officer of Tai-Chuan Wooden MFG Co., Ltd, a cue manufacturer. Mr. Pan has over 20 years of experience in sales, marketing, manufacturing, and product development in the cue industry and sales and marketing in billiard cue and related accessories. Mr. Pan obtained a Bachelor of Arts degree in Economics Development from Tamkang University in 1979.

Yuang-Whang LIAO, also known as Daniel Liao, aged 39, is a Non-Executive Director since September 2007. Mr. Liao is currently an Executive Director of China LotSynergy Holdings Limited, a company listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. Mr. Liao had been the Director of Investor Relations of the Company and Vice-President and Chief Financial Officer of the subsidiaries of the Company from September 2003 to September 2007. 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 10 years of experience in banking and finance. Mr. Liao holds a Bachelor of Arts degree in Management Science from National Chiao Tung University and an M. Phil in Management from Cambridge University. Mr. Liao is also an Independent Non-Executive Director of Unimicron Technology Corp., a company listed on Taiwan Stock Exchange Corporation.



Biographical Details of Directors and Senior Management

Independent Non-executive Directors

Huei-Chu HUANG, also known as Laura Huang, aged 53. Ms. Huang resigned as an Independent Non-executive Director on 1 September 2008. Ms. Huang has over 19 years of experience in corporate finance, financial advisory and management and capital markets, with 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 Department and 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 46, is an Independent Non-executive Director since October 2005. He is the Vice Chairman of The Blackstone Group (HK) Limited in charge of Greater China private equity investment business. He 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 15 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 50, is an Independent Non-executive Director since 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 eight other listed companies in Hong Kong. Mr. Lau graduated from The Hong Kong Polytechnic in 1981.



Biographical Details of Directors and Senior Management

Senior Management

Samson Marketing

Kevin M. O'CONNOR, aged 63, is President and Chief Executive Officer of Samson Marketing. Mr. O'Connor has been with our Group since March 1999, and prior to his current position, he was previously President/Chief Executive Officer of Legacy Classic Furniture, Inc. ("Legacy Classic"). Before joining our Group, Mr. O'Connor held the top executive position of Master Design Furniture, Inc. and Hyundai Furniture, and also 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.

Chou-Li HSU, also known as Victor Hsu, aged 41, is Vice President and Chief Financial Officer of Samson Marketing, and also serves as Corporate Secretary of our member companies in the U.S. Prior to his current position, Mr. Hsu was previously Vice President/Chief Financial Officer of Universal Furniture International Inc. ("Universal Furniture"), and held senior positions at Legacy Classic and Lacquer Craft since June 1998. Mr. Hsu has more than 13 years of related working experiences in Taiwan, Hong Kong, China and the U.S. 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.

Richard M. MIHALIK, aged 65, is Vice President and Chief Operating Officer of Samson Marketing. Prior to his current position, he was previously Vice President of Operations of Legacy Classic and has been with our Group since March 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.

William Frank NORTON, aged 39, is Vice President of Mass Merchandise Division (d.b.a. Samson International) of Samson Marketing since his rejoining our Group in August 2007 followed by a short-period away. Mr. Norton once held the position of Vice President of Merchandising of Universal Furniture. Prior to this, Mr. Norton held the positions of General Manager of Snavely Forest Products and Sun River Furniture and as Buyer at IKEA North America, Inc. Mr. Norton has more than 17 years of experience in the furniture industry and obtained a Bachelor of Science degree in Furniture Manufacturing and Management from North Carolina State University in 1991.

Universal Furniture

Randolph V. CHRISLEY, aged 60, 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.



Biographical Details of Directors and Senior Management

Yao-Yu CHIEN, also known as Eric Chien, aged 42, is Vice President and Chief Financial Officer of Universal Furniture, and prior to his current position, he was previously 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 13 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.

David L. PINAMONTI, aged 63, is Senior Vice President of Sales and Marketing of Universal Furniture. Before joining Universal Furniture in early 2007, he was Senior Vice President of Worldwide Sales, Gallery and Dedicated Store Distribution at Broyhill Furniture. Mr. Pinamonti has more than 30 years of experiences in home furnishing industry. He previously held different management positions at A-America, Stanley, and Hunter-Douglas. Mr. Pinamonti received a Bachelor of Science and Management degree from Southern Utah University in 1969.

Stephen B. GILES, aged 47, 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.

Legacy Classic

D. Lee BOONE, aged 46, is President of Legacy Classic and has been with our Group since June 2003. Prior to this, Mr. Boone held positions including General Manager of the Youth Division of Legacy Classic (Legacy Classic Kids), Vice President of Sales at Lea Industries and Vice President of National Accounts at Universal Furniture. Mr. Boone has more than 19 years of experience in the furniture industry. Mr. Boone was awarded a Bachelor of Science degree in Engineering with a Minor in Economics from the United States Military Academy at West Point in May 1984.

Shing-Huei LI, also known as Elliott Li, aged 38, is Vice President and Chief Financial Officer of Legacy Classic and has been with our Group since December 2006. Prior to joining our Group, Mr. Li held financial management positions at Guardian Life Insurance and AT&T in the U.S., as well as a sales position at Evergreen Marine in Taiwan. Mr. Li received a Bachelor of Arts degree in International Trade from Fu-Jen Catholic University, Taipei in 1993 and a Master degree in Business Administration from Georgetown University in 1999.

Gerald E. SAGERDAHL, aged 57, 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.

Michael H. HARRIS, aged 44, is Vice President of Sales of Legacy Classic and has been with our Group since October 2006. Mr. Harris has previously held the positions of President and Partner at Kevin Charles Fine Furniture, Sales Manager for Palliser Furniture, and worked as an Independent Manufacturer's Representative. Mr. Harris has more than 20 years of experience in the furniture industry. Mr. Harris obtained a Bachelor of Arts degree in Economics from University of North Carolina at Chapel Hill in 1987.



Biographical Details of Directors and Senior Management

Christopher Scott SMITH, aged 40, 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.

Larry CRYAN, aged 53, is Vice President of Operations of Legacy Classic and has been with our Group since July 1999. Mr. Cryan has previously held the positions of Corporate Manager of Administration with Hyundai Furniture and Credit Manager at Ladd Furniture. Mr. Cryan has over 24 years of experience in the furniture industry. Mr. Cryan was awarded a Bachelor of Arts degree in History from the University of Greensboro in 1977.

Karen L. KNOCH, aged 42, is Vice President of Merchandising for Legacy Kids and Everyday Dining divisions and joined our Group in October 2007. Prior to this, Ms. Knoch was Merchandise Manager at Magnussen Home Furnishings and has held buying positions for several large regional retailers including City Furniture, Seaman Furniture, and Breuners Home Furnishings. She has 19 years experience in the furniture industry. Ms. Knoch has a Bachelor of Arts degree in Finance from Huntingdon College and Master of Business Administration degree from Florida Atlantic University.

Craftmaster Furniture, Inc. (“Craftmaster Furniture”)

Roy R. CALCAGNE, aged 49, is President and CEO of Craftmaster Furniture and has been with our Group since August 2003. Prior to joining our group, Mr. Calcagne was Vice President of Merchandising at Broyhill Furniture Industry. He has previously worked for Joan Fabrics Corporation as Vice President of Sales and Macy’s department store as Merchandise Manager and Upholstery Buyer. Mr. Calcagne has over 25 years of experience in the furniture industry. Mr. Calcagne was awarded a Bachelor of Science degree in Marketing from Fairleigh Dickinson University in 1981

Chen-Kun SHIH, also known as Anderson Shih, aged 38, is Vice President and Chief Financial Officer of Craftmaster Furniture since July 2006, prior to his current position; Mr. Shih has more than 10 years of related working experiences in Taiwan, China and US. Mr. Shih began his career at Ernst & Young. He obtained a bachelor’s degree in Accounting from the National Chung Hsing University in 1993, and was awarded a Master’s degree in Business Administration in Finance from the State University of New York at Buffalo in May 1999. Mr. Shih became a Certified Internal Auditor in 2000 and also passed the Certified Public Accountants examinations of the United States in 2006.

Alex A. REEVES, aged 44, is Vice President of Sales and Merchandising for Craftmaster Furniture since joining our Group in July 2008. Previously, Mr. Reeves was Vice President of Sales for Hickory Hill, a division of Norwalk Furniture Corp., for 11 years. Prior to this, he was Chief Operating Officer for Precedent Furniture and sales representative for Leathercraft. Mr. Reeves has over 22 years of experience in the furniture industry. Mr. Reeves was awarded a Bachelor of Arts degree in Economics from Wake Forest University in 1986.

Kevin MANN, aged 43, is Vice President of Operations for Craftmaster Furniture. Prior to joining Craftmaster Furniture, Mr. Mann was Director of Manufacturing for Clayton Marcus Furniture Inc. and also held positions as Plant Manager and Director of Engineering. Mr. Mann started his career at Bassett Upholstery working as an Engineer. Mr. Mann was awarded a Bachelor of Science degree in Industrial Education Technology from Western Carolina University in 1987.



Biographical Details of Directors and Senior Management

Jack K. STOKES III, aged 33, is Vice President of Sales for Craftmaster Furniture Estate division and Better Homes and Gardens program. Mr. Stokes has worked with Craftmaster Furniture since June 1997, and was promoted to Vice President of Sales in 2007. Prior to the new position, Mr. Stokes held the position of Director of Marketing with Craftmaster Furniture while filling in many sales roles including Markets and Merchandising for over 10 years. Mr. Stokes received Bachelor of Science in Business Administration degree major in Marketing from Western Carolina University, in 1997.

Lacquer Craft

En-Kwang YANG, also known as Bob Yang, aged 61, 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.

Tien Tzu LIANG, also known as T.T. Liang, age 51, is the Director of Investor Relations of the Company and Vice-President and Chief Financial Officer of Lacquer Craft. He is responsible for the Company's investor relationship, corporate communications and corporate finance activities. He has over 25 years of experience in accounting, finance and corporate finance. Prior to joining the Company, he held a number of senior appointments which include: the Deputy General Manager of Lee & Man Paper Manufacturing Limited, Executive Director and Chief Financial Accountant of Minth Group Limited, Chief Financial Officer of New World Services Limited, Chief Internal Auditor of New World Development Ltd., and Manager of Corporate Advisory Services of Thorne Ernst & Whinney in Toronto, Canada. He is a member of the Canadian Institute of Chartered Accountants and a fellow of the Hong Kong Institute Certified Public Accountants. He holds a Master of Professional Accounting degree from the Hong Kong Polytechnic University and a Bachelor of Commerce degree from Concordia University of Montreal, Canada.

Chi Yin LIN, also known as Anderson Lin, aged 44, 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.

Yue-Jane HSIEH, also known as Irene Hsieh, aged 38, 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 seven years of experience in accounting. Ms. Hsieh obtained a Bachelor of Science degree in Accounting from Tunghai University in June 1993.



Biographical Details of Directors and Senior Management

Company Secretary

Pik Yuk CHENG, also known as Patsy Cheng, aged 50, 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 share registration services to their clients. Ms. Cheng has worked in the corporate secretarial departments of a number of international accounting firms and has over 25 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.

Qualified Accountant

Alfred Lee Ming SUNG, aged 51, is our qualified accountant and has joined the Group in April 2008. Mr. Sung has over 20 years of experience in public accounting. Mr. Sung graduated with a Bachelor of Economics degree from La Trobe University of Australia in 1984 and is a member of CPA (Australia) and member of the Institute of Chartered Accountants in Australia. Mr. Sung is also a Practicing member of the Hong Kong Institute of Certified Public Accountants.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2008.

Corporate Governance

The Board is committed to maintaining the highest standard of corporate governance. The Company confirms that it has complied with all material code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2008.

The Company has two independent non-executive directors and two Audit Committee members following the resignation of Ms. Huei-Chu Huang on 1 September 2008. As a result, the number of independent non-executive directors and Audit Committee members falls below the minimum number required under Rules 3.10(1) and 3.21 of the Listing Rules respectively. The Company is in the process of identifying a suitable candidate with appropriate qualification to fill the vacancies as soon as possible.

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.

Having made specific enquiry, all directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2008.

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. Details of movements in the Company's share options during the review period were as below:

	Date of Grant	Exercise Price HK\$	Vesting Date	Exercise Period	Number of share options			As at 30.6.2008
					As at 1.1.2008	Granted during the period	Lapsed during the period	
Director:								
Mr. Mohamad Aminozakeri	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	1,874,649	-	(71,667)	1,802,982
			6.2.2008	6.2.2008 – 16.11.2015	1,874,649	-	(71,667)	1,802,982
			6.2.2009	6.2.2009 – 16.11.2015	1,874,649	-	(71,666)	1,802,983
					5,623,947	-	(215,000)	5,408,947
Total					5,873,947	-	(215,000)	5,658,947

Other Information

Directors' Interests in Shares and Underlying Shares

As at 30 June 2008, 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 of Hong Kong Limited (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 corporations (Note)	2,270,346,773	74.10%
Ms. Yi-Mei Liu	Held by controlled corporations (Note)	2,263,254,439	73.87%
	Held by spouse (Note)	7,092,334	0.23%

Note: Comprised of 1,842,500,000 shares held by Advent Group Limited ("Advent"), 124,000,000 shares held by Elite Management Global Limited ("Elite Management"), 296,754,439 shares held by Sun Fortune Investments Limited ("Sun Fortune") and 7,092,334 shares held by Trade Decade Limited ("Trade Decade"). 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 and may 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") and Sun Fortune. Magnificent owns 70% of the issued share capital of Advent and Mr. Shan Huei Kuo holds 100% of the equity interest in Trade Decade. Mr. Shan Huei Kuo and Ms. Yi-Mei Liu are husband and wife. 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, Elite Management, Sun Fortune and Trade Decade.

(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 2008.

Substantial Shareholders

As at 30 June 2008, the interests or short positions of the substantial shareholders (other than the interests disclosed above in respect of certain directors who are also substantial shareholders of the Company) in the shares and underlying shares of the Company as recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long Positions:

Name of shareholder	Capacity	Number of issued ordinary shares held	Shareholding percentage
Mr. Daniel Saul Och	Held by controlled corporations (Note)	163,352,000	5.33%
Och-Ziff Capital Management Group LLC	Held by controlled corporations	163,352,000	5.33%

Note: These shares were held through controlled corporations including Och-Ziff Capital Management Group LLC.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2008.

Independent and Audit Committee Review

The unaudited interim results for the six months ended 30 June 2008 have been reviewed by Deloitte Touche Tohmatsu, whose report on review is included in this report, and the Company's Audit Committee.



Report on Review of Interim Financial Information

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF SAMSON HOLDING LTD.

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 17 to 26 which comprises the condensed consolidated balance sheet of Samson Holding Ltd. as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

16 September 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

Six months ended 30 June

		2008	2007
		US\$'000	US\$'000
	<i>Notes</i>	(Unaudited)	(Unaudited)
Turnover	3	217,357	238,793
Cost of sales		(161,720)	(171,307)
Gross profit		55,637	67,486
Other income		3,879	4,526
Distribution costs		(9,566)	(10,917)
Selling and marketing expenses		(16,086)	(18,433)
Administrative expenses		(14,122)	(12,932)
Finance costs		(433)	(979)
Profit before taxation		19,309	28,751
Taxation	4	257	120
Profit for the period	5	19,566	28,871
Dividend	6	–	20,523
Earnings per share, in US\$ – Basic	7	0.007	0.010

Condensed Consolidated Balance Sheet

At 30 June 2008

	Notes	30 June 2008 US\$'000 (Unaudited)	31 December 2007 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	180,067	178,763
Lease premium for land – non-current portion		10,492	9,944
Goodwill		11,475	11,475
Other intangible assets		1,684	1,687
Available-for-sale investments	9	96,477	8,209
Cash surrender value of life insurance		648	712
Deferred tax assets		4,046	5,878
		304,889	216,668
CURRENT ASSETS			
Inventories		82,377	91,946
Trade and other receivables	10	79,327	95,570
Lease premium for land – current portion		232	243
Tax recoverable		3,082	1,531
Derivative financial instruments		2,298	1,443
Pledged bank deposits		1,084	978
Cash and cash equivalents		203,869	168,989
		372,269	360,700
CURRENT LIABILITIES			
Trade and other payables	11	43,238	49,530
Tax payable		1,145	883
Derivative financial instruments		867	–
Bank borrowings – due within one year	12	16,874	36,500
		62,124	86,913
NET CURRENT ASSETS		310,145	273,787
TOTAL ASSETS LESS CURRENT LIABILITIES		615,034	490,455
NON-CURRENT LIABILITIES			
Deferred compensation		663	812
Deferred tax liabilities		573	484
		1,236	1,296
CAPITAL AND RESERVES		613,798	489,159
CAPITAL AND RESERVES			
Share capital	13	153,192	138,000
Share premium and reserves		460,606	351,159
		613,798	489,159

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	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	Investment revaluation reserves US\$'000	Accumulated profits US\$'000	Total US\$'000
At 1 January 2007 (audited)	138,000	135,570	430	1,581	1,135	10,275	-	152,320	439,311
Exchange differences on translation of foreign operations and recognised directly in equity	-	-	-	-	-	6,124	-	-	6,124
Profit for the period	-	-	-	-	-	-	-	28,871	28,871
Total recognised income for the period	-	-	-	-	-	6,124	-	28,871	34,995
Dividend recognised as distribution	-	-	-	-	-	-	-	(20,523)	(20,523)
Recognition of equity-settled share based payments	-	-	146	-	-	-	-	-	146
At 30 June 2007 and 1 July 2007 (unaudited)	138,000	135,570	576	1,581	1,135	16,399	-	160,668	453,929
Loss on changes in fair value of available-for-sale investments	-	-	-	-	-	-	(836)	-	(836)
Exchange differences on translation of foreign operations	-	-	-	-	-	10,021	-	-	10,021
Net income (expense) recognised directly in equity	-	-	-	-	-	10,021	(836)	-	9,185
Profit for the period	-	-	-	-	-	-	-	26,130	26,130
Total recognised income for the period	-	-	-	-	-	10,021	(836)	26,130	35,315
Recognition of equity-settled share based payments	-	-	(85)	-	-	-	-	-	(85)
Transfer to statutory reserve	-	-	-	-	39	-	-	(39)	-
Transfer to accumulated profits upon cancellation of share options	-	-	(81)	-	-	-	-	81	-
At 31 December 2007 and 1 January 2008 (audited)	138,000	135,570	410	1,581	1,174	26,420	(836)	186,840	489,159
Gain on changes in fair value of available-for-sale investments	-	-	-	-	-	-	22,037	-	22,037
Exchange differences on translation of foreign operations	-	-	-	-	-	16,785	-	-	16,785
Net income recognised directly in equity	-	-	-	-	-	16,785	22,037	-	38,822
Profit for the period	-	-	-	-	-	-	-	19,566	19,566
Total recognised income for the period	-	-	-	-	-	16,785	22,037	19,566	58,388
Recognition of equity-settled share based payments	-	-	20	-	-	-	-	-	20
Shares issued for acquisition of available-for-sale investments	15,192	51,039	-	-	-	-	-	-	66,231
Transfer to accumulated profits upon cancellation of share options	-	-	(10)	-	-	-	-	10	-
At 30 June 2008 (unaudited)	153,192	186,609	420	1,581	1,174	43,205	21,201	206,416	613,798

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008	2007
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Net cash from operating activities	50,332	37,560
Net cash from (used in) investing activities:		
Purchase of property, plant and equipment	(1,568)	(11,551)
Other investing cash flows	2,597	2,969
	1,029	(8,582)
Net cash (used in) from financing activities:		
Repayment of bank borrowings	(19,626)	–
New bank borrowings raised	–	2,730
Other financing cash flows	(433)	(979)
	(20,059)	1,751
Net increase in cash and cash equivalents	31,302	30,729
Cash and cash equivalents at 1 January	168,989	135,578
Effect of foreign exchange rate changes	3,578	506
Cash and cash equivalents at 30 June	203,869	166,813
Being:		
Bank balances and cash	194,674	105,230
Deposits placed in a financial institution	9,195	61,583
	203,869	166,813

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

1. Basis of Preparation of Financial Statements

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 of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new Interpretations”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2008.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

3. Segmental Information

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

4. Taxation

	Six months ended 30 June	
	2008 US\$'000	2007 US\$'000
Tax credit comprises:		
Current tax:		
The People's Republic of China (the "PRC")		
Foreign Enterprise Income Tax ("FEIT")	281	80
U.S. income tax credit	(2,459)	(786)
Taiwan income tax	–	1
	(2,178)	(705)
Deferred tax charge	1,921	585
	(257)	(120)

No provision for Hong Kong Profits Tax has been made as the Group's profit neither arose in, nor was 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 ("Tax Exemptions"). LCZJ's first profit-making year was the year ended 31 December 2007. 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 period ended 30 June 2007, LCDG still remained entitled to 50% relief from the FEIT according to the relevant laws and regulations in the PRC as all of its sales were exported. Applying this 50% relief, the income tax rate applicable to LCDG for the period ended 30 June 2007 was 12%.

On 16 March 2007, the President of the PRC promulgated Order No. 63 – Law of the PRC on Enterprise Income Tax (the "New Law"). On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and the Implementation Regulations change the statutory tax rate from 33% to 25% for certain subsidiaries from 1 January 2008 onwards. The Tax Exemptions mentioned above continue on the implementation of the New Law. However, the 50% relief from the FEIT for LCDG was removed. Accordingly, the income tax rate applicable to LCDG is 25% from 1 January 2008 onwards.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

4. Taxation (continued)

U.S. income tax credit comprises federal income tax calculated at 34% and state income tax calculated at various rates on the estimated assessable profits of subsidiaries of the Company which are incorporated in the U.S.. Pursuant to the Internal Revenue Code of the U.S., U.S. taxpayers are entitled either to claim a tax refund or enjoy a tax credit to reduce future tax liability, given that tax loss occurred during the period and tax payment had been made in previous years. During the period, two U.S. subsidiaries of the Company should be entitled to claim the aforesaid tax benefit and a tax credit is recognized in the condensed consolidated financial statements.

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

Starting from 1 January 2008, the Tax Law of the PRC requires withholding tax upon the distribution of undistributed retained profits earned by the PRC subsidiaries to the shareholders. Deferred tax has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to such undistributed profit as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

5. Profit for the Period

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

	Six months ended 30 June	
	2008	2007
	US\$'000	US\$'000
Amortization of club debenture	4	4
Bank interest income	(2,154)	(1,123)
Depreciation of property, plant and equipment	8,888	6,826
Dividend Income from available-for-sale Investments	(225)	–
Loss (gain) on fair value changes on derivative financial instruments	12	(48)
Gain on disposal of investments held-for-trading	(128)	(2,520)
Loss on disposal of property, plant and equipment	–	10
Release of lease premium for land	116	120

6. Dividend

No dividends were paid, declared or proposed during the period. During the period ended 30 June 2007, a dividend of HK\$0.058 per share was paid to shareholders as the final dividend for 2006.

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

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\$19,566,000 (1 January 2007 to 30 June 2007: US\$28,871,000) and on the weighted average number of ordinary shares of 2,978,703,000 (1 January 2007 to 30 June 2007: 2,760,000,000) in issue.

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 both periods.

8. Movements in Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment of US\$1,568,000 (1 January 2007 to 31 December 2007: US\$12,766,000) for the business expansion.

9. Available-for-sale Investments

As at 31 December 2007, the Group held equity securities which represented 1.7% equity interests of a company listed in the U.S., which was stated at fair value based on the quoted market price in the U.S. stock exchange.

On 20 February 2008, the Group acquired further 12.9% and 0.3% equity interests in the equity securities of the aforesaid listed company in the U.S. from Sun Fortune Investments Limited and Trade Decade Limited, wholly owned subsidiaries of the controlling shareholders of the Group, in consideration for the issue of an aggregate of 303,846,773 ordinary shares of US\$0.05 each by the Company. The equity investments are treated as available-for-sale investments and initially measured at their fair value. Fair value is determined based on the listed stock price of the equity securities on acquisition date and as at balance sheet date.

Details of acquisition are set out in the circular dated 5 February 2008.

10. Trade and Other Receivables

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

The following is an ageing analysis of the trade receivables at the balance sheet date:

	30 June 2008 US\$'000	31 December 2007 US\$'000
Trade receivables:		
0 – 30 days	38,234	43,141
31 – 60 days	18,527	24,623
Over 60 days	10,135	15,088
	66,896	82,852
Other receivables	12,431	12,718
	79,327	95,570

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

11. Trade and Other Payables

The following is an ageing analysis of trade payables at the balance sheet date:

	30 June 2008 US\$'000	31 December 2007 US\$'000
Trade payables:		
0 – 30 days	14,037	14,789
31 – 60 days	5,532	5,842
Over 60 days	2,682	3,815
	22,251	24,446
Other payables	20,987	25,084
	43,238	49,530

12. Bank Borrowings

During the period, the Group repaid borrowings amounting to approximately US\$19,626,000. The remaining borrowings bear interest at 4.2% per annum and are repayable within one year.

13. Share Capital

	Number of shares	Nominal value US\$'000
Ordinary of US\$0.05 each		
Authorized:		
As at 1 January 2007, 30 June 2007, 31 December 2007 and 30 June 2008	6,000,000,000	300,000
Issued and fully paid:		
As at 1 January 2007, 30 June 2007 and 31 December 2007	2,760,000,000	138,000
Issued in consideration for acquisition of available-for-sale investments (note 9)	303,846,773	15,192
As at 30 June 2008	3,063,846,773	153,192

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

14. Capital Commitments

	30 June 2008 US\$'000	31 December 2007 US\$'000
Capital expenditure in respect of acquisition of property, plant and equipment:		
– contracted for but not provided in the condensed consolidated financial statements	1,179	1,447
Capital expenditure in respect of acquisition of available-for-sale investments:		
– contracted for but not provided in the condensed consolidated financial statements	–	60,591

15. 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	
		2008 US\$'000	2007 US\$'000
Uson Enterprises Limited	Transportation logistics service fee paid	–	479
Samson Global Co., Ltd.	Rental paid	10	9

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

Compensation of key management personnel

The remuneration of directors and key management during the period was as follows:

	Six months ended 30 June	
	2008 US\$'000	2007 US\$'000
Short-term benefits	1,013	1,088
Share-based payments	1	4
	1,014	1,092

The remuneration of directors and key executives were determined by the Remuneration Committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.