Samson Holding

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 2009

Lacquer Craft | Universal Furniture | Legacy Classic Furniture | Craftmaster Furniture Incorporated | pennsylvania house | Willis & Gambier Furniture designed for life

* for identification purpose only

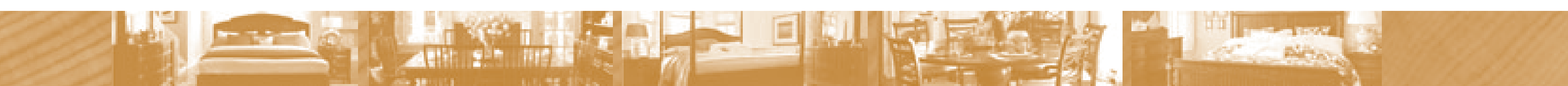
Contents

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 of America (the "U.S.") and in the United Kingdom (the "U.K."). Further, we are 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 licensed with Better Homes & Gardens in the U.S.A. Beginning from October 2008, with the acquisition of the U.K. premium casegoods importer and wholesaler under the brandname "Willis Gambier", we have established a solid presence in the U.K. and Europe. In addition to our own brands, through our mega factories named Lacquer Craft in the People's Republic of China (the "PRC"), 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, comprising U.S., and U.K. market expertise, together with the PRC manufacturing know-how, create a globally-integrated products and services logistics platform that brings forth the most effective means of business operations 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

Mr. Ming-Jian KUO
Mr. Siu Ki LAU
Mr. Sui-Yu WU

Audit Committee

Mr. Siu Ki LAU *(Chairman)*
Mr. Sheng Hsiung PAN
Mr. Sui-Yu WU

Remuneration Committee

Mr. Ming-Jian KUO *(Chairman)*
Mr. Sheng Hsiung PAN
Mr. Sui-Yu WU

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/
http://www.wguk.com/

Principal Places of Business

China:

Jian She Road, Jin Ju Village
Daling Shan Town
Dongguan City
Guangdong 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
U.S.A.

4190 Eagle Hill Drive
High Point, NC 27265
U.S.A.

221 Craftmaster Road
Hiddenite, NC 28636
U.S.A.

United Kingdom:

Unit 2, Kingston Park, Flaxley Road
Peterborough, PE2 9EN
England, U.K.

Auditor

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 Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
George Town, Grand Cayman, KY1-1107
Cayman Islands

Hong Kong Branch:

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

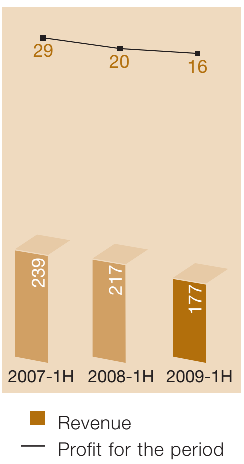
Financial Highlights

	Six months ended 30 June 2009 *US$'000*	Six months ended 30 June 2008 *US$'000*	**Six months ended 30 June 2009 *HK$'000*** **	Six months ended 30 June 2008 *HK$'000**
Operating results				
Revenue	**177,480**	217,357	**1,384,344**	1,695,385
Gross profit	**52,579**	55,637	**410,116**	433,969
Earnings before interest and tax	**16,732**	19,742	**130,510**	153,988
Profit for the period	**16,295**	19,566	**127,101**	152,615
Earnings per share *(US/HK cents)*	**0.5**	0.7	**3.90**	5.46

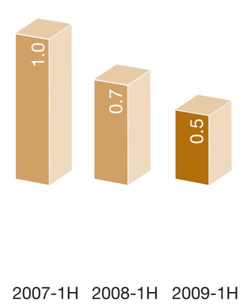
	As at 30 June 2009 *US$'000*	As at 31 December 2008 *US$'000*	**As at 30 June 2009 *HK$'000*** **	As at 31 December 2008 *HK$'000**
Financial position				
Total assets	**592,579**	638,066	**4,622,116**	4,976,915
Net current assets	**309,831**	297,950	**2,416,682**	2,324,010
Shareholders' equity	**528,223**	518,122	**4,120,139**	4,041,352

* *Exchange rate: US$1 = HK$7.8 (for reference only)*

Revenue & Profit for the period
(US$ MN)



Earnings per share
(US cents)



Management Discussion and Analysis

Business Review

The first half of 2009 remained challenging for the furniture industry, especially in the retail side of residential home furnishings due to significant declines in consumer demand resulting from a pro-longed global recession which hit the U.S. and U.K. particularly hard. Nevertheless, with timely actions that we took at every level of our Group, we have reduced our overall costs and expenses in anticipation of the estimated sales declines from our well-established business lines. In addition, we benefited from positive contributions from various new initiatives, such as expansion of customer base in the contract business and the operations of the newly-acquired Willis Gambier brand in the U.K.. As an important element of our Group culture, we will continue to work diligently to increase our top line through strategic acquisition and expansion of business lines within our existing operations. Furthermore, we will continue our relentless efforts in increasing our productivity and reducing our costs and expenses.

Financial Review

Net sales for the six months period under review was US$177.5 million compared to US$217.3 million in the same period last year, a decrease of US$39.8 million or 18.3%. The decrease in sales was mainly attributable to the challenging economic and retail conditions as a result of the recessionary environments in the U.S. and U.K.. Such decline was partially offset by the acquisition of Willis Gambier and new business lines from the existing brands.

Gross profit margin increased to 29.6% from 25.6% for the same period in 2008, mainly due to overall higher-margin sales derived from new businesses and cost down measures implemented.

Total operating expenses increased to US$41.5 million from US$39.8 million for the same period in 2008, mainly due to an increase in operating expense of the newly-acquired Willis Gambier in the U.K..

Profit for the period decreased to US$16.3 million from US$19.6 million for the same period in 2008. Net profit margin increased to 9.2% from 9.0% for the same period in 2008.

Notwithstanding that the profit amount appeared to be lower than the same period in last year, our profit margin improved through the Group's continuing efforts throughout the organization.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2009, the Group's cash and cash equivalents decreased by US$6.0 million to US$212.9 million from US$218.9 million as at 31 December 2008. The bank borrowings decreased from US$30.6 million as at 31 December 2008 to US$20.5 million as at 30 June 2009. The gearing ratio (total bank borrowings/shareholders' equity) improved from 5.9% as at 31 December 2008 to 3.9% as at 30 June 2009. Our net cash position of US$192.4 million puts us in a strong financial position, not just weather the current economic climate but also enable us to implement expansion through mergers & acquisitions with confidence.

Cash and cash equivalents held by the Group are mainly denominated in U.S. dollars, Renminbi, U.K. Pound Sterling and Hong Kong dollars. As at 30 June 2009, US$15.5 million (31 December 2008: US$30.6 million) and US$5.0 million (31 December 2008: Nil) of the short-term bank borrowings were bearing interest at floating rates and fixed rates, respectively. All bank borrowings were denominated in U.S. dollars and were repayable within five years.

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.

Management Discussion and Analysis

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 carefully monitored its positions by entering into foreign exchange forward contracts. As at 30 June 2009, there were outstanding forward exchange contracts amounting to US$56.0 million (31 December 2008: US$43.4 million).

The Group's current assets decreased by 10.5% to US$373.7 million compared to US$417.4 million as at 31 December 2008 and the Group's current liabilities decreased by 46.6% to US$63.8 million compared with US$119.5 million as at 31 December 2008. The current ratio (current assets/current liabilities) therefore improved to 5.9 times from 3.5 times as at 31 December 2008.

Pledge of Assets

As at 30 June 2009, the Group's inventories of US$24.3 million (31 December 2008: US$30.5 million), trade and other receivables of US$49.2 million (31 December 2008: US$72.9 million), property, plant and equipment of approximately US$36.8 million (31 December 2008: US$37.4 million) and pledged bank deposits of approximately US$0.3 million (31 December 2008: Nil) 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 2009 amounted to US$1.9 million compared to US$1.6 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 U.K..

Outlook

We expect the overall economy and industry conditions to remain challenging throughout the remainder of 2009. Despite the difficult economic environment, we plan to deliver superior results by continuing to dedicate ourselves to expanding our operation while improving our operating efficiency and service quality. Our operating results have clearly demonstrated that our overall strategies and business model have compared favourably to our peers. 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 once the global economy turns around and to expand our business through both organic growth and acquisitions.

Employees and Emolument Policy

As at 30 June 2009, the Group employed approximately 8,300 (31 December 2008: 9,800) full-time employees in the PRC, the U.S., the U.K., Hong Kong and Taiwan.

The Company believes that the ability to sustain growth as a successful business depends on the quality of our management and employees. The Company is committed to recruiting, training and retaining talented, skillful and experienced people throughout our operations globally to better serve our customers. The Company does 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 merits, 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.

Other Information

Dividend

The board of directors (the "Board") has resolved the payment of an interim dividend of HK$0.0166 per share, amounting to approximately HK$50.6 million, to the shareholders of the Company whose names appeared on the Company's register of members on 23 September 2009. The interim dividend will be paid on or about 30 September 2009.

Corporate Governance

The Board is committed to maintaining the highest standards 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 "Stock Exchange") (the "Listing Rules") during the six months ended 30 June 2009, save that Mr. Shan Huei Kuo is the Chairman of the Company and also the Chief Executive Officer of Lacquer Craft. The Group does not currently propose to separate the functions of Chairman and Chief Executive Officer of Lacquer Craft, as both the Board and senior management of the Group have significantly benefited from the leadership, support and experience of Mr. Shan Huei Kuo.

Changes in Directors' Biographical Details

Changes in directors' biographical details since the date of 2008 Annual Report of the Company, which are required to be disclosed pursuant to Rules 13.51(2) and 13.51B of the Listing Rules, are set out below.

Mr. Ming-Jian Kuo

Updated information

Mr. Kuo has been appointed as an independent director of Cathay Financial Holding Co., Ltd., a company listed on Taiwan Stock Exchange Corporation.

Mr. Yuang-Whang Liao

Cessation of appointment

Mr. Liao has ceased to be an independent non-executive director of Unimicron Technology Corp., a company listed on Taiwan Stock Exchange Corporation.

Mr. Siu Ki Lau

Updated information

Wah Sang Gas Holdings Limited, of which Mr. Lau is an independent non-executive director, has changed its name to Binhai Investment Company Limited on 12 May 2009.

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 2009.

Other Information

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 1.1.2009	Granted during the period	Forfeited during the period	As at 30.6.2009
Director:								
Mr. Mohamad Aminozzakeri	6.2.2006	4.2	6.2.2007	6.2.2007 – 16.11.2015	83,333	–	–	83,333
			6.2.2008	6.2.2008 – 16.11.2015	83,333	–	–	83,333
			6.2.2009	6.2.2009 – 16.11.2015	83,334	–	–	83,334
					250,000	–	–	250,000
Other employees:								
In aggregate	6.2.2006	4.2	6.2.2007	6.2.2007 – 16.11.2015	1,789,649	–	–	1,789,649
			6.2.2008	6.2.2008 – 16.11.2015	1,789,649	–	–	1,789,649
			6.2.2009	6.2.2009 – 16.11.2015	1,789,649	–	–	1,789,649
	29.12.2008	0.87	15.12.2009	15.12.2009 – 16.11.2015	1,500,000	–	–	1,500,000
			15.12.2010	15.12.2010 – 16.11.2015	1,500,000	–	–	1,500,000
			15.12.2011	15.12.2011 – 16.11.2015	1,500,000	–	–	1,500,000
			15.12.2012	15.12.2012 – 16.11.2015	1,500,000	–	–	1,500,000
			15.12.2013	15.12.2013 – 16.11.2015	1,500,000	–	–	1,500,000
					12,868,947	–	–	12,868,947
Total					13,118,947	–	–	13,118,947

Other Information

Directors' Interests in Shares and Underlying Shares

As at 30 June 2009, the interests of the directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(1) Shares of the Company

Long positions:

Name of directors	Capacity	Number of issued ordinary shares held	Shareholding percentage
Mr. Shan Huei Kuo	Held by controlled corporations *(Note)*	2,270,346,773	74.48%
Ms. Yi-Mei Liu	Held by controlled corporations *(Note)*	2,270,346,773	74.48%

Note: Comprised 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"), Sun Fortune and Trade Decade. Magnificent owns 70% of the issued share capital of Advent. 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 2009.

Other Information

Substantial Shareholders

As at 30 June 2009, 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 shareholders	Capacity	Number of issued ordinary shares held	Shareholding percentage
Mr. Daniel Saul Och	Held by controlled corporations *(Note)*	163,352,000	5.36%
Och-Ziff Capital Management Group LLC ("Och-Ziff Capital")	Held by controlled corporations	163,352,000	5.36%

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

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 2009.

Independent and Audit Committee Review

The unaudited interim results for the six months ended 30 June 2009 have been reviewed by Deloitte Touche Tohmatsu, such report 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 11 to 22 which comprises the condensed consolidated statement of financial position of Samson Holding Ltd. (the "Company") and its subsidiaries as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company 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 inquiries, 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
3 September 2009

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

	Notes	Six months ended 30 June 2009 US$'000 (Unaudited)	2008 US$'000 (Unaudited)
Revenue	3	**177,480**	217,357
Cost of sales		**(124,901)**	(161,720)
Gross profit		**52,579**	55,637
Other income		**5,629**	3,879
Distribution costs		**(8,728)**	(9,566)
Sales and marketing expenses		**(15,651)**	(16,086)
Administrative expenses		**(17,097)**	(14,122)
Finance costs		**(500)**	(433)
Profit before taxation		**16,232**	19,309
Taxation	4	**63**	257
Profit for the period	5	**16,295**	19,566
Earnings per share, in US$			
– Basic	7	**0.005**	0.007

Condensed Consolidated Statement of Comprehensive Income

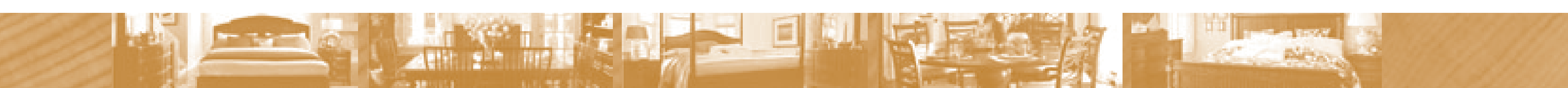
For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		US$'000	*US$'000*
	Note	**(Unaudited)**	(Unaudited)
Profit for the period	*5*	**16,295**	19,566
Other comprehensive income for the period:			
Exchange differences arising on translation of foreign operations		**(2,976)**	16,785
Gain on changes in fair value of available-for-sale investments		**5,922**	22,037
		2,946	38,822
Total comprehensive income for the period		**19,241**	58,388

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	**30 June 2009 *US$'000* (Unaudited)**	31 December 2008 *US$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**168,240**	176,073
Lease premium for land – non-current portion		**10,257**	10,471
Goodwill		**11,475**	11,475
Other intangible assets		**1,674**	1,678
Available-for-sale investments	*9*	**21,881**	15,959
Cash surrender value of life insurance		**505**	462
Deferred tax assets		**4,871**	4,522
		218,903	220,640
CURRENT ASSETS			
Inventories		**87,063**	92,004
Trade and other receivables	*10*	**71,715**	98,775
Lease premium for land – current portion		**240**	261
Tax recoverable		**2**	1,751
Derivative financial instruments		**166**	–
Restricted bank deposits		**1,288**	5,727
Pledged bank deposits		**300**	–
Cash and cash equivalents		**212,902**	218,908
		373,676	417,426
CURRENT LIABILITIES			
Trade and other payables	*11*	**41,426**	85,678
Tax payable		**1,929**	1,543
Derivative financial instruments		**–**	1,680
Bank borrowings – due within one year	*12*	**20,490**	30,575
		63,845	119,476
NET CURRENT ASSETS		**309,831**	297,950
TOTAL ASSETS LESS CURRENT LIABILITIES		**528,734**	518,590
NON-CURRENT LIABILITIES			
Deferred compensation		**505**	462
Deferred tax liabilities		**6**	6
		511	468
		528,223	518,122
CAPITAL AND RESERVES			
Share capital	*13*	**152,410**	152,732
Share premium and reserves		**375,813**	365,390
		528,223	518,122



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Share capital US$'000	Share premium US$'000	Capital redemption reserve 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 2008 (audited)	138,000	135,570	–	410	1,581	1,174	26,420	(836)	186,840	489,159
Profit for the period	–	–	–	–	–	–	–	–	19,566	19,566
Exchange differences on translation of foreign operations	–	–	–	–	–	–	16,785	–	–	16,785
Gain on changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	22,037	–	22,037
Total comprehensive 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 forfeiture 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
Loss for the period	–	–	–	–	–	–	–	–	(38,036)	(38,036)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(5,611)	–	–	(5,611)
Loss on changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	(80,518)	–	(80,518)
Recognition of impairment loss on available-for-sale investments	–	–	–	–	–	–	–	59,317	–	59,317
Total comprehensive expense for the period	–	–	–	–	–	–	(5,611)	(21,201)	(38,036)	(64,848)
Recognition of equity-settled share based payments	–	–	–	28	–	–	–	–	–	28
Shares repurchased and cancelled	(460)	(598)	460	–	–	–	–	–	(460)	(1,058)
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(29,798)	(29,798)
Transfer to accumulated profits upon forfeiture of share options	–	–	–	(2)	–	–	–	–	2	–
At 31 December 2008 (audited)	152,732	186,011	460	446	1,581	1,174	37,594	–	138,124	518,122
Profit for the period	–	–	–	–	–	–	–	–	16,295	16,295
Exchange differences on translation of foreign operations	–	–	–	–	–	–	(2,976)	–	–	(2,976)
Gain on changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	5,922	–	5,922
Total comprehensive income for the period	–	–	–	–	–	–	(2,976)	5,922	16,295	19,241
Recognition of equity-settled share based payments	–	–	–	67	–	–	–	–	–	67
Shares cancelled	(322)	(391)	322	–	–	–	–	–	(322)	(713)
Dividend recognised as distribution	–	–	–	–	–	–	–	–	(8,494)	(8,494)
At 30 June 2009 (unaudited)	152,410	185,620	782	513	1,581	1,174	34,618	5,922	145,603	528,223

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Note	Six months ended 30 June 2009 US$'000 (Unaudited)	2008 US$'000 (Unaudited)
Net cash from operating activities		**39,733**	50,332
Decrease in restricted bank deposits		**4,378**	–
Purchase of property, plant and equipment		**(1,927)**	(1,568)
Other investing cash flows		**1,157**	2,597
Net cash from investing activities		**3,608**	1,029
Dividend paid		**(38,292)**	–
Repayment of bank borrowings		**(15,123)**	(19,626)
Payment on repurchase of shares	*13*	**(713)**	–
New bank borrowings raised		**5,038**	–
Other financing cash flows		**(500)**	(433)
Net cash used in financing activities		**(49,590)**	(20,059)
Net (decrease) increase in cash and cash equivalents		**(6,249)**	31,302
Cash and cash equivalents at 1 January		**218,908**	168,989
Effect of foreign exchange rate changes		**243**	3,578
Cash and cash equivalents at 30 June		**212,902**	203,869
Represented by:			
Bank balances and cash		**212,139**	194,674
Deposits placed in financial institutions		**763**	9,195
		212,902	203,869

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. Basis of Preparation of the Condensed Consolidated 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 costs 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 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendments to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 *Segment Reporting*, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, as the Group is principally engaged in the manufacturing and trading of furniture with over 90% of the Group's sales made to customers in the United States of America (the "U.S."), no business and geographical segment information was presented. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

2. Principal Accounting Policies *(continued)*

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[4]

[1] Effective for annual periods beginning on or after 1 July 2009

[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 January 2010

[4] Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combination for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Segmental Information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Group's executive directors, in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financing reporting to key management personnel" serving only as the starting point for the identification of such segments. No segmental analysis was presented in prior years as the Group is principally engaged in the manufacturing and trading of furniture with over 90% of the Group's sales made to customers in the U.S.. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14.

For the purpose of resources allocation and performance assessment, the Group's executive directors review operating results and financial information on a brand by brand basis. It focuses on the operating result of each brand. Accordingly, each brand constitutes an operating segment of the Group. As each brand shares similar economic characteristics, has similar products, being produced under similar production process and has similar target group of customers, the Group's operating segments are aggregated into a single reportable segment and accordingly no separate segment information is prepared.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

4. Taxation

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Tax credit comprises:		
Current tax charge (credit):		
The People's Republic of China (the "PRC") Enterprise Income Tax ("EIT")	**150**	281
U.S. income tax credit	**(70)**	(2,459)
The United Kingdom (the "U.K.") income tax	**206**	–
	286	(2,178)
Deferred tax (credit) charge	**(349)**	1,921
	(63)	(257)

Hong Kong Profits Tax is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the periods under review. No provision of Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's Hong Kong subsidiaries incurred tax losses for the six months ended 30 June 2009. No provision of Hong Kong Profits Tax was made for the six months ended 30 June 2008 as the Group's profit neither arose in, nor was derived from, Hong Kong.

Taxation arising in other jurisdictions is recognised based on the management's best estimate of the weighted average annual income tax rate expected for the full financial year.

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 of whom are subsidiaries of the Company, are entitled to the exemptions from the EIT for two years starting from its first profit-making year and to a 50% relief from the EIT for the following three years ("Tax Holidays"). After offsetting the accumulated tax losses, LCZJ entered into its first profit-making year in 2007. Accordingly, LCZJ was entitled to 50% relief from the EIT for the six months ended 30 June 2009 and the income tax rate applicable to LCZJ was 12.5%. No provision for the EIT was made by LCZJ for the six months ended 30 June 2008. LCDG's first profit-making year was the year ended 31 December 2000. Accordingly, LCDG is subject to a 50% relief from the EIT for each of the three years ended 31 December 2004 and the income tax rate applicable to LCDG was 25% for both periods.

U.S. income tax charge comprises federal income tax calculated at 34% and state income tax calculated at various rates on the estimated assessable profits of the subsidiaries of the Company which were 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 further 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 were entitled to claim the aforesaid tax credit and a tax credit is recognised in the condensed consolidated financial statements.

U.K. income tax charge is calculated at 28% of the estimated assessable profits of Willis Gambier (UK) Limited, a subsidiary of the Company, which was incorporated in the U.K..

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

5. Profit for the Period

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

	Six months ended 30 June	
	2009	2008
	US$'000	*US$'000*
Amortisation of club debenture	**4**	4
Bank interest income	**(1,448)**	(2,154)
Depreciation of property, plant and equipment	**8,397**	8,888
Dividend income from available-for-sale investments	**–**	(225)
(Gain) loss on fair value changes on derivative financial instruments	**(1,846)**	12
Gain on disposal of investments held-for-trading	**–**	(128)
Loss on disposal of property, plant and equipment	**94**	–
Release of lease premium for land	**120**	116
Reversal of allowance for inventories*	**(2,903)**	(816)

* The reversal was the results of the sale of slow-moving finished goods during both periods.

6. Dividend

During the six months ended 30 June 2009, a special dividend of HK$0.0756 per share, amounting to approximately HK$230,932,000 (equivalent to approximately US$29,798,000), and a final dividend of HK$0.0216 per share, amounting to approximately HK$65,842,000 (equivalent to approximately US$8,494,000), in aggregate amounting to approximately HK$296,774,000 (equivalent to approximately US$38,292,000), were paid to shareholders for the year ended 31 December 2008. No dividend were paid, declared or proposed during the six months ended 30 June 2008.

The directors have determined that an interim dividend of HK$0.0166 per share, amounting to approximately HK$50,600,000 (equivalent to approximately US$6,529,000) (30 June 2008: Nil) be paid to the shareholders of the Company whose names appeared on the register of members on 23 September 2009. This dividend was declared after the interim reporting date, and therefore has not been included as a liability in the condensed consolidated statement of financial position.

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$16,295,000 (1 January 2008 to 30 June 2008: US$19,566,000) and on the weighted average number of ordinary shares of 3,051,133,000 (1 January 2008 to 30 June 2008: 2,978,703,000) in issue.

No diluted earnings per share has been presented because the adjusted exercise price of the share options granted 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$1,927,000 (1 January 2008 to 31 December 2008: US$5,792,000) for business expansion.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

9. Available-for-sale Investments

As at 30 June 2009 and 2008, the Group held the investment in equity securities which represented 14.9% equity interests of a company listed in the New York Stock Exchange.

On 20 February 2008, the Group acquired further 12.9% and 0.3% equity interests in the equity securities of the company listed 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 classified as available-for-sale investments and initially measured at their fair value. Fair value was determined based on the listed stock bid price of the equity securities on acquisition date and as at the end of the reporting date.

Details of acquisition were 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 analysis of trade receivables, net of allowance for doubtful debts, by age, presented based on the invoice date:

	30 June 2009 *US$'000*	31 December 2008 *US$'000*
Trade receivables:		
0 – 30 days	**37,549**	43,813
31 – 60 days	**12,889**	26,385
Over 60 days	**10,768**	10,649
	61,206	80,847
Other receivables and prepayments	**10,509**	17,928
	71,715	98,775

11. Trade and Other Payables

The following is an analysis of trade payables by age, presented based on the invoice date:

	30 June 2009 *US$'000*	31 December 2008 *US$'000*
Trade payables:		
0 – 30 days	**12,184**	17,707
31 – 60 days	**2,422**	8,106
Over 60 days	**1,629**	1,513
	16,235	27,326
Dividend payables	**–**	29,798
Other payables and accruals	**25,191**	28,554
	41,426	85,678

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

12. Bank Borrowings

During the current interim period, the Group obtained new bank borrowings amounting to US$5,038,000 (2008: Nil). The new borrowings carry interest at fixed interest rates ranging from 0.2% to 0.6% per annum and are repayable within one year. The proceeds were used for general working capital purposes.

13. Share Capital

	Number of shares	**Nominal value**
		US$'000
Ordinary of US$0.05 each		
Authorised:		
At 1 January 2008, 30 June 2008, 31 December 2008 and 30 June 2009	6,000,000,000	300,000
Issued and fully paid:		
At 1 January 2008	2,760,000,000	138,000
Issued in consideration for acquisition of available-for-sale investments *(note 9)*	303,846,773	15,192
At 30 June 2008	3,063,846,773	153,192
Shares repurchased and cancelled	(9,197,000)	(460)
At 31 December 2008	3,054,649,773	152,732
Shares cancelled	(6,430,000)	(322)
At 30 June 2009	3,048,219,773	152,410

During the current period, 6,430,000 ordinary shares repurchased during the year ended 31 December 2008 were cancelled on delivery of share certificates. The nominal value of US$322,000 of all the shares cancelled during the current period was credited to capital redemption reserve pursuant to section 37(4) of the Companies Law (2007 Revision) of the Cayman Islands. The premium paid on the repurchase of these shares in the amount of US$391,000 was charged to share premium. The aggregate consideration to repurchase these shares in the amount of US$713,000 was deducted from shareholders' equity.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

14. Capital Commitments

	30 June 2009	31 December 2008
	US$'000	*US$'000*
Capital expenditure in respect of acquisition of property, plant and equipment:		
– contracted for but not provided in the condensed consolidated financial statements	**697**	468
– authorised but not contracted for	**–**	35

15. Related Party Transactions

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

Name of related company	Nature of transactions	**Six months ended 30 June 2009**	2008
		US$'000	*US$'000*
Samson Global Co., Ltd. ("Samson Global")	Rental paid	**18**	10

Samson Global is 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 member of key management personnel during the period was as follows:

	Six months ended 30 June 2009	2008
	US$'000	*US$'000*
Short-term benefits	**962**	1,013
Share-based payments	**1**	1
	963	1,014

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